Suite 1500 - 625 Howe St.
Vancouver, BC
Canada, V6C 2T6
604-684-1175

PAN AMERICAN SILVER

SECOND QUARTER REPORT TO SHAREHOLDERS

For the period ending June 30, 2021

www.panamericansilver.com

Pan American Silver reports net income of $0.34 per share in Q2 2021 and increases quarterly dividend by 43% to $0.10 per common share

Vancouver, B.C. - August 10, 2021 - Pan American Silver Corp. (NASDAQ: PAAS) (TSX: PAAS) ("Pan American" or the "Company") today reported unaudited results for the quarter ended June 30, 2021 ("Q2 2021"). Pan American's unaudited condensed interim consolidated financial statements ("financial statements"), as well as Pan American’s management's discussion and analysis ("MD&A") for the three and six months ended June 30, 2021, are available on Pan American’s website at panamericansilver.com and on SEDAR at www.sedar.com.

“Strong mine operating earnings of $103 million and strong operating cash flow in Q2 have further improved our financial position. Together with the sale of non-core assets, our cash and short-term investments increased by $34 million in Q2," said Michael Steinmann, President and Chief Executive Officer. "We expect cash flows to further improve in the second half of the year, with the anticipated rise in throughput rates at La Colorada along with the normalization of inventory levels that were built up during the first half of 2021. Based on our strong financial position and our expectation for improving free cash flow over the remainder of the year, we are increasing the quarterly dividend to $0.10 per common share. This marks the third dividend hike in the past 18 months."

Added Mr. Steinmann: "At La Colorada, we have now restored ventilation in the high-grade area of the mine, allowing underground development and throughput to ramp up over the coming months, together with an improvement in grades."

Q2 2021 Highlights:

- **Consolidated silver production** was 4.5 million ounces, primarily impacted by reduced production at La Colorada due to ventilation constraints. In July 2021, the Company successfully cleared the blockage that formed during the Q1 2021 commissioning of the surface to 345 metre level primary ventilation raise, which relieves the ventilation-driven constraints that have impacted development and mining rates at La Colorada. Mine development is now underway to enable throughput rates to increase and mine sequencing into higher grades, with production anticipated to rise through the remainder of 2021. Q2 2021 silver production was also impacted by the expected transition in mine sequencing into higher gold grades and lower silver grades as well as the timing of leach kinetics and heap sequencing at Dolores, and COVID-19 related protocols limiting workforce deployment levels. The Company is reaffirming its annual silver production forecast for 2021 of 20.5 to 22.0 million ounces.
- **Consolidated gold production** of 142.3 thousand ounces benefited from mine sequencing into higher grades at Dolores and La Arena. A buildup of 23.8 thousand ounces of in-heap inventory occurred at Dolores and Shahuindo, the majority of which is expected to be recognized as production in the second half of 2021. The Company is reaffirming its annual gold production forecast for 2021 of 605.0 to 655.1 thousand ounces.
- **Revenue** of $382.1 million was impacted by the following factors: (i) delays in revenue recognition for the La Colorada concentrate stockpiled in Q1 2021 due to shipping schedules; (ii) a ramp-up in production toward the end of Q2 2021 at the Company's open pit gold mines that was not recorded in dore sales due to timing; and (iii) a build-up of in-heap gold inventories from the timing of leach kinetics at Dolores and Shahuindo. These issues are transitory and are expected to result in higher revenue and cash flows over the remainder of 2021.
- **Net income** was $71.2 million ($0.34 basic income per share), driven largely by strong mine operating earnings of $103.0 million.
- **Adjusted income** was $46.6 million ($0.22 basic adjusted income per share). In addition to removing the $10.6 million of investment income, mostly related to the Company’s interest in New Pacific Metals Corp.,

the other primary adjustments were removal of a $4.1 million gain on the sale of assets and removal of $5.2 million in income for the effect of foreign exchange on taxes.

- **Net cash generated from operations** of $87.1 million includes $37.0 million use of cash from working capital changes, driven mainly by the inventory build noted above. Concentrate and dore inventories increased by $45.1 million during the first half of 2021, which are expected to normalize and be a source of cash flow during the second half of 2021. In addition, heap leach inventories increased by $47.0 million during the first half of 2021.
- **Silver Segment Cash Costs and All-in Sustaining Costs ("AISC")** per silver ounce were $12.71 and $16.36, respectively. Silver Segment Cash Costs reflect lower gold by-product credits from the move of Dolores into the Gold Segment in 2021, an increase in treatment and refining charges due to increased contribution from concentrate mines, and an increase in royalties, primarily at San Vicente. Silver Segment AISC included $4.19 per ounce of sustaining capital, impacted by spending on the critical ventilation work at La Colorada. Additionally, both Cash Costs and AISC were impacted by costs associated with COVID-19 protocols, and inflationary pressures on energy, wages and consumables.
- **Gold Segment Cash Costs and AISC** per gold ounce were $857 and $1,163, respectively. Gold Segment Cash Costs benefited from the move of Dolores to the Gold Segment and the current mine sequencing at La Arena resulting in higher mining rates and grades. Cash Costs were negatively impacted by geotechnical conditions at Bell Creek preventing access to higher grade zones and increased waste mining rates at Shahuindo. Gold Segment AISC included $324 per ounce of sustaining capital, reflecting an increase in spending as the Company catches up on projects deferred due to COVID-19. Additionally, both Cash Costs and AISC were impacted by costs associated with COVID-19 protocols, strengthening of the Canadian dollar, and inflationary pressures on energy, wages and consumables.
- **Consolidated AISC**, including gold by-product credits from the Gold Segment mines, were $1.42 per silver ounce sold.
- **Capital expenditures** of $66.0 million were comprised of $53.2 million of sustaining capital and $12.8 million of non-sustaining capital. The majority of non-sustaining capital was directed to project capital for exploration drilling activities at the La Colorada skarn project and the Wetmore project at Timmins.
- Pan American **realized cash proceeds** of $14.0 million from the sale of a portfolio of royalties and the receipt of non-refundable deposits for the sale of the Waterloo exploration stage asset. The sale of Waterloo closed in early July, and the $22.7 million in cash received has been recorded in the third quarter of 2021. The Company retained a 2% Net Smelter Royalty on any future production from the Waterloo asset.
- At June 30, 2021, Pan American had **cash and short-term investment balances** of $240.4 million, working capital of $603.1 million, and $500.0 million available on its revolving credit facility (the "Credit Facility"). In addition, the Company has an equity investment in Maverix Metals Inc. that was valued at $140.0 million based on the June 30, 2021 closing share price of $5.39 on the New York Stock Exchange. Total debt of $47.7 million was related to equipment leases and construction loans.
- The Company recently entered into an amendment **agreement to amend and extend its Credit Facility** into a $500 million sustainability-linked revolving credit facility (the “Sustainability-Linked Loan”). The 4-year, Sustainability-Linked Loan features a pricing mechanism that allows for adjustments on drawn and undrawn balances based on third-party sustainability performance ratings, which aligns the Company’s Environmental, Social and Governance ("ESG") performance to its cost of capital, thereby demonstrating its commitment to ESG practices and responsibilities. The Sustainability-Linked Loan remains fully undrawn.
- The Board of Directors has approved an **increase in the cash dividend** from $0.07 to $0.10 per common share, or approximately $21.0 million in aggregate cash dividends, payable on or about September 3, 2021, to holders of record of Pan American’s common shares as of the close on August 23, 2021.

- Pan American is **reaffirming its Guidance for 2021 annual metal production, cash costs and AISC**, as revised on May 12, 2021. The guidance incorporates the impact of comprehensive COVID-19 protocols, which increase costs and restrict throughput levels, especially at our underground mines. Estimates for capital project expenditures also reflect the deferral of some spending from 2020 into 2021. Inflation driven increases in energy, wages and consumables are within guidance assumptions. See the "2021 Guidance" section of this news release for further details, and the Company's MD&A for the three and six months ended June 30, 2021.

Cash Costs, AISC, adjusted earnings, basic adjusted earnings per share, sustaining capital, project capital, working capital, and total debt are not generally accepted accounting principle ("non-GAAP") financial measures. Please refer to the "Alternative Performance (non-GAAP) Measures" section of this news release for further information on these measures.

All amounts expressed in U.S. dollars unless otherwise indicated. Unaudited tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted.

CONSOLIDATED RESULTS

	Three months ended June 30, 2021	Twelve months ended December 31, 2020
Weighted average shares during period (millions)	**210.3**	210.1
Shares outstanding end of period (millions)	**210.3**	210.3

	Three months ended June 30, 2021	**2020**
FINANCIAL		
Revenue	**$ 382,132**	$ 249,509
Mine operating earnings	**$ 103,048**	$ 48,386
Net income	**$ 71,241**	$ 19,412
Basic income per share[1]	**$ 0.34**	$ 0.10
Adjusted income[2]	**$ 46,625**	$ 11,093
Basic adjusted income per share[1]	**$ 0.22**	$ 0.05
Net cash generated from operating activities	**$ 87,143**	$ 62,750
Net cash generated from operating activities before changes in working capital[2]	**$ 124,158**	$ 31,479
Sustaining capital expenditures[2]	**$ 53,225**	$ 23,479
Non-sustaining capital expenditures[2]	**$ 12,799**	$ 9,836
Cash dividend per share	**$ 0.07**	$ 0.05
PRODUCTION		
Silver (thousand ounces)	**4,484**	2,791
Gold (thousand ounces)	**142.3**	96.6
Zinc (thousand tonnes)	**12.4**	4.3
Lead (thousand tonnes)	**4.8**	1.7
Copper (thousand tonnes)	**2.1**	0.3
CASH COSTS[2] ($/ounce)		
Silver Segment[3]	**12.71**	6.23
Gold Segment[4]	**857**	905
AISC[2] ($/ounce)		
Silver Segment[3]	**16.36**	12.54
Gold Segment[4]	**1,163**	1,015
Consolidated per silver ounce sold[5]	**1.42**	(3.14)
Consolidated before NRV inventory adjustments	**3.21**	(3.62)
AVERAGE REALIZED PRICES[6]		
Silver ($/ounce)	**26.88**	16.58
Gold ($/ounce)	**1,809**	1,708
Zinc ($/tonne)	**2,935**	1,791
Lead ($/tonne)	**2,151**	1,643
Copper ($/tonne)	**9,679**	5,217

(1) Per share amounts are based on basic weighted average common shares.
(2) Non-GAAP measure; please refer to the "Alternative Performance (non-GAAP) Measures" section of this news release for further information on these measures.
(3) As of Q1 2021, Dolores was moved from the Silver Segment to the Gold Segment due to the expected mine sequencing into a higher gold zone of the mine. 2021 Silver Segment is comprised of the following operations: La Colorada, Huaron, Morococha, San Vicente and Manantial Espejo. The 2020 Silver Segment metrics include Dolores.
(4) 2021 Gold Segment is comprised of the following operations: Dolores, Shahuindo, La Arena and Timmins. The 2020 Gold Segment metrics exclude Dolores.
(5) Consolidated per silver ounce sold is based on total silver ounces sold and are net of by-product credits, including gold revenues. Corporate general and administrative expense and exploration and project development expense are included in Consolidated AISC, but not allocated amongst the operations and thus are not included in either the silver or gold segment totals.
(6) Metal prices stated are inclusive of final settlement adjustments on concentrate sales.

INDIVIDUAL MINE OPERATING PERFORMANCE

	Silver Production (ounces '000s)		Gold Production (ounces '000s)	
	Three months ended June 30,		Three months ended June 30,	
	2021	**2020**	**2021**	**2020**
La Colorada	**1,099**	801	**0.7**	0.6
Huaron	**903**	211	**0.3**	0.1
Morococha[1]	**568**	47	**0.3**	0.0
San Vicente[2]	**601**	265	**0.1**	0.0
Manantial Espejo	**635**	503	**8.1**	3.5
Dolores	**612**	915	**43.3**	17.7
Shahuindo	**54**	40	**30.3**	26.8
La Arena	**9**	5	**23.7**	13.7
Timmins	**4**	4	**35.6**	34.2
Total	**4,484**	2,791	**142.3**	96.6

(1) Morococha data represents Pan American 92.3% interest in the mine's production.
(2) San Vicente data represents Pan American 95.0% interest in the mine's production.

	Cash Costs[1] ($ per ounce)		AISC[1] ($ per ounce)	
	Three months ended June 30,		Three months ended June 30,	
	2021	**2020**	**2021**	**2020**
La Colorada	**4.52**	7.13	**12.42**	12.56
Dolores[2]	-	2.23	-	12.95
Huaron	**5.11**	3.93	**9.47**	6.61
Morococha	**11.35**	12.90	**15.42**	17.42
San Vicente	**19.76**	2.61	**21.06**	4.52
Manantial Espejo	**25.30**	16.24	**24.47**	16.54
Silver Segment Consolidated[2][3]	**12.71**	6.23	**16.36**	12.54
Dolores[2]	**602**	-	**716**	-
Shahuindo	**762**	632	**1,160**	747
La Arena	**720**	1,082	**1,244**	1,259
Timmins	**1,352**	1,092	**1,676**	1,171
Gold Segment Consolidated[2][3]	**857**	905	**1,163**	1,015
Consolidated AISC per silver ounce sold[4]			**1.42**	(3.14)
Consolidated AISC before NRV inventory adjustments			**3.21**	(3.62)

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of the MD&A for the period ended June 30, 2021 for a detailed description of these measures and where appropriate a reconciliation of the measure to the Q2 2021 financial statements.
(2) Due to the expected mine sequencing into a higher gold zone of the mine plan at Dolores, the Company has determined that the mine is better identified as a Gold Segment operation from 2021 onwards. Thus, as of Q1 2021, Cash Costs and AISC at Dolores are reported on a per ounce of gold basis and included as part of the Gold Segment Cash Costs and AISC calculations. Dolores Cash Costs and AISC in the 2020 comparable period were reported on a per ounce of silver basis and included as part of the Silver Segment Cash Costs and AISC calculations, as previously reported. For comparison purposes, had Dolores been reported in the Gold Segment in 2020, Gold Segment Cash Costs and AISC for Q2 2020 would have been $923 and $1,133, respectively, and Silver Segment Cash Costs and AISC for Q2 2020 would have been $9.16 and $12.24, respectively.
(3) Silver Segment Cash Costs and AISC are calculated net of credits for realized revenues from all metals other than silver ("silver segment by-product credits"), and are calculated per ounce of silver sold. Gold Segment Cash Costs and AISC are calculated net of credits for realized silver revenues ("gold segment by-product credits"), and are calculated per ounce of gold sold.
(4) Consolidated AISC is calculated per silver ounce sold with total gold revenues included within by-product credits. Corporate general and administrative expense and exploration and project development expense are included in Consolidated AISC, but not allocated amongst the operations and thus are not included in either the silver or gold segment totals.

2021 GUIDANCE

The following tables provide management's guidance for 2021, as at August 10, 2021. Management is reaffirming its guidance for annual 2021 production, Cash Costs, AISC and capital expenditures, as revised on May 12, 2021. The guidance reflects Management's expectation that production will be weighted to the backend of 2021.

These estimates are forward-looking statements and information that are subject to the cautionary note associated with forward-looking statements and information at the end of this news release.

Annual Production Guidance

Silver – Moz	20.50 - 22.00
Gold – koz	605.0 - 655.1
Zinc – kt	55.5 - 60.5
Lead – kt	21.0 - 23.5
Copper – kt	8.5 - 9.0

Cash Costs and AISC Guidance

	Cash Costs(1)(2) ($ per ounce)	AISC(1)(2) ($ per ounce)
Silver Segment Total(3)	9.60 - 11.60	14.25 - 15.75
Gold Segment Total(3)	825 - 925	1,135 - 1,250
Consolidated Silver Basis(4)		(2.80) - 2.70

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (non-GAAP) Measures" section of this news release for further information on these measures.
(2) The Cash Costs and AISC forecasts assume realized metal prices for H1 2021 and the following metal prices for the remainder of 2021: 24.00/oz for silver, $2,850/tonne ($1.28/lb) for zinc, $2,000/tonne ($0.91/lb) for lead, $9,500/tonne ($4.20/lb) for copper, and $1,750/oz for gold; and average annual exchange rates relative to 1 USD of 20.00 for the Mexican peso ("MXN"), 3.50 for the Peruvian sol ("PEN"), 96.67 for the Argentine peso ("ARS"), 7.00 for the Bolivian boliviano ("BOB"), and $1.25 for the Canadian dollar ("CAD").
(3) Corporate general and administrative expense, and exploration and project development expense are included in Consolidated Silver Basis AISC, but are not allocated amongst the operations and thus are not included in either the silver or gold segment totals.
(4) Consolidated Silver Basis AISC is calculated per silver ounce sold with gold revenues included in the by-product credits.

Capital Expenditures Guidance

	(in millions of USD)
Sustaining Capital	230.0 - 245.0
Project Capital	55.0 - 60.0
Total Capital	**285.0 - 305.0**

Second Quarter 2021 Unaudited Results Conference Call and Webcast

Date:	August 11, 2021
Time:	11:00 am ET (8:00 am PT)
Dial-in numbers:	1-800-319-4610 (toll-free in Canada and the U.S.)
	+1-604-638-5340 (international participants)
Webcast:	panamericansilver.com

The live webcast, presentation slides and the Q2 2021 report will be available at panamericansilver.com. An archive of the webcast will also be available for three months.

About Pan American Silver

Pan American owns and operates silver and gold mines located in Mexico, Peru, Canada, Argentina and Bolivia. We also own the Escobal mine in Guatemala that is currently not operating. Pan American provides enhanced exposure to silver through a large base of silver reserves and resources, as well as major catalysts to grow silver production. We have a 27-year history of operating in Latin America, earning an industry-leading reputation for sustainability performance, operational excellence and prudent financial management. We are headquartered in Vancouver, B.C. and our shares trade on NASDAQ and the Toronto Stock Exchange under the symbol "PAAS".

Learn more at panamericansilver.com

For more information contact:

Siren Fisekci
VP, Investor Relations & Corporate Communications
Ph: 604-806-3191
Email: ir@panamericansilver.com

Technical Information

Scientific and technical information contained in this news release have been reviewed and approved by Martin Wafforn, P.Eng., Senior Vice President Technical Services and Process Optimization, and Christopher Emerson, FAusIMM, Vice President Business Development and Geology, each of whom are Qualified Persons, as the term is defined in Canadian National Instrument 43-101 - *Standards of Disclosure of Mineral Projects*.

For additional information about Pan American's material mineral properties, please refer to Pan American's Annual Information Form dated February 17, 2021, filed at www.sedar.com, or the Company's most recent Form 40-F filed with the SEC.

Alternative Performance (Non-GAAP) Measures

In this news release, we refer to measures that are not generally accepted accounting principle ("non-GAAP") financial measures. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning as prescribed by IFRS as an indicator of performance, and may differ from methods used by other companies with similar descriptions. These non-GAAP financial measures include:

- Adjusted earnings and basic adjusted earnings per share. The Company believes that these measures better reflect normalized earnings as they eliminate items that in management's judgment are subject to volatility as a result of factors, which are unrelated to operations in the period, and/or relate to items that will settle in future periods.
- Cash Costs. The Company's method of calculating cash costs may differ from the methods used by other entities and, accordingly, the Company's Cash Costs may not be comparable to similarly titled measures used by other entities. Investors are cautioned that Cash Costs should not be construed as an alternative to production costs, depreciation and amortization, and royalties determined in accordance with IFRS as an indicator of performance.
- All-in Sustaining Costs per silver or gold ounce sold, net of by-product credits. The Company has adopted AISC as a measure of its consolidated operating performance and its ability to generate cash from all operations collectively, and the Company believes it is a more comprehensive measure of the cost of operating our consolidated business than traditional cash costs per payable ounce, as it includes the cost of replacing ounces through exploration, the cost of ongoing capital investments (sustaining capital), general and administrative expenses, as well as other items that affect the Company's consolidated earnings and cash flow.
- Total debt is calculated as the total current and non-current portions of: long-term debt, finance lease liabilities and loans payable. Total debt does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. The Company and certain investors use this information to evaluate the financial debt leverage of the Company.
- Working capital is calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other

companies. The Company and certain investors use this information to evaluate whether the Company is able to meet its current obligations using its current assets.

Readers should refer to the "Alternative Performance (non-GAAP) Measures" section of the Company's Management's Discussion and Analysis for the period ended December 31, 2020, for a more detailed discussion of these and other non-GAAP measures and their calculation.

Cautionary Note Regarding Forward-Looking Statements and Information

Certain of the statements and information in this news release constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian provincial securities laws. All statements, other than statements of historical fact, are forward-looking statements or information. Forward-looking statements or information in this news release relate to, among other things: future financial or operational performance, and estimates of current production levels including our estimated production of silver, gold and other metals forecasted for 2021, and our estimated Cash Costs, AISC and expenditures in 2021; estimated cash flows in the second half of the year; future anticipated prices for gold, silver and other metals and assumed foreign exchange rates; the amount and timing of any future sales of inventory; the impact of completion of ventilation work at the La Colorada mine; the anticipated increase in development and throughput rates at the La Colorada mine, as well as the expected improvement in grades; expectations with respect to the future anticipated impact of COVID-19 on our operations; whether Pan American is able to maintain a strong financial condition and have sufficient capital, or have access to capital through our corporate credit facility or otherwise, to sustain our business and operations; and the ability of Pan American to successfully complete any capital and development projects, including the La Colorada skarn project, the expected economic or operational results derived from those projects, and the impacts of any such projects on Pan American.

These forward-looking statements and information reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic and regulatory uncertainties and contingencies. These assumptions include: the world-wide economic and social impact of COVID-19 is managed and the duration and extent of the COVID-19 pandemic is minimized or not long-term; assumptions related to the global supply of COVID-19 vaccines and the roll-out in each country, and the effectiveness and results of any vaccines, the lessening or increase in pandemic-related restrictions, and the anticipated rate and timing for the same; continuation of operations following shutdowns or reductions in production, if applicable, our ability to manage reduced operations efficiently and economically, including to maintain necessary staffing; tonnage of ore to be mined and processed; ore grades and recoveries; prices for silver, gold and base metals remaining as estimated; currency exchange rates remaining as estimated; capital, decommissioning and reclamation estimates; our mineral reserve and resource estimates and the assumptions upon which they are based; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions at any of our operations; no unplanned delays or interruptions in scheduled production; all necessary permits, licenses and regulatory approvals for our operations are received in a timely manner; our ability to secure and maintain title and ownership to properties and the surface rights necessary for our operations; and our ability to comply with environmental, health and safety laws. The foregoing list of assumptions is not exhaustive.

The Company cautions the reader that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this news release and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: the duration and effects of COVID-19, and any other pandemics on our operations and workforce, and the effects on global economies and society; fluctuations in silver, gold and base metal prices; fluctuations in prices for energy inputs, labour, materials, supplies and services (including transportation); fluctuations in currency markets (such as the PEN, MXN, ARS, BOB, GTQ and CAD versus the USD); operational risks and hazards inherent with the business of mining (including environmental accidents and hazards, industrial accidents, equipment breakdown, unusual or unexpected geological or structural formations, cave-ins, flooding and severe weather); risks relating to the credit worthiness or financial condition of suppliers, refiners and other parties with whom the Company does business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; employee relations; relationships with, and claims by, local communities and indigenous populations; our ability to obtain all necessary permits, licenses and regulatory approvals in a timely manner; changes in laws, regulations and government practices in the jurisdictions where we operate, including environmental, export and import laws and regulations; changes in national and local government, legislation, taxation, controls or regulations and political, legal or economic developments in Canada, the United States, Mexico, Peru, Argentina, Bolivia, Guatemala or other countries where the Company may carry on business, including legal restrictions relating to mining, including in Chubut, Argentina, risks relating to expropriation, and risks relating to the constitutional court-mandated ILO 169 consultation process in Guatemala; risks of liability relating to our past sale of the Quiruvilca mine in Peru; diminishing quantities or grades of mineral reserves as properties are mined; increased competition in the mining industry for equipment and qualified personnel; and those factors identified under the caption "Risks Related to Pan American's Business" in the Company's most recent form 40-F and Annual Information Form filed with the United States Securities and Exchange Commission and Canadian provincial securities regulatory authorities, respectively. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Investors are cautioned against undue reliance on forward-looking statements or information. Forward-looking statements and information are designed to help readers understand management's current views of our near and longer term prospects and may not be appropriate for other purposes. The Company does not intend, nor does it assume any obligation to update or revise forward-looking statements or information, whether as a result of new information, changes in assumptions, future events or otherwise, except to the extent required by applicable law.

Management's Discussion and Analysis

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

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

August 10, 2021

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the significant factors that influence the performance of Pan American Silver Corp. and its subsidiaries (collectively "Pan American", "we", "us", "our" or the "Company") and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020 (the "2020 Financial Statements"), and the related notes contained therein, and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2021 (the "Q2 2021 Financial Statements"), and the related notes contained therein. All amounts in this MD&A, the 2020 Financial Statements, and the Q2 2021 Financial Statements are expressed in United States dollars ("USD"), unless identified otherwise. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Pan American's significant accounting policies are set out in Note 3 of the 2020 Financial Statements.

This MD&A refers to various non-Generally Accepted Accounting Principles ("non-GAAP") measures, such as "all-in sustaining costs per ounce sold", "cash costs per ounce sold", "adjusted earnings" and "basic adjusted earnings per share", "total debt", "capital", "working capital", and "cash mine operating earnings" which are used by the Company to manage and evaluate operating performance at each of the Company's mines and are widely reported in the mining industry as benchmarks for performance, but do not have standardized meaning under IFRS. To facilitate a better understanding of these non-GAAP measures as calculated by the Company, additional information has been provided in this MD&A. Please refer to the section of this MD&A entitled "Alternative Performance (Non-GAAP) Measures" for a detailed description of "all-in sustaining cost per ounce sold", "cash costs per ounce sold", "adjusted earnings" and "basic adjusted earnings per share", "total debt", "capital", "working capital", and "cash mine operating earnings" as well as details of the Company's by-product credits and a reconciliation, where appropriate, of these measures to the Q2 2021 Financial Statements.

Any reference to "Cash Costs" in this MD&A should be understood to mean cash costs per ounce of silver or gold sold, net of by-product credits. Any reference to "AISC" in this MD&A should be understood to mean all-in sustaining costs per silver or gold ounce sold, net of by-product credits.

Except for historical information contained in this MD&A, the following disclosures are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian provincial securities laws or are future oriented financial information and as such are based on an assumed set of economic conditions and courses of action. Please refer to the cautionary note regarding forward-looking statements and information at the back of this MD&A and the "Risks Related to Pan American's Business" contained in the Company's most recent Annual Information Form on file with the Canadian provincial securities regulatory authorities and Form 40-F on file with the U.S. Securities and Exchange Commission (the "SEC"). Additional information about Pan American and its business activities, including its Annual Information Form, is available on SEDAR at www.sedar.com

CORE BUSINESS AND STRATEGY

Pan American engages in silver and gold mining and related activities, including exploration, mine development, extraction, processing, refining and reclamation. The Company owns and operates silver and gold mines located in Peru, Mexico, Argentina, Bolivia, and Canada. We also own the Escobal mine in Guatemala that is currently not operating. In addition, the Company is exploring for new silver deposits and opportunities throughout the Americas. The Company is listed on the Toronto Stock Exchange (Symbol: PAAS) and on the Nasdaq Global Select Market ("NASDAQ") in New York (Symbol: PAAS).

Pan American's vision is to be the world's premier silver mining company, with a reputation for excellence in discovery, engineering, innovation and sustainable development. To achieve this vision, we base our business on the following strategy:

- Generate sustainable profits and superior returns on investments through the safe, efficient and environmentally sound development and operation of our assets.
- Constantly replace and grow our mineable reserves and resources through targeted near-mine exploration and global business development.
- Foster positive long-term relationships with our employees, shareholders, communities and local governments through open and honest communication and ethical and sustainable business practices.
- Continually search for opportunities to upgrade and improve the quality of our assets, both internally and through acquisition.
- Encourage our employees to be innovative, responsive and entrepreneurial throughout our entire organization.

To execute this strategy, Pan American has assembled a sector-leading team of mining professionals with a depth of knowledge and experience in all aspects of our business, which enables the Company to confidently advance early stage projects through construction and into operation.

Q2 2021 HIGHLIGHTS

Operations

- **Silver production of 4.48 million ounces**

Consolidated silver production for Q2 2021 of 4.48 million ounces was 61% higher than the 2.79 million ounces produced in the three months ended June 30, 2020 ("Q2 2020"), primarily reflecting higher production at all sites except at Dolores. Production in Q2 2020 was affected by the COVID-19 related mine suspensions. The decrease in Dolores production is related to mine sequencing into higher gold grades and lower silver grades, as expected, and timing of leach kinetics. The performance for each of Pan American's mines is further described in the "Individual Mine Performance" section of this MD&A.

In July 2021, at La Colorada, the Company successfully cleared the blockage that formed during the Q1 commissioning of the surface to 345 metre level primary ventilation raise, which relieves the ventilation-driven constraints that have impacted development and mining rates for the last 18-months. In addition, the Company was successful in robotically applying an approximate 6-inch layer of shotcrete to the wall of the raise which has thus far shown no further signs of degradation. A large surface exhaust fan was installed and commissioned, and ventilation was re-established in the high-grade Candelaria vein. The Company is now working on ramping-up mine development to allow for a normalization in throughput rates and mine sequencing during Q4 2021. Furthermore, the Company is extending the robotically applied shotcrete program to secure other critical raise bores that exist in the dacite rock host unit.

Consolidated silver production for the six-months ended June 30, 2021 ("H1 2021") was 9.07 million ounces. Management is reaffirming its revised silver production forecast for 2021, as detailed in the "2021 Annual Operating Outlook" section of this MD&A.

- **Gold production of 142.3 thousand ounces**

Consolidated gold production for Q2 2021 of 142.3 thousand ounces was 47% higher than the 96.6 thousand ounces produced in Q2 2020, reflecting the impact on Q2 2020 production from the COVID-19 related mine suspensions, as well as higher grades at Dolores and La Arena from mine sequencing during Q2 2021.

Consolidated gold production in H1 2021 was 280.0 thousand ounces. The Company reaffirms its 2021 gold production forecast, as detailed in the "2021 Annual Operating Outlook" section of this MD&A.

- **Base metal production**

Zinc, lead and copper ("base metal") production in Q2 2021 of 12.4 thousand tonnes, 4.8 thousand tonnes, and 2.1 thousand tonnes, respectively, was significantly higher than Q2 2020 when production was impacted by the COVID-19 related mine suspensions.

Consolidated zinc, lead and copper production for H1 2021 was 25.4 thousand, 9.8 thousand, and 4.1 thousand, respectively. Management is reiterating its revised base metal production forecasts for 2021, as detailed in the "2021 Annual Operating Outlook" section of this MD&A.

Financial

- **Revenue and net income**

Revenue in Q2 2021 of $382.1 million was 53% higher than in Q2 2020, from both increased quantities of metal sold and higher realized metal prices.

Q2 2021 revenue was impacted by an inventory build of $38.4 million, which was primarily related to timing of sales at our dore mines and an increase in in-process inventory at the heap leach pad operations. The dore inventory build-up is expected to be recognized as revenue in Q3 2021. The increased heap leach inventories are due to timing of ore stacked and heap leach kinetics at all three heap leach operations, which is further described in the "Individual Mine Performance" section of this MD&A.

Net earnings of $71.2 million ($0.34 basic earnings per share) was recorded for Q2 2021 compared with net earnings of $19.4 million ($0.10 basic earnings per share) in Q2 2020. The $51.8 million quarter-over-quarter increase is mainly due to a $54.7 million increase in mine operating earnings from increased revenues partially offset by higher cost of sales, and a $44.4 million decrease in care and maintenance expenditures related to the prior year COVID-19 government mandated shutdowns. These factors were partially offset by a $36.7 million decrease in investment income and a $24.9 million increase in income tax expense. See the "Overview of Q2 2021 Financial Results" section of this MD&A for further information.

Adjusted earnings[(1)]: of $46.6 million, ($0.22 per share) was recorded in Q2 2021 compared to the Q2 2020 revised adjusted earnings of $11.1 million ($0.05 per share).

Cash flow from operations: in Q2 2021 totaled $87.1 million, which is $24.4 million more than the $62.8 million generated in Q2 2020, due to a $66.3 million increase in cash mine operating earnings and a $32.9 million decrease in cash mine care and maintenance expenditures, which more than offset the $68.3 million decrease from working capital changes that were a use of cash in Q2 2021 and a source of cash in Q2 2020.

Q2 2021 cash flows were impacted by a $37.0 million use of cash in working capital changes, which primarily related to an inventory build-up due to the timing of dore sales and heap leach kinetics. The significant build-up of inventories in H1 2021 is expected to normalize and be a source of cash flow during the second half of 2021. The cash flow movements are further described in the "Overview of Q2 2021 Financial Results" section.

- **Liquidity and working capital position**

As at June 30, 2021, the Company had cash and short-term investment balances of $240.4 million, an equity investment in Maverix Metals Inc. ("Maverix") with a market value of $140.0 million, working capital of $603.1 million, and $500.0 million available under its revolving credit facility (the "Credit Facility"). Total debt of $47.7 million was related to lease liabilities and construction loans.

The Company's cash and short-term investment balances increased by $34.0 million in Q2 2021, driven by a $23.6 million increase in cash and cash equivalents from operating cash flow, and a $10.3 million positive mark-to-market on the Company's investments, primarily on its ownership in New Pacific Metals Corp. ("New Pacific Metals").

- **Q2 2021 Cash Costs[(1)]**
  - Silver Segment Cash Costs were $12.71 per silver ounce sold.
  - Gold Segment Cash Costs were $857 per gold ounce sold.
- **Q2 2021 All-In Sustaining Costs ("AISC") [(1)]**
  - Silver Segment AISC were $16.36 per silver ounce sold.
  - Gold Segment AISC were $1,163 per gold ounce sold.

- Consolidated AISC per silver ounce sold, including by-product credits from the Gold Segment, were $1.42 per silver ounce sold.

(1) Adjusted earnings, Cash Costs and AISC are non-GAAP measures, please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measures to the Q2 2021 Financial Statements.

Coronavirus disease ("COVID-19") Impact

All of Pan American's nine operations were operating throughout Q2 2021 whereas during Q2 2020 operations in Mexico, Peru, Argentina and Bolivia were suspended for various durations in order to comply with mandatory national quarantines imposed in response to the COVID-19 pandemic. The Company's Bell Creek and Timmins mines in Canada continued to operate during Q2 2020 and limited production continued at Shahuindo, La Arena and Dolores from circulation of process solutions on the heap leach pads.

Pan American continues to maintain protocols to protect the health and safety of our workforce and communities during the COVID-19 pandemic. These protocols have impacted throughput rates and timing of capital projects, with some spending originally planned for 2020 being deferred into 2021. Further delays in project execution could result in some of the 2021 spending being delayed into 2022, depending on workforce and contractor availability. The underground mines where the Company produces most of its silver have been disproportionately affected due to physical distancing measures having a bigger impact. As well, these protocols have resulted in additional costs for distancing, testing, isolating and monitoring across the operations.

Pan American is supporting its local communities during the COVID-19 pandemic. In addition to the previously announced donation of food and hygiene supplies and the partnership commitment with UNICEF Canada to support children and families affected by COVID-19, in Q2 2021, Pan American committed its support to UNICEF Canada's GiveAVax campaign to provide global equitable access to COVID-19 vaccines through distribution of two billion doses of COVID-19 vaccines to low and middle income countries by the end of 2021.

Based on the operational impact of COVID-19 during H1 2021, along with the existing and anticipated vaccination programs in the jurisdictions we operate, the Company remains optimistic that the operational challenges related to the pandemic will continue to diminish over the balance of 2021.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Pan American is committed to conducting its business in a responsible and sustainable manner. Our core ESG values are: caring for the environment in which we operate; contributing to the long-term development of our host communities; ensuring safe and secure workplaces for our employees; contributing to the welfare of our employees, local communities and governments; and, operating transparently.

We continue to make progress on the 2021 goals described in the Goals and Performance section of the Company's 2020 Sustainability Report (the "2021 ESG Goals"). The 2020 Sustainability Report is available on the Company's website at www.panamericansilver.com. As of the date of this MD&A, there is no indication that the 2021 ESG Goals will not be successfully achieved. Details on our progress on the 2021 ESG Goals will be discussed during our second annual "Responsible Investors Call" being hosted in September of 2021, and will be further disclosed in in the Company's 2021 annual report and 2021 sustainability report. Further, the Company is now including ESG data within the Pan American Silver Interactive Analyst Center™, which is available on the Company's website.

As part of our commitment to ESG practices and responsibilities, as of August 10, 2021, Pan American will amend and extend its Credit Facility into a $500 million sustainability-linked revolving credit facility (the "Sustainability-Linked Loan"). The 4-year, Sustainability-Linked Loan features a pricing mechanism that allows for adjustments on drawn and undrawn balances based on third-party sustainability performance ratings, which aligns the Company's ESG performance to its cost of capital. The Sustainability-Linked Loan remains fully undrawn. Additionally, in July of 2021 we published our first communication on our "Progress for the UN Global Compact".

At the Company's Annual and Special Meeting of Shareholders held on May 13, 2021, Gillian Winckler was appointed Chair of Pan American's Board of Directors. Ross Beaty was named Chair Emeritus following his retirement as Chair and Director. As well, Jennifer Maki was elected to the Company's Board. Ms. Maki is an accomplished mining executive and finance professional with strong leadership experience in public mining companies operating in complex international jurisdictions. She is presently a Director and Chair of the Audit Committee at Franco-Nevada Corporation, and is a Director and Chair of the Audit Committee at Baytex Energy Corp. Ms. Maki is a CPA, Chartered Accountant, has a Bachelor of Commerce degree from Queen's University and holds the ICD.D designation from the Institute of Corporate Directors.

OPERATING PERFORMANCE

Silver and Gold Production

The following table provides silver and gold production at each of Pan American's operations for the three and six months periods ended June 30, 2021 and 2020. Each operation's production variances are further discussed in the "Individual Mine Performance" section of this MD&A.

	Silver Production (ounces '000s)				Gold Production (ounces '000s)			
	Three months ended June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
La Colorada	**1,099**	801	**2,164**	2,394	**0.7**	0.6	**1.2**	1.7
Huaron	**903**	211	**1,787**	982	**0.3**	0.1	**0.6**	0.2
Morococha[(1)]	**568**	47	**1,089**	504	**0.3**	—	**0.4**	0.3
San Vicente[(2)]	**601**	265	**1,302**	1,003	**0.1**	—	**0.2**	0.1
Manantial Espejo	**635**	503	**1,333**	1,198	**8.1**	3.5	**14.0**	9.9
Dolores	**612**	915	**1,246**	2,145	**43.3**	17.7	**80.3**	44.8
Shahuindo	**54**	40	**119**	104	**30.3**	26.8	**59.8**	75.7
La Arena	**9**	5	**20**	13	**23.7**	13.7	**56.9**	42.4
Timmins	**4**	4	**8**	9	**35.6**	34.2	**66.6**	77.5
Total	**4,484**	2,791	**9,067**	8,352	**142.3**	96.6	**280.0**	252.7

(1) Morococha data represents Pan American's 92.3% interest in the mine's production.
(2) San Vicente data represents Pan American's 95.0% interest in the mine's production.

Consolidated silver production in Q2 2021 of 4.48 million ounces was 61% higher than the 2.79 million ounces produced in Q2 2020, while consolidated gold production in Q2 2021 of 142.3 thousand ounces was 47% higher than the 96.6 thousand ounces produced in Q2 2020. The reasons for the increase in production are further described in the "Q2 2021 Highlights" and "Individual Mine Performance" sections of this MD&A.

Base Metal Production

The following table provides the Company's base metal production for the three and six months ended June 30, 2021 and 2020:

	Base Metal Production			
	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Zinc – kt	**12.4**	4.3	**25.4**	17.4
Lead – kt	**4.8**	1.7	**9.8**	7.0
Copper – kt	**2.1**	0.3	**4.1**	2.2

Zinc, lead and copper production in Q2 2021 was considerably higher than in Q2 2020, with the mine by mine changes further described in the "Individual Mine Performance" section of this MD&A.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Cash Costs and AISC

The quantification of both Cash Costs and AISC measures is described in detail, and where appropriate reconciled to the Q2 2021 Financial Statements, in the "Alternative (Non-GAAP) Performance Measures" section of this MD&A.

The following table reflects the Cash Costs and AISC net of by-product credits at each of Pan American's operations for the three and six months ended June 30, 2021, as compared to the same period in 2020:

	Cash Costs(1) ($ per ounce)				AISC(1) ($ per ounce)			
	Three months ended June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
La Colorada	4.52	7.13	6.78	7.20	12.42	12.56	18.54	10.70
Dolores(2)	-	2.23	-	1.20	-	12.95	-	17.88
Huaron	5.11	3.93	3.63	6.69	9.47	6.61	6.98	9.32
Morococha	11.35	12.90	12.60	12.36	15.42	17.42	16.42	19.90
San Vicente	19.76	2.61	16.47	12.79	21.06	4.52	17.54	15.09
Manantial Espejo	25.30	16.24	22.50	14.76	24.47	16.54	24.45	15.55
Silver Segment Consolidated(2)(3)	**12.71**	6.23	**12.52**	7.50	**16.36**	12.54	**16.65**	14.31
Dolores(2)	602	-	652	-	716	-	719	-
Shahuindo	762	632	756	623	1,160	747	975	764
La Arena	720	1,082	651	844	1,244	1,259	1,147	1,228
Timmins	1,352	1,092	1,322	1,012	1,676	1,171	1,621	1,106
Gold Segment Consolidated(2)(3)	**857**	905	**851**	817	**1,163**	1,015	**1,109**	987
Consolidated AISC per silver ounce sold(4)					**1.42**	(3.14)	**(1.66)**	1.15
Consolidated AISC before NRV inventory adjustments					**3.21**	(3.62)	**0.38**	(0.36)

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed description of these measures and where appropriate a reconciliation of the measure to the Q2 2021 Financial Statements.

(2) Due to the expected mine sequencing into a higher gold zone of the Dolores mine, the Company has determined that the mine is better identified as a Gold Segment operation from 2021 onwards. Thus, as of Q1 2021, Cash Costs and AISC at Dolores are reported on a per ounce of gold basis and are included as part of the Gold Segment Cash Costs and AISC calculations. Dolores Cash Costs and AISC in the 2020 comparable period were reported on a per ounce of silver basis and included as part of the Silver Segment Cash Costs and AISC calculations, as previously reported. For comparison purposes, had Dolores been reported in the Gold Segment in 2020, Gold Segment Cash Costs and AISC for Q2 2020 would have been $923 and $1,133, respectively, and for the six months ended June 30, 2020 ("H1 2020") would have been $836 and $1,129, respectively. Silver Segment Cash Costs and AISC for Q2 2020 would have been $9.16 and $12.24, respectively and for H1 2020 would have been $9.97 and $12.90, respectively.

(3) Silver Segment Cash Costs and AISC are calculated net of credits for realized revenues from all metals other than silver ("silver segment by-product credits"), and are calculated per ounce of silver sold. Gold segment Cash Costs and AISC are calculated net of credits for realized silver revenues ("gold segment by-product credits"), and are calculated per ounce of gold sold. Consolidated AISC is based on total silver ounces sold and are net of by-product credits from all metals other than silver ("silver basis consolidated by-product credits").

(4) Consolidated AISC is calculated per silver ounce sold with total gold revenues included within by-product credits. G&A costs are included in Consolidated AISC, but not allocated in calculating AISC for each operation.

Cash Costs

Silver Segment Cash Costs per ounce in Q2 2021 were $12.71, $6.48 higher than in Q2 2020. The increase is driven primarily from: (i) a $2.93 per ounce increase from the move of Dolores into the Gold Segment; (ii) a $2.05 per ounce increase in treatment and refining charges largely from the increased contribution from concentrate mines and a non-recurring credit to treatment and refining charges at San Vicente that decreased Q2 2020 direct selling costs; and, (iii) a $1.51 per ounce increase in royalties, primarily related to higher royalties at San Vicente from increased metal prices and the timing of royalty expense relative to sales recognition. The increase in production costs per ounce reflect higher costs related to COVID-19 operating protocols along with inflation driven wage, energy and consumable cost increases ("COVID and Inflationary Costs"), offset by increased by-product credits, from higher metal prices and increased copper grades.

Gold Segment Cash Costs per ounce in Q2 2021 were $857, $48 lower than in Q2 2020. Gold Segment Cash Costs were positively impacted by the move of Dolores into the Gold Segment, which reduced Gold Segment Cash Costs by $134 per ounce. Additionally, decreased Cash Costs at La Arena, due to higher ore mining rates and grades in the current mine sequencing, further reduced Gold Segment Cash Costs by $93 per ounce. These decreases were partially offset by increased Cash Costs at Shahuindo and Timmins, which increased Gold Segment Cash Costs by $82 per ounce and $96 per ounce, respectively. The increase at Timmins is related to lower grades at Bell Creek, where geotechnical conditions have prevented access to higher grade zones, as well as the appreciation of the Canadian dollar. At Shahuindo, increased waste mining rates were in part responsible for increased Cash Costs. Additionally, COVID and Inflationary Costs increased Cash Costs relative to Q2 2020 at all operations.

AISC

Silver Segment AISC for Q2 2021 of $16.36 per ounce were $3.82 higher than Q2 2020. The increase primarily reflects the same factors that impacted Cash Costs described above, except for the impact from the move of Dolores to the Gold Segment. The increased Cash Costs from the move of Dolores to the Gold Segment were offset by a $1.07 per ounce decrease in sustaining capital and a $1.36 per ounce decrease in negative net realizable value ("NRV") inventory adjustments per ounce, both of which were lower than in Q2 2020 due to the move of Dolores to the Gold Segment.

Gold Segment AISC for Q2 2021 of $1,163 per ounce were $148 higher than Q2 2020, largely reflecting a $231 per ounce increase in sustaining capital due to COVID-19 related postponements in capital projects in Q2 2020, which offset the decrease described above for Gold Segment Cash Costs.

Consolidated silver basis AISC were $1.42 in Q2 2021, a $4.56 increase from Q2 2020. The quarter-over-quarter increase is largely attributable to the increased sustaining capital affecting Gold Segment AISC.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Individual Mine Performance

An analysis of performance at each operation in Q2 2021 compared with Q2 2020 follows. The project capital amounts invested in Q2 2021 are further discussed in the "Project Development Update" section of this MD&A.

La Colorada Operation

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes milled – kt	**127.4**	85.0	**260.9**	259.2
Average silver grade – grams per tonne	**298**	320	**287**	315
Average zinc grade - %	**2.51**	3.03	**2.24**	2.81
Average lead grade - %	**1.28**	1.42	**1.16**	1.37
Production:				
Silver – koz	**1,099**	801	**2,164**	2,394
Gold – koz	**0.67**	0.58	**1.20**	1.66
Zinc – kt	**2.77**	2.22	**5.02**	6.31
Lead – kt	**1.38**	1.05	**2.55**	3.03
Cash Costs - $ per ounce(1)	**4.52**	7.13	**6.78**	7.20
Sustaining capital - $ thousands(2)	**6,282**	3,441	**11,668**	8,193
Care and maintenance costs - $ thousands	**—**	7,999	**—**	7,999
AISC - $ per ounce(1)	**12.42**	12.56	**18.54**	10.70
Payable silver sold - koz	**879**	716	**1,104**	2,555

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the “Alternative Performance (Non-GAAP) Measures” section of this MD&A for a detailed reconciliation of these measures to cost of sales.

(2) Sustaining capital expenditures exclude $8.1 million and $12.2 million of investing activity cash outflows for Q2 2021 and H1 2021, respectively, (Q2 2020 and H1 2020: $2.4 million and $6.0 million, respectively) related to investment capital incurred on the La Colorada projects, as disclosed in the “Project Development Update” section of this MD&A.

Q2 2021 vs. Q2 2020

Production:

- Silver: 37% increase, from higher throughput despite the ongoing ventilation restrictions to mining rates, as Q2 2020 was impacted by the COVID-19 government mandated mine suspension. Grades were lower in Q2 2021 due to reduced ventilation in the mine preventing access to certain higher grade zones. As indicated in the "Q2 2021 Highlights" section of this MD&A, the blockage on the ventilation raise was resolved in July and the Company is now advancing development work needed to achieve normalized mining and throughput rates.
- By-products: 25% and 32% increases in zinc and lead production, respectively, due to the higher throughput.

Cash Costs: decreased $2.61 per ounce, primarily due to higher base metal prices and a $4.7 million non-recurring production tax credit that was accrued in the period, which more than offset the lower grades from mine sequencing, COVID and Inflationary Costs, and lower productivity in production and development advances due to the reduced ventilation.

Sustaining Capital: was higher in Q2 2021, and is primarily related to ventilation projects, a tailings storage facility lift, equipment replacements, lease payments for equipment, and near-mine exploration activities.

AISC: were consistent with Q2 2020, as the factors decreasing quarter-over-quarter Cash Costs were offset by increased sustaining capital per ounce.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Huaron Operation

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes milled - kt	**237.3**	53.6	**475.1**	256.8
Average silver grade – grams per tonne	**144**	148	**142**	144
Average zinc grade - %	**2.10**	2.59	**2.42**	2.55
Average lead grade - %	**1.15**	1.40	**1.22**	1.30
Average copper grade - %	**0.74**	0.57	**0.80**	0.82
Production:				
Silver – koz	**903**	211	**1,787**	982
Gold – koz	**0.32**	0.06	**0.60**	0.22
Zinc – kt	**3.71**	1.11	**8.83**	4.95
Lead – kt	**2.01**	0.54	**4.31**	2.50
Copper – kt	**1.31**	0.18	**2.87**	1.55
Cash Costs - $ per ounce(1)	**5.11**	3.93	**3.63**	6.69
Sustaining capital - $ thousands	**2,550**	581	**4,161**	1,994
Care and maintenance costs - $ thousands	**—**	8,503	**—**	10,758
AISC-$ per ounce(1)	**9.47**	6.61	**6.98**	9.32
Payable silver sold – koz	**617**	271	**1,325**	868

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measures to cost of sales.

Q2 2021 vs. Q2 2020

Production:

- Silver: 327% higher, primarily from higher throughput rates relative to Q2 2020, which had been impacted by the COVID-19 related mine suspension for the majority of Q2 2020.
- By-products: zinc, lead and copper production were 234%, 270% and 643% higher, respectively, reflecting the same factors affecting silver production. Copper production also benefited from improved grades due to mine sequencing from zinc and lead zones to copper zones.

Cash Costs: increased $1.17 per ounce, primarily from increased operating costs per ounce from COVID and Inflationary Costs, which offset the benefit to by-product credits from increased base metal prices.

Sustaining Capital: higher than Q2 2020 due to the mine suspension in that quarter, and was comprised mainly of equipment and facility leases, equipment replacements, near-mine exploration activities, and other miscellaneous projects.

AISC: increased by $2.86 per ounce as a result of the same factors that increased Cash Costs, in addition to higher sustaining capital per ounce.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Morococha Operation[1]

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes milled – kt	**154.1**	15.8	**303.3**	154.7
Average silver grade – grams per tonne	**128**	118	**125**	117
Average zinc grade - %	**3.20**	3.21	**3.04**	3.37
Average lead grade - %	**1.06**	1.15	**1.11**	1.19
Average copper grade - %	**0.49**	0.37	**0.44**	0.41
Production:				
Silver – koz	**568**	47	**1,089**	504
Gold – koz	**0.27**	0.03	**0.43**	0.31
Zinc – kt	**4.22**	0.43	**7.94**	4.54
Lead – kt	**1.34**	0.14	**2.77**	1.46
Copper – kt	**0.55**	0.03	**0.92**	0.40
Cash Costs - $ per ounce[2]	**11.35**	12.90	**12.60**	12.36
Sustaining capital (100%) - $ thousands[3]	**2,074**	830	**3,810**	3,066
Care and maintenance costs - $ thousands	**—**	7,900	**—**	10,103
AISC - $ per ounce[2]	**15.42**	17.42	**16.42**	19.90
Payable silver sold (100%) - koz	**537**	55	**1,051**	463

(1) Production figures are for Pan American's 92.3% share only, unless otherwise noted.
(2) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measures to cost of sales.
(3) Sustaining capital expenditures exclude $nil of investing activity cash outflows for Q2 2021 and H1 2021, respectively, (Q2 2020 and H1 2020: $0.2 million, $0.6 million, respectively) related to initial engineering on a potential relocation of the Morococha plant, and is included in Other Projects, as disclosed in the "Project Development Update" section of this MD&A.

Q2 2021 vs. Q2 2020

Production:

- Silver: 521 thousand ounces higher, primarily from higher throughput rates relative to Q2 2020, which had been impacted by the COVID-19 related mine suspension for the majority of Q2 2020.
- By-products: zinc, lead and copper production increased 379 thousand tonnes, 120 thousand tonnes, and 52 thousand tonnes, respectively, from the higher throughput. Copper production also benefited from mine sequencing.

Cash Costs: were $1.55 per ounce lower, primarily due to higher by-product credits per silver ounce sold from mine sequencing into higher copper grades and higher base metal prices, which more than offset COVID and Inflationary Costs.

Sustaining Capital: higher than Q2 2020 due to the mine suspension in that quarter, and was primarily related to near-mine exploration, mine and camp infrastructure, and equipment and facility leases.

AISC: were $1.99 per ounce lower due to the same factors affecting quarter-over-quarter Cash Costs, as well as lower sustaining capital per ounce, which more than offset the decrease in cost-reducing NRV inventory adjustments that benefited Q2 2020.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

San Vicente Operation[1]

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes milled – kt	**85.0**	30.8	**174.0**	113.5
Average silver grade – grams per tonne	**239**	297	**252**	301
Average zinc grade - %	**2.45**	2.15	**2.52**	1.74
Average lead grade - %	**0.10**	—	**0.12**	—
Average copper grade - %	**0.28**	0.35	**0.26**	0.28
Production:				
Silver – koz	**601**	265	**1,302**	1,003
Gold – koz	**0.09**	0.04	**0.17**	0.15
Zinc – kt	**1.69**	0.51	**3.65**	1.56
Lead – kt	**0.07**	0.02	**0.19**	0.02
Copper – kt	**0.19**	0.09	**0.36**	0.26
Cash Costs - $ per ounce [2]	**19.76**	2.61	**16.47**	12.79
Sustaining capital (100%) - $ thousands	**833**	232	**1,391**	2,157
Care and maintenance costs - $ thousands	**—**	2,890	**—**	2,890
AISC - $ per ounce[2]	**21.06**	4.52	**17.54**	15.09
Payable silver sold (100%) - koz	**693**	158	**1,425**	998

(1) Production figures are for Pan American's 95.0% share only, unless otherwise noted.
(2) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measures to cost of sales.

Q2 2021 vs. Q2 2020

Production:

- Silver: 127% higher, primarily from increased throughput, as Q2 2020 was impacted by the COVID-19 related mine suspension, which more than offset lower grades due to mine sequencing and the narrowing structure of the vein system.
- By-products: a 231% increase in zinc production from higher throughput, as previously described, and mine sequencing into zinc-rich zones of the deposit. Copper and lead production also benefited from increased throughput.

Cash Costs: were $17.15 per ounce higher, primarily from higher royalty expense (increased metal prices and timing of payments) and higher direct selling costs, primarily from a non-recurring adjustment that reduced Q2 2020 direct selling costs.

Sustaining Capital: primarily related to mine infrastructure and tailings storage facility investments, equipment replacements, and near-mine exploration.

AISC: the $16.54 per ounce increase was primarily due to the same factors that increased Cash Costs.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Manantial Espejo Operation

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes milled - kt	**171.3**	122.3	**328.5**	283.4
Average silver grade – grams per tonne	**136**	137	**146**	146
Average gold grade – grams per tonne	**1.63**	0.95	**1.47**	1.16
Production:				
Silver – koz	**635**	503	**1,333**	1,198
Gold – koz	**8.14**	3.49	**14.02**	9.95
Cash Costs - $ per ounce(1)	**25.30**	16.24	**22.50**	14.76
Sustaining capital - $ thousands(2)	**2,271**	1,059	**3,649**	1,776
Care and maintenance costs - $ thousands	**—**	3,644	**—**	5,617
AISC - $ per ounce(1)	**24.47**	16.54	**24.45**	15.55
Payable silver sold - koz	**614**	522	**1,244**	1,253

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the “Alternative Performance (Non-GAAP) Measures” section of this MD&A for a detailed reconciliation of these measures to cost of sales.

(2) Sustaining capital expenditures exclude $nil of investing activity cash outflows for Q2 2021 and H1 2021, respectively, (Q2 2020 and H1 2020: $1.7 million and $5.2 million, respectively) related to the development of the Joaquin and COSE projects, as disclosed in the “Project Development Update” section of this MD&A.

Q2 2021 vs. Q2 2020

Production:

- Silver and Gold: increases of 26% and 133%, respectively, reflecting higher throughput as Q2 2020 was impacted by the COVID-19 related mine suspension, and a greater contribution from COSE, which benefited gold production.

Cash Costs: were $9.06 per ounce higher, primarily as a result of higher operating costs from increased mining activities at COSE and Joaquin and COVID and Inflationary Costs, partially offset by higher gold prices. There was a build-up of 3.3 thousand ounces of gold in Q2 2021, which deferred the benefit of by-product credits into Q3 2021.

Sustaining Capital: primarily related to an expansion of the tailings storage facility, exploration, and lease payments for diesel generators on site.

AISC: the $7.93 per ounce increase was largely due to the same factors affecting Cash Costs, partially offset by cost-reducing NRV adjustments.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Dolores Operation

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes placed – kt	**1,962.4**	685.0	**3,822.3**	2,590.1
Average silver grade – grams per tonne	**15**	29	**17**	35
Average gold grade – grams per tonne	**1.16**	0.46	**1.11**	0.56
Production:				
Silver – koz	**612**	915	**1,246**	2,145
Gold – koz	**43.3**	17.7	**80.3**	44.8
Cash Costs - $ per gold ounce(1)(2)	**602**	984	**652**	910
Sustaining capital - $ thousands	**8,335**	9,550	**17,255**	24,675
Care and maintenances costs - $ thousands	**—**	10,175	**—**	10,175
AISC - $ per gold ounce(1)(2)	**716**	1,544	**719**	1,707
Payable gold sold - koz	**41.6**	24.1	**73.1**	50.5

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measures to cost of sales. Previously reported Cash Costs and AISC on a per silver ounce basis are disclosed in the Cash Costs and AISC section.

(2) As previously described, beginning in 2021, Dolores Cash Costs and AISC are being reported on a per ounce of gold basis with silver considered as a by-product, rather than on a silver basis with gold considered as a by-product. In Q2 2020 and H1 2020, silver basis Cash Costs and AISC were reported as $2.23 and $12.95 per ounce, respectively.

Q2 2021 vs. Q2 2020

Production:

- Silver: 33% lower, due to the expected decrease in silver grades from mine sequencing into higher gold grade zones and a lower ratio of ounces recovered to stacked, which more than offset higher throughput in Q2 2021. The quarter-over-quarter changes in both throughput and the ratio of ounces recovered to stacked were largely the result of the Q2 2020 COVID-19 related mine suspension, which led to production through continued leaching during the mine suspension with no corresponding ore stacked.
- Gold: 145% higher, primarily from an expected increase in grades from mine sequencing. As described above, the increase in quarter-over-quarter throughput was fully offset by a 51% decrease in the ratio of ounces recovered to stacked. Additionally, gold production was lower than anticipated in Q2 2021 due to a delay in leach sequencing to address pad construction constraints resulting in an inventory build-up, which is expected to normalize throughout the remainder of 2021.

Cash Costs: decreased $382 per ounce, primarily from higher gold grades benefiting operating costs per ounce, which more than offset lower by-product credits per ounce from lower silver sales and the impact of COVID and Inflationary Costs.

Sustaining Capital: was comparable quarter-over-quarter, and primarily related to leach pad expansions.

AISC: decreased $828 per ounce due to the same factors affecting Cash Costs, in addition to lower sustaining capital expenditures and a $7.6 million benefit from NRV inventory adjustments, which were cost reducing in Q2 2021 compared with cost increasing in Q2 2020.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Shahuindo Operation

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes placed – kt	**2,834.2**	1,722.4	**5,640.6**	4,654.5
Average silver grade – grams per tonne	**6**	9	**6**	9
Average gold grade – grams per tonne	**0.56**	0.57	**0.51**	0.60
Production:				
Silver – koz	**54**	40	**119**	104
Gold – koz	**30.25**	26.83	**59.79**	75.75
Cash Costs - $ per ounce(1)	**762**	632	**756**	623
Sustaining capital - $ thousands(2)	**8,750**	3,473	**11,431**	11,317
Care and maintenance costs - $ thousands	**—**	2,890	**—**	3,748
AISC - $ per ounce(1)	**1,160**	747	**975**	764
Payable gold sold - koz	**22.7**	33.7	**54.4**	85.7

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measures to cost of sales.
(2) Sustaining capital expenditures exclude $0.1 million and $0.3 million of investing activity cash outflows for Q2 2021 and H1 2021, respectively, (Q2 2020 and H1 2020: $nil and $0.1 million, respectively) related to lease payments for the crushing and agglomeration plant completed by Tahoe, and is included in Other Projects, as disclosed in the "Project Development Update" section of this MD&A.

Q2 2021 vs. Q2 2020

Production:

- Gold: 13% higher, primarily from higher tonnes stacked relative to Q2 2020 when the mine was suspended due to COVID-19 related government mandates. The increase in throughput more than offset a decrease in the ratio of ounces recovered to stacked. The ratio of ounces recovered to stacked was lower than expected in Q2 2021 due to timing of leach kinetics, as the stacking of higher grade ores occurred late in the quarter, which resulted in an inventory build-up. In Q2 2020, the ratio of ounces recovered to stacked was higher than expected due to continued leaching during the mine suspension, resulting in an inventory drawdown.

Cash Costs: were $130 per ounce higher, primarily from the following factors: a 31% increase in the ratio of waste to ore in the current section of the mine plan, and COVID and Inflationary Costs, which more than offset the devaluation of the Peruvian Sol.

Sustaining Capital: related primarily to leach pad expansions, site infrastructure improvements, and payments for leased mining equipment. The increase over Q2 2020 was due largely to deferral of capital projects and spending into 2021 from 2020.

AISC: were $413 per ounce higher due to the same factors affecting Cash Costs, in addition to the increased sustaining capital per ounce.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

La Arena Operation

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes placed – kt	**2,062.9**	1,627.3	**4,103.7**	2,675.7
Average silver grade – grams per tonne	**1**	1	**1**	1
Average gold grade – grams per tonne	**0.41**	0.26	**0.40**	0.29
Production:				
Silver – koz	**9**	5	**20**	13
Gold – koz	**23.70**	13.66	**56.86**	42.36
Cash Costs - $ per ounce(1)	**720**	1,082	**651**	844
Sustaining capital - $ thousands	**12,507**	2,086	**27,226**	14,783
Care and maintenance costs - $ thousands	**—**	2,509	**—**	3,332
AISC - $ per ounce(1)	**1,244**	1,259	**1,147**	1,228
Payable gold sold - koz	**24.2**	13.4	**55.5**	40.1

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measures to cost of sales.

Q2 2021 vs. Q2 2020

Production:

- Gold: 74% higher, as a result of increased throughput due to higher grades from mine sequencing and higher tonnes stacked compared to Q2 2020, which was impacted by the COVID-19 related mine suspension. The increased throughput more than offset the decrease in ounces recovered to stacked, which were higher in Q2 2020 from the release of in-heap inventories during the mine suspension.

Cash Costs: decreased by $362 per ounce, primarily reflecting higher production and sales from increased grades, which more than offset COVID and Inflationary Costs.

Sustaining Capital: comprised mainly of capitalized deferred stripping, leach pad expansions, near-mine exploration, and other camp and mine infrastructure. The increase over Q2 2020 was due largely to the deferral of capital projects and spending into 2021 from 2020.

AISC: was essentially flat as the decrease in Cash Costs was offset by increased sustaining capital.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Timmins Operation

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Tonnes milled – kt	**415.6**	381.2	**815.6**	825.8
Average silver grade – grams per tonne	**—**	—	**—**	—
Average gold grade – grams per tonne	**2.65**	2.81	**2.64**	2.91
Production:				
Silver – koz	**4**	4	**8**	9
Gold – koz	**35.58**	34.20	**66.56**	77.51
Cash Costs - $ per ounce(1)	**1,352**	1,092	**1,322**	1,012
Sustaining capital - $ thousands(2)	**9,623**	2,227	**17,845**	5,725
Care and maintenance costs - $ thousands	**—**	—	**—**	—
AISC - $ per ounce(1)	**1,676**	1,171	**1,621**	1,106
Payable gold sold - koz	**32.5**	36.7	**65.7**	80.2

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measures to cost of sales.
(2) Sustaining capital expenditures exclude $3.7 million and $4.3 million of investing activity cash outflows for Q2 2021 and H1 2021, respectively, (Q2 2020 and H1 2020: $0.2 and $1.0 million, respectively) related to investment capital incurred on the Timmins projects, as disclosed in the "Project Development Update" section of this MD&A.

Q2 2021 vs. Q2 2020

Production:

- Gold: 4% higher, as increased throughput from higher mining rates at Timmins West was partially offset by lower mining rates and grades at Bell Creek from geotechnical conditions that are requiring adjustments to the mining methods and ground support systems to adapt to the wider ore extensions in this section of the mine plan.

Cash Costs: an increase of $260 per ounce, primarily as a result of the lower grades and higher operating costs from modest wage and consumable cost escalations and the appreciation of the Canadian dollar.

Sustaining Capital: expenditures primarily related to tailings storage facility expansions, mine equipment refurbishments and replacements, near-mine exploration, and lease payments for mining equipment. The increase over Q2 2020 is related in part to deferred spending, the timing of equipment rehabilitations, and higher spending on the tailings facility expansion.

AISC: the $505 per ounce increase reflects the same factors that affected Cash Costs, as well as higher sustaining capital per ounce.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

2021 ANNUAL OPERATING OUTLOOK

All 2021 forecast amounts in this section refer to the 2021 May Revised Forecast, as provided in the Company's Q1 2021 MD&A dated May 12, 2021. These estimates are forward-looking statements and information that are subject to the cautionary note associated with forward-looking statements and information at the end of this MD&A.

Production Relative to Forecast:

The following table summarizes the metal production during H1 2021 compared to the 2021 May Revised Forecast:

	2021 May Revised Annual Forecast	H1 2021 Actual
Silver – Moz	20.50 - 22.00	9.07
Gold – koz	605.0 - 655.1	280.0
Zinc – kt	55.5 - 60.5	25.4
Lead – kt	21.0 - 23.5	9.8
Copper – kt	8.5 - 9.0	4.1

Based on H1 2021 production results and the expected production for the remainder of the year, Management reaffirms the May 2021 Revised Forecast annual consolidated metal production, as shown in the table above

Cash Costs and AISC Compared to Forecast:

The following table summarizes Cash Costs and AISC for each operation for H1 2021 compared to the respective 2021 May Revised Forecast amounts. These forecast estimates are largely influenced by Management's assumptions and estimates for productivity, input costs, commodity prices and currency exchange rates.

	Cash Costs(1) ($ per ounce)		AISC(1) ($ per ounce)	
	2021 May Revised Annual Forecast(2)	H1 2021 Actual	2021 May Revised Annual Forecast(2)	H1 2021 Actual
Silver Segment:				
La Colorada	9.80 - 11.20	6.78	15.50 - 16.90	18.54
Huaron	(1.60) - 0.60	3.63	3.70 - 5.90	6.98
Morococha	5.60 - 8.50	12.60	9.10 - 11.80	16.42
San Vicente	11.60 - 13.40	16.47	16.50 - 18.20	17.54
Manantial Espejo	21.80 - 23.70	22.50	24.40 - 26.10	24.45
Total(3)	**9.60 - 11.60**	12.52	**14.25 - 15.75**	16.65
Gold Segment:				
Dolores	665 - 820	652	850 - 1,000	719
Shahuindo	715 - 795	756	1,125 - 1,250	975
La Arena	870 - 940	651	1,275 - 1,400	1,147
Timmins	1,085 - 1,160	1,322	1,375 - 1,450	1,621
Total(3)	**825 - 925**	**851**	**1,135 - 1,250**	**1,109**
Consolidated Silver Basis(4)			**(2.80) - 2.70**	**(1.66)**

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed description of these calculations and a reconciliation of these measures to the Q2 2021 Financial Statements.

(2) The cash costs and AISC forecasts assume realized metal prices for H1 2021 and the following metal prices for the remainder of 2021: of $24.00/oz for silver, $2,850/tonne ($1.28/lb) for zinc, $2,000/tonne ($0.91/lb) for lead, $9,500/tonne ($4.20/lb) for copper, and $1,750/oz for gold; and average annual exchange rates relative to 1 USD of 20.00 for the Mexican peso ("MXN"), 3.50 for the Peruvian sol ("PEN"), 96.67 for the Argentine peso ("ARS"), 7.00 for the Bolivian boliviano ("BOB"), and $1.25 for the Canadian dollar ("CAD").

(3) As shown in the detailed quantification of consolidated AISC, included in the "Alternative Performance (Non-GAAP) Measures" section of this MD&A, corporate general and administrative expense, and exploration and project development expense are included in consolidated (silver basis) AISC, but are not allocated amongst the operations and thus are not included in either the silver or gold segment totals.

(4) Consolidated Silver Basis AISC is calculated per silver ounce sold with gold revenues included in the by-product credits.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Based on H1 2021 Cash Costs and AISC results, Management reaffirms the May 2021 Revised Annual Forecast for Cash Costs and AISC, as shown in the table above.

Capital Expenditures Relative to Forecast:

The following table summarizes the H1 2021 capital expenditures compared to the May 2021 Revised Forecast:

	2021 Capital Expenditures ($ millions)	
	H1 2021 Actual	**2021 May Revised Annual Forecast [(1)]**
La Colorada	11.7	27.0 - 29.5
Huaron	4.2	14.5 - 15.5
Morococha	3.8	6.0 - 7.0
San Vicente	1.4	13.5 - 14.5
Manantial Espejo	3.6	6.5 - 7.5
Dolores	17.3	26.0 - 30.0
Shahuindo	11.4	51.5 - 53.0
La Arena	27.2	44.5 - 45.0
Timmins	17.8	40.5 - 43.0
Sustaining Capital Sub-total	**98.4**	**230.0 - 245.0**
La Colorada Skarn project	12.2	50.0 - 55.0
Timmins expansion	4.3	5.0
Other	0.3	—
Project Capital Sub-total	**16.8**	**55.0 - 60.0**
Total Capital	**115.2**	**285.0 - 305.0**

Management reaffirms the May 2021 Revised Annual Forecast for sustaining and project capital, as shown in the table above.

PROJECT DEVELOPMENT UPDATE

The following table reflects the amounts spent on each of Pan American's major projects in Q2 2021 compared with Q2 2020, and H1 2021 compared to H1 2020:

Project Development Capital (thousands of USD)	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
La Colorada Skarn Project	**8,101**	2,410	**12,183**	6,053
Joaquin and COSE projects	**—**	1,702	**—**	5,247
Timmins projects	**3,689**	218	**4,333**	1,226
Other	**87**	247	**312**	724
Total	**$ 11,877**	4,577	**$ 16,828**	13,250

During Q2 2021, the Company invested $11.9 million, largely in advancing the La Colorada Skarn project towards a preliminary economic assessment and exploration drilling at both the La Colorada Skarn and the Wetmore project at Timmins.

OVERVIEW OF Q2 2021 FINANCIAL RESULTS

Selected Annual and Quarterly Information

The following tables set out selected quarterly results for the past ten quarters as well as selected annual results for the past two years. The dominant factors affecting results in the quarters and years presented below are the volatility of realized metal prices and the timing of sales, which vary with the timing of shipments and impairment charges. The fourth quarter of 2019 included impairment charges to the Manantial Espejo mine and the COSE and Joaquin projects.

2021	Quarter Ended	
(In thousands of USD, other than per share amounts)	**March 31**	**June 30**
Revenue	$ 368,099	**$ 382,132**
Mine operating earnings	$ 89,964	**$ 103,048**
(Loss) earnings for the period attributable to equity holders	$ (7,798)	**$ 70,939**
Basic (loss) earnings per share	$ (0.04)	**$ 0.34**
Diluted (loss) earnings per share	$ (0.04)	**$ 0.34**
Cash flow from operating activities	$ 29,850	**$ 87,143**
Cash dividends paid per share	$ 0.07	**$ 0.07**
Other financial information		
Total assets		**$ 3,455,012**
Total long-term financial liabilities(1)		**$ 277,607**
Total attributable shareholders' equity		**$ 2,636,301**

(1) Total long-term financial liabilities are comprised of non-current liabilities excluding deferred tax liabilities, and deferred revenue.

2020	Quarter Ended				Year Ended
(In thousands of USD, other than per share amounts)	**March 31**	**June 30**	**Sept 30**	**Dec 31**	**Dec 31**
Revenue	$ 358,428	$ 249,509	$ 300,414	$ 430,461	**$ 1,338,812**
Mine operating earnings	$ 50,058	$ 48,386	$ 124,561	$ 137,172	**$ 360,177**
(Loss) earnings for the period attributable to equity holders	$ (76,807)	$ 20,063	$ 65,741	$ 168,885	**$ 177,882**
Basic (loss) earnings per share	$ (0.37)	$ 0.10	$ 0.31	$ 0.80	**$ 0.85**
Diluted (loss) earnings per share	$ (0.37)	$ 0.10	$ 0.31	$ 0.80	**$ 0.85**
Cash flow from operating activities	$ 114,051	$ 62,750	$ 114,943	$ 170,571	**$ 462,315**
Cash dividends paid per share	$ 0.05	$ 0.05	$ 0.05	$ 0.07	**$ 0.22**
Other financial information					
Total assets					**$ 3,433,875**
Total long-term financial liabilities(1)					**$ 277,696**
Total attributable shareholders' equity					**$ 2,602,519**

(1) Total long-term financial liabilities are comprised of non-current liabilities excluding deferred tax liabilities, and deferred revenue.

2019	Quarter Ended				Year Ended
(In thousands of USD, other than per share amounts)	March 31[1]	June 30[1]	Sept 30[1]	Dec 31	Dec 31
Revenue[2]	$ 253,699	$ 340,494	$ 352,187	$ 404,379	**$ 1,350,759**
Mine operating earnings[2]	$ 15,770	$ 51,058	$ 63,850	$ 98,610	**$ 229,288**
Earnings for the period attributable to equity holders	$ 2,783	$ 18,371	$ 37,657	$ 51,927	**$ 110,738**
Basic earnings per share	$ 0.02	$ 0.09	$ 0.18	$ 0.26	**$ 0.55**
Diluted earnings per share	$ 0.02	$ 0.09	$ 0.18	$ 0.26	**$ 0.55**
Cash flow from operating activities	$ (12,911)	$ 83,518	$ 81,948	$ 129,473	**$ 282,028**
Cash dividends paid per share	$ 0.035	$ 0.035	$ 0.035	$ 0.035	**$ 0.14**
Other financial information					
Total assets					**$ 3,461,682**
Total long-term financial liabilities[3]					**$ 517,776**
Total attributable shareholders' equity					**$ 2,463,099**

(1) Amounts differ from those originally reported in the respective quarter due to: (1) the finalization of the purchase price allocation, which was retrospectively applied, the most significant change being the removal of the previously recorded $30.5M bargain purchase gain; and, (2) amounts presented retrospectively as if Timmins had not been classified as held for sale.

(2) Concurrent with the acquisition of Tahoe, the Company classified the Timmins mines as a discontinued operation held for sale and, in Q3 2019, reclassified to be a continuing operation. As a result, the previously recorded first and second quarters have been recast to present the Timmins mines as continuing operations.

(3) Total long-term financial liabilities are comprised of non-current liabilities excluding deferred tax liabilities, deferred revenue, and share purchase warrant liabilities.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Income Statement: Q2 2021 vs. Q2 2020

Net earnings of $71.2 million were recorded in Q2 2021 compared to $19.4 million in Q2 2020, which corresponds to basic earnings per share of $0.34 and $0.10, respectively.

The following table highlights the differences between the Q2 2020 and Q2 2021 net earnings:

Net earnings, three months ended June 30, 2020			**$**	**19,412**	**Note**
Revenue:					
Increased realized metal prices	$	77,499			
Higher quantities of metal sold		65,593			
Increased direct selling costs		(11,766)			
Decreased negative settlement adjustments		1,297			
Total increase in revenue			**$**	**132,623**	**(1)**
Cost of sales:					
Increased production costs and increased royalty charges	$	(57,577)			(2)
Increased depreciation and amortization		(20,384)			(3)
Total increase in cost of sales			**$**	**(77,961)**	
Decreased care and maintenance costs				44,446	(4)
Decreased investment income				(36,687)	(5)
Increased income tax expense				(24,873)	(6)
Decreased other expense				7,352	(7)
Increased net gain on asset sales, and derivatives				5,633	(8)
Increased income from equity investees				3,280	(9)
Increased foreign exchange loss				(2,178)	
Decreased interest and finance expense				1,284	
Increased general and administrative expense				(726)	
Increased exploration and project development expense				(364)	
Net earnings, three months ended June 30, 2021			**$**	**71,241**	

1. ***Revenue*** for Q2 2021 was $132.6 million higher than in Q2 2020, largely due to both higher realized prices and increased quantities sold, partially offset by higher treatment and refining charges. The quarter-over-quarter increase in quantities of metal sold reflects the previously discussed production increases, primarily attributable to the Company's mines being fully operational in Q2 2021 compared with Q2 2020 when production was significantly reduced by the COVID-19 related mine suspensions, which had the largest impact on the underground operations. The increase in treatment and refining charges reflects the higher quantities of metal sold. Realized metal prices increased from Q2 2020 for all metals sold, with silver and gold prices up 62% and 6%, respectively, and realized copper, zinc and lead prices up 86%, 64%, and 31%, respectively.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

The following table reflects the metal prices realized by the Company and the quantities of metal sold during each quarter:

	Realized Metal Prices [(1)]		Quantities of Metal Sold [(2)]	
	Three months ended June 30,		Three months ended June 30,	
	2021	2020	**2021**	2020
Silver	**$ 26.88**	$ 16.58	**4,044**	3,074
Gold	**$ 1,809**	$ 1,708	**126.2**	112.8
Zinc	**$ 2,935**	$ 1,791	**11.9**	3.0
Lead	**$ 2,151**	$ 1,643	**4.3**	1.6
Copper	**$ 9,679**	$ 5,217	**1.6**	0.5

(1) Metal price stated as dollars per ounce for silver and gold, and dollars per tonne for zinc, lead and copper, inclusive of final settlement adjustments on concentrate sales.
(2) Metal quantities stated as koz for silver and gold and kt for zinc, lead and copper.

2. ***Production and royalty costs*** in Q2 2021 were $57.6 million higher than in Q2 2020. The increase was driven by a $51.0 million, or 34%, increase in production costs and a $6.6 million increase in royalty costs. The increased production costs were largely driven by the previously discussed quarter-over-quarter increase in production and corresponding quantities of metal sold and COVID and Inflationary Costs. Excluding the impact of NRV inventory adjustments, consolidated Silver Segment production costs increased $59.7 million, reflecting a full quarter without COVID-19 related mine suspensions compared with Q2 2020 when mine suspensions in that period resulted in production costs being allocated to care and maintenance costs, as further described below. Partially offsetting the increase in costs was an $8.7 million cost reducing variance from NRV adjustments, which reduced costs by $7.2 million in Q2 2021 compared to a $1.5 million increase to costs in Q2 2020. NRV adjustments in both quarters were related mainly to Dolores and were driven largely by changes in precious metal prices.
3. ***Depreciation and amortization ("D&A") expense*** was $20.4 million higher than in Q2 2020, reflecting the impact of higher production and sales volumes on D&A, which is predominantly recorded on a units-of-production basis.
4. ***Care and maintenance costs*** were $7.8 million in Q2 2021, a $44.4 million decrease from Q2 2020, when operations were suspended in Mexico, Peru, Argentina and Bolivia over most of the quarter in order to comply with mandatory national COVID-19 quarantines. Q2 2021 care and maintenance costs were incurred for the Escobal operation and the Navidad project.
5. ***Investment income*** of $10.6 million in Q2 2021 was $36.7 million lower than in Q2 2020, driven primarily by fair value "mark-to-market" adjustments on the Company's equity investment in New Pacific Metals. Investment income of $47.3 million in Q2 2020 was largely driven by a $22.1 million gain recognized in relation to the disposition of 10.4 million shares in Maverix. The remainder of investment income in Q2 2020 was attributable to mark-to-market adjustments and realized gains on the Company's equity investments in New Pacific Metals.
6. ***Income tax expense*** in Q2 2021 was $29.6 million compared to $4.7 million in Q2 2020. The $24.9 million increase in tax expense was primarily due to the $76.7 million increase in income before tax.
7. ***Other income*** in Q2 2021 was $1.7 million compared to other expense of $5.6 million in Q2 2020. The Q2 2020 expenses primarily related to transaction costs associated with the sale of a portion of the Company's shares in Maverix and New Pacific Metals, which were non recurring in 2021.
8. **Net gains on asset sales and derivatives** were $7.3 million in Q2 2021 compared to net gains of $1.6 million in Q2 2020. The derivatives generated gains of $3.1 million in Q2 2021 from the Company's diesel, CAD and MXN contracts, partially offset by losses in the PEN and Copper contracts. The Company also generated a $4.1 million gain, primarily from the receipt of non-refundable deposits during the quarter, in relation to the sale of the Waterloo exploration stage asset that closed subsequent to June 30, 2021, as described in Note 26 of the Q2 2021 Financial Statements (the "Waterloo Sale"). The Q2 2020 net gain of $1.6 million reflects the gain on CAD and MXN hedge positions, which more than offset the $2.0 million loss on the sale of certain exploration assets.

9. ***Income from equity investees*** relates to the Company's investment in Maverix, which is accounted for using the equity method whereby the Company records its portion of Maverix's net income based on Pan American's fully diluted ownership interest. The $3.3 million recorded in Q2 2021 largely reflected the Company recording its portion of a royalty interest gain recorded by Maverix in Q1 2021.

Statement of Cash Flows: Q2 2021 vs. Q2 2020

Cash flow from operations in Q2 2021 totaled $87.1 million, $24.4 million more than the $62.8 million generated in Q2 2020. The increase was related to a $66.3 million increase in cash mine operating earnings and a $31.3 million decrease in cash mine care and maintenance expenditures, which more than offset the $68.3 million decrease from working capital changes that were a use of cash in Q2 2021 and a source of cash in Q2 2020. The higher cash mine operating earnings(1) and lower cash mine care and maintenance expenditures were largely the result of increased quantities sold due to Q2 2020 sales being impacted by the COVID-19 related mine suspensions. Increased metal prices further benefited cash mine operating earnings in Q2 2021.

Working capital changes in Q2 2021 resulted in a $37.0 million use of cash compared with a $31.3 million source of cash in Q2 2020. The Q2 2021 use of cash was mainly driven by a $38.4 million build-up in inventories, largely heap and dore inventories at the three open pit mines (Dolores, Shahuindo and La Arena), which are expected to normalize in the second half of 2021.

Investing activities used $45.9 million in Q2 2021, primarily related to the $63.2 million spent on mineral properties, plant and equipment at the Company's mines and projects, as previously described in the "Operating Performance" section of this MD&A, which was partially offset by $14.0 million from the cash consideration on the sale of a package of royalties on third-party properties and the deposits on the Waterloo sale, and $2.6 million in proceeds from the settlement of the Company's derivatives comprised of commodity and FX hedging contracts. In Q2 2020, investing activities generated $49.3 million, primarily from the $81.1 million source of cash from the sale of short-term investments, primarily in New Pacific Metals, a partial disposition of the Company's interest in Maverix net of the exercise of warrants associated with that transaction, and the sale of certain non-core exploration properties. These dispositions more than offset the $30.3 million spent on mineral properties, plant and equipment.

Financing activities in Q2 2021 used $17.6 million compared to $72.1 million used in Q2 2020. Cash used in Q2 2021 primarily consisted of $14.7 million in dividends and $2.9 million of lease repayments. The net cash used in Q2 2020 consisted primarily of a net $60.0 million repayment of the Credit Facility, $10.5 million paid as dividends to shareholders and $3.0 million of lease payments.

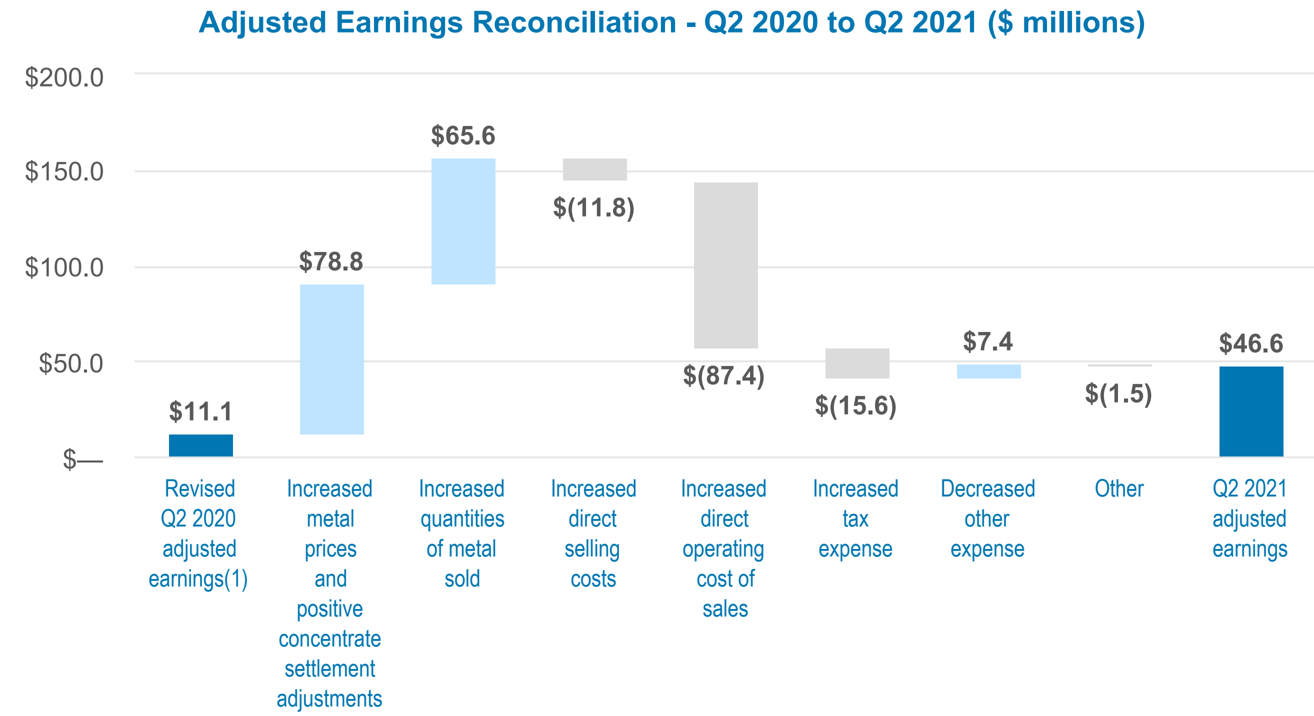
Adjusted Earnings: Q2 2021 vs Q2 2020

Adjusted earnings is a non-GAAP measure. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed description of "adjusted earnings", and a reconciliation of these measures to the Q2 2021 Financial Statements.

Adjusted Earnings in Q2 2021 was $46.6 million, representing basic adjusted earnings per share of $0.22, compared to the revised Q2 2020 adjusted earnings of $11.1 million, and basic adjusted earnings per share of $0.05. Q2 2021 adjusted earnings excludes, among other items, investment losses of $10.6 million (Q2 2020: $47.3 million). A reconciliation of adjusted earnings for the three and six months ended June 30, 2021 and 2020, to the net earnings for each period is included in the "Alternative Performance (Non-GAAP) Measures" section of this MD&A.

(1) Cash mine operating earnings is a non-GAAP measures, please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed description of how this measure is quantified from the Company's financial statements.

The following chart illustrates the key factors leading to the change in adjusted earnings from Q2 2020 to Q2 2021:



(1) Commencing in Q1 2021, gains and losses recognized in relation to certain equity investments owned by the Company, and included in Investment income (loss) in the Company's financial statements, are being excluded from Adjusted Earnings. This change was based on the increase in both the magnitude and volatility of these investments having a larger impact to the Company's net income in recent years, and Management's belief that these fair-market-values are neither under the control of Management nor representative of normal course operating results The comparative period's adjusted earnings have been revised to conform to this change and thus differ from that previously reported.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

Income Statement: H1 2021 vs. H1 2020

Net earnings of $63.7 million were recorded in H1 2021 compared to a net loss of $57.8 million in H1 2020, which corresponds to basic earnings (loss) per share of $0.30 and $(0.27), respectively.

The following table highlights the difference between net earnings in H1 2021 compared with H1 2020:

Net loss, six months ended June 30, 2020			$	(57,823)	Note
Revenue:					
Increased realized metal prices	$	151,727			
Lower quantities of metal sold		(3,328)			
Increased direct selling costs		(9,922)			
Decreased negative settlement adjustments		3,817			
Total increase in revenue				**142,294**	(1)
Cost of sales:					
Increased production costs and increased royalty charges	$	(30,398)			(2)
Increased depreciation and amortization		(17,328)			(3)
Total increase in cost of sales				**(47,726)**	
Total increase in mine operating earnings				**94,568**	
Decreased care and maintenance costs				53,204	(4)
Increased investment loss				(46,896)	(5)
Increased net gain on asset sales, and derivatives				16,908	(6)
Increased income tax expense				(10,130)	(7)
Decreased other expense				8,958	(8)
Increased income from equity investees				6,407	(9)
Decreased interest and finance expense				3,834	
Increased foreign exchange loss				(2,744)	
Increased general and administrative expense				(2,190)	
Increased exploration and project development expense				(417)	
Net earnings, six months ended June 30, 2021			$	**63,679**	

1. ***Revenue*** in H1 2021 was $142.3 million higher than in H1 2020 as a result of the increase in realized metal prices being partially offset by increased direct selling costs and slightly lower quantities of metal sold. H1 2021 realized silver and gold prices were 61% and 10% and higher, respectively, than those in H1 2020, which had the largest period-over-period impact on revenue. Realized zinc, lead and copper prices also increased by 39%, 16%, and 61%, respectively, and also contributed to higher revenues. The relatively consistent period-over-period quantities of metal sold reflect the previously discussed increase in quarter-over-quarter quantities of metal sold for Q2 2021 being largely offset by the lower quarter-over-quarter quantities of metal sold for Q1 2021, which was primarily due to lower production from ventilation issues and shipping delays at La Colorada, and lower grade-driven production decreases at Shahuindo and La Arena.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

The following table reflects the metal prices realized by the Company and the quantities of metal sold during each period:

	Realized Metal Prices (1)		Quantities of Metal Sold (2)	
	Six months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	**2020**
Silver	**$ 26.66**	$ 16.53	**7,534**	8,721
Gold	**$ 1,798**	$ 1,634	**262.2**	269.2
Zinc	**$ 2,849**	$ 2,056	**23.0**	14.5
Lead	**$ 2,096**	$ 1,812	**8.2**	7.4
Copper	**$ 9,076**	$ 5,652	**3.4**	1.9

(1) Metal price stated as dollars per ounce for silver and gold, and dollars per tonne for zinc, lead and copper, inclusive of final settlement adjustments on concentrate sales.

(2) Metal quantities stated as koz for silver and gold and kt for zinc, lead and copper.

2. ***Production and royalty costs*** in H1 2021 were $30.4 million higher than in H1 2020. The increase was attributable to increases in production and royalty costs of $19.9 million and $10.5 million, respectively. The 5% increase in production costs is mainly due to: (i) a $60.0 million increase in Silver Segment production costs, excluding NRV inventory adjustments, reflecting a full six months of operations in 2021 without COVID-19 related mine suspensions and related care and maintenance costs, as well as COVID and Inflationary Costs; partially offset by (ii) a $28.6 million production cost reducing variance from NRV inventory adjustments, which decreased 2021 production costs by $15.4 million compared to increasing costs by $13.2 million in 2020; and (iii) a $10.9 million decrease in Gold Segment production costs, excluding NRV inventory adjustments, which was primarily from the period-over-period decrease in gold production and sales quantities at Shahuindo. The period-over-period increase in royalty costs was driven by an $8.8 million increase at the San Vicente operation from increased sales volumes.

3. ***D&A expense*** was $17.3 million higher than in H1 2020, primarily due to a $11.6 million increase at the Dolores operation and an $8.9 million increase at La Arena, both of which mainly reflect period-over-period increases in quantities of gold sold at these operations, which have relatively larger depreciable asset bases compared to the Company's other operations.

4. ***Care and maintenance costs*** totaled $15.0 million in H1 2021, which was a $53.2 million decrease from H1 2020, and reflects the previously discussed COVID-19 related mine suspensions in 2020. Care and maintenance costs in H1 2021 related only to the Escobal operation and the Navidad project.

5. ***Investment losses*** were $28.4 million in H1 2021, $46.9 million lower than H1 2020 investment income of $18.5 million. Investment losses in H1 2021 largely reflects fair value "mark-to-market" adjustments and realized gains on the Company's equity investment in New Pacific Metals where, as previously discussed, H1 2020 investment income also included a $22.1 million gain on the sale of 10.4 million shares in Maverix.

6. ***Net gain on asset sales, and derivatives*** was $16.9 million higher in H1 2021 compared to H1 2020. In H1 2021, the Company recognized a $5.5 million gain on its MXN, CAD and Diesel hedge contracts partially offset by losses on its copper and PEN contracts, and a $4.3 million gain, primarily on the receipt of non-refundable deposits which became part of the consideration for the Waterloo Sale. In H1 2020, the Company recorded a loss of $5.2 million on its MXN, PEN and CAD hedge contracts and a $2.0 million loss on the sale of certain non-core exploration properties.

7. ***Income tax expense*** of $67.6 million in H1 2021 was $10.1 million higher than the $57.4 million in H1 2020. The higher tax expense largely reflects the increase in income before tax of $131.7 million. However, despite the period-over-period increase in income before tax, the significant H1 2020 devaluation of the Mexican Peso, and to a lesser extent the Peruvian Sol, generated a large portion of the H1 2020 tax expense. Comparatively, in H1 2021, the impact of changes in foreign exchange rates on tax expense had only a minor impact on tax expense.

8. ***Other income*** of $2.6 million was $9.0 million higher in H1 2021 than other expense of $6.4 million in H1 2020. The period-over-period decrease was driven largely by the previously discussed commissions and transactions costs associated with the sale of Maverix and New Pacific Metals shares during 2020, which were non-recurring in 2021.

9. ***Income from equity investees*** in H1 2021 was $3.5 million compared to a loss of $2.9 million in H1 2020. The current year's income is attributable to the previously described Maverix related income recorded in Q2 2021. The 2020 loss reflects the Company recording its portion of Maverix losses for the period, based on Pan American's fully diluted ownership interest.

Statement of Cash Flows: H1 2021 vs. H1 2020

Cash flow from operations in H1 2021 was $117.0 million, $59.8 million less than the $176.8 million generated in H1 2020. The decrease was mostly related to a $153.8 million negative impact from changes in working capital and a $32.8 increase in income taxes paid, which more than offset the $83.3 million increase in cash mine operating earnings, primarily from stronger precious metal prices and a $40.0 million decrease in cash mine care and maintenance expenditures.

Working capital changes in H1 2021 resulted in an $84.4 million use of cash, primarily reflecting a $78.4 million build-up in inventories. The inventory build-up was the result of: (i) increased inventories contained in leach pads, particularly at Dolores and Shahuindo, which should normalize in the second half of 2021; (ii) timing of dore sales, which should normalize in Q3 2021; and (iii) the impact from the delays in concentrate transport at La Colorada from Q1 2021, which was further impacted by delays in global shipping schedules, but is expected to normalize in the second half of 2021.

Investing activities utilized $90.4 million in H1 2021, primarily related to the $111.1 million spent on mineral properties, plant and equipment at the Company's mines and projects, which was partially offset by the $14.8 million from the disposition of certain royalty assets and the deposits on the Waterloo Sale.

In H1 2020, investing activities utilized only $9.2 million, as the $86.1 million spent on mineral properties, plant and equipment at the Company's mines and projects was largely offset by $78.9 million source of cash from the sale of short-term investments, primarily in New Pacific Metals, a partial disposition of the Company's interest in Maverix net of the exercise of warrants associated with that transaction, and the sale of certain non-core exploration properties.

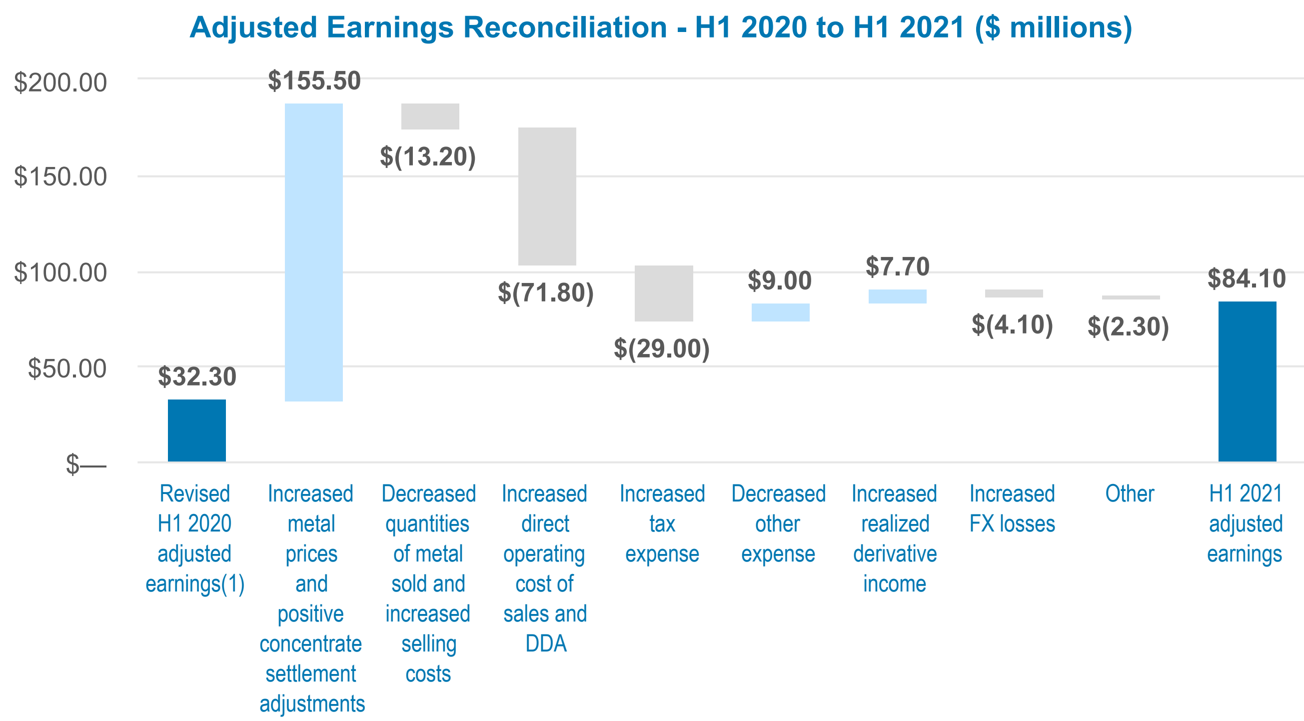
Financing activities in H1 2021 utilized $35.6 million compared to a $98.7 million use of cash in H1 2020. Financing activities in H1 2021 were primarily related to $29.4 million in dividends to shareholders, and $5.8 million of lease repayments. Financing activities in H1 2020 primarily consisted of a net $75.0 million repayment on the Credit Facility, $21.0 million paid as dividends to shareholders and $7.0 million of lease repayments.

Adjusted Earnings: H1 2021 vs H1 2020

Adjusted earnings is a non-GAAP measure. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed description of "adjusted earnings", and a reconciliation of these measures to the Q2 2021 Financial Statements.

Adjusted Earnings in H1 2021 were $84.1 million, representing basic adjusted earnings per share of $0.40, which was $51.8 million, or $0.25 per share, higher than revised H1 2020 adjusted earnings of $32.3 million, and basic adjusted earnings per share of $0.15.

The following chart illustrates the key factors leading to the change in adjusted earnings from H1 2020 to H1 2021:



(1) Commencing in Q1 2021 gains and losses recognized in relation to certain equity investments owned by the Company, and included in Investment income (loss) in the Company's financial statements, are being excluded from Adjusted Earnings. This change was based on the increase in both the magnitude and volatility of these investments having a larger impact to the Company's net income in recent years, and Management's belief that these fair-market-values are neither under the control of Management nor representative of normal course operating results The comparative period's adjusted earnings have been revised to conform to this change and thus differ from that previously reported.

LIQUIDITY AND CAPITAL POSITION

Liquidity and Capital Measures (in $000s)	June 30, 2021	March 31, 2021	Dec. 31, 2020	Q2 2021 Change	H1 2021 Change
Cash and cash equivalents ("Cash")	$ **157,125**	$ 133,497	$ 167,113	$ 23,628	$ (9,988)
Short-term Investments	$ **83,242**	$ 72,913	$ 111,946	$ 10,329	$ (28,704)
Cash and Short-term investments	$ **240,367**	$ 206,410	$ 279,059	$ 33,957	$ (38,692)
Working Capital	$ **603,100**	$ 513,045	$ 495,168	$ 90,055	$ 107,932
Credit Facility committed amount	$ **500,000**	$ 500,000	$ 500,000	$ —	$ —
Credit Facility amounts drawn	$ **—**	$ —	$ —	$ —	$ —
Shareholders' equity	$ **2,640,159**	$ 2,583,290	$ 2,605,839	$ 56,869	$ 34,320
Total debt (1)	$ **47,696**	$ 30,840	$ 33,565	$ 16,856	$ 14,131
Capital (2)	$ **2,447,488**	$ 2,407,720	$ 2,360,345	$ 39,768	$ 87,143

(1) Total debt is a non-GAAP measure calculated as the total of amounts drawn on the Credit Facility, finance lease liabilities and loans payable. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed description of the calculations.

(2) Capital is a non-GAAP measure and consists of shareholders' equity and debt net of cash and cash equivalents and short term investments. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed description of the calculations.

Liquidity and Capital Resources

The Company's cash and short term investments increased by $34.0 million during Q2 2021. The increase was driven by a $23.6 million increase in cash and cash equivalents from strong operating cash flow and a $10.3 million positive mark-to-market to the Company's investments, primarily related to New Pacific Metals.

The increase in cash and cash equivalents was due to strong cash mine operating earnings of $164.3 million, which was sufficient to fund corporate overhead, exploration and care and maintenance, tax payments of $21.0 million, and investing and financing activities, which mostly related to payments for property, plant and equipment and dividends, respectively. This is despite a $37.0 million build in cash from working capital changes that is further described in the "Overview of Q2 2021 Financial Results".

Pan American's investment objectives for its cash balances are to preserve capital, to provide liquidity and to maximize returns. The Company's strategy to achieve these objectives is to invest excess cash balances in a portfolio of primarily fixed income instruments with specified credit rating targets established by the Board of Directors, and by diversifying the currencies in which it maintains its cash balances. The Company does not own any asset-backed commercial paper or other similar, known, at-risk investments in its investment portfolio.

Working capital of $603.1 million at June 30, 2021 was $90.1 million higher than working capital of $513.0 million at March 31, 2021. The increase is primarily driven by a build-up in inventories, as well as the increase in cash and short term investments described above. The Company also maintains an equity investment in Maverix that was valued at $140.0 million based on the June 30, 2021 New York Stock Exchange closing share price of $5.39.

As of June 30, 2021, the Company was in compliance with all financial covenants under the $500 million revolving Credit Facility, which was fully undrawn. As described in the "Environmental, Social, and Governance" section, the Credit Facility will be amended and extended into a $500 million Sustainability Linked Loan as of August 10, 2021. The pricing mechanism on the Sustainability Linked Loan is based on MSCI and S&P Global ratings, both leaders in ESG and Corporate Governance research and ratings. The Sustainability Linked Loan aligns the Company's ESG performance to its cost of capital, thereby demonstrating its commitment to ESG practices and responsibilities and does not include a minimum tangible net worth financial covenant, which was a condition of the previous Credit Facility. As of the date of this MD&A, the Sustainability Linked Loan was fully undrawn.

The borrowing costs under the Company's Sustainability Linked Loan are based on the Company's leverage ratio subject to pricing adjustments based on 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 Sustainability Linked Loan are subject to a stand-by fee of 0.41% to 0.63% per annum, dependent on the Company's leverage ratio and subject pricing adjustments based on sustainability performance ratings and scores. The Company's Sustainability Linked Loan matures on August 8, 2025.

The net cash generated from the sales of metal production provides our primary source of cash flows, and we do not currently expect to experience payment delinquencies from our metal sales counterparties during the COVID-19 crisis, though the impact of COVID-19 on the credit risk associated with our counterparties cannot be determined with any degree of certainty.

The Company's financial position at June 30, 2021, and the operating cash flows that are expected over the next twelve months, lead Management to believe that the Company's liquid assets are sufficient to satisfy our 2021 working capital requirements, fund currently planned capital expenditures, and to discharge liabilities as they come due. The Company remains well positioned to take advantage of strategic opportunities as they become available. Liquidity risks are discussed further in the "Risks and Uncertainties" section of this MD&A.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments, details of which are described in Note 9(f)(ii) of the 2020 Financial Statements, and in the Liquidity and Capital Position section of the Company's annual 2020 Management Discussion and Analysis (the "2020 Annual MD&A"). Since December 31, 2020, there have been no significant changes to these contractual obligations and commitments.

(tabular amounts are in thousands of U.S. dollars except number of shares, options, warrants, per share amounts, and per ounce amounts, unless otherwise noted)

The impact of inflation on the Company's financial position, operational performance, or cash flows over the next twelve months cannot be determined with any degree of certainty due to a number of uncertainties, including those related to the COVID-19 business disruptions.

Outstanding Share Amounts

As at June 30, 2021, the Company had approximately 0.3 million stock options outstanding (each exercisable for one common share of the Company), with exercise prices in the range of CAD $9.76 to CAD $41.62 and a weighted average life of 38 months. Approximately 0.2 million of the stock options were vested and exercisable at June 30, 2021, with an average weighted exercise price of CAD $16.93 per share.

The following table sets out the common shares and options outstanding as at the date of this MD&A:

	Outstanding as at August 10, 2021
Common shares	210,299,385
Options	260,596
Total	**210,559,981**

As part of the consideration payable to Tahoe shareholders in connection with the acquisition of Tahoe, Tahoe shareholders received contingent consideration in the form of one contingent value right ("CVR") for each Tahoe share. Each CVR has a 10 year term and will be exchanged for 0.0497 of a Pan American share upon first commercial shipment of concentrate following restart of operations at the Escobal mine. The Company issued an aggregate of 313,887,490 CVRs.

CLOSURE AND DECOMMISSIONING COST PROVISION

The estimated future closure and decommissioning costs are based principally on the requirements of relevant authorities and the Company's environmental policies. The provision is measured using management's assumptions and estimates for future cash outflows. The Company accrues these costs, which are determined by discounting costs using rates specific to the underlying obligation. Upon recognition of a liability for the closure and decommissioning costs, the Company capitalizes these costs to the related mine and amortizes such amounts over the life of each mine on a unit-of-production basis except in the case of exploration projects for which the offset to the liability is expensed. The accretion of the discount due to the passage of time is recognized as an increase in the liability and a finance expense.

The total inflated and undiscounted amount of estimated cash flows required to settle the Company's estimated future closure and decommissioning costs as of June 30, 2021 was $359.2 million (December 31, 2020 - $330.6 million) using inflation rates of between 1% and 4% (December 31, 2020 - between 0% and 4%). The inflated and discounted provision on the statement of financial position as at June 30, 2021 was $223.2 million (December 31, 2020 - $235.1 million), using discount rates between 0% and 9% (December 31, 2020 - between 0% and 8%). Spending with respect to decommissioning obligations at Alamo Dorado and Manantial Espejo began in 2016, while the remainder of the obligations are expected to be paid through 2046, or later if the mine lives are extended. Revisions made to the reclamation obligations in Q2 2021 were primarily a result of increased inflation rates, increased discount rates from higher government debt yields, increased site disturbance from the ordinary course of operations at the mines, reclamation activities, and revisions to the estimates based on periodic reviews of closure plans and related costs, actual expenditures incurred, and closure activities completed. These obligations will be funded from operating cash flows, reclamation deposits, and cash on hand.

The accretion of the discount charged in Q2 2021 and H1 2021 as finance expense was $1.9 million and $3.7 million, respectively (Q2 2020 and H1 2020 - $2.1 million and $4.1 million, respectively). Reclamation expenditures incurred during Q2 2021 and H1 2021 were $1.0 million and $1.8 million, respectively (Q2 2020 and H1 2020 - $0.2 million and $0.9 million, respectively).

RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. During its normal course of operation, the Company enters into transactions with its related parties for goods and services.

Related party transactions with Maverix have been disclosed in Note 9 of the Q2 2021 Financial Statements. These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the parties which approximates fair value.

ALTERNATIVE PERFORMANCE (NON-GAAP) MEASURES

Per Ounce Measures

Cash Costs and AISC are non-GAAP financial measures that do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

Pan American produces by-product metals incidentally to our silver and gold mining activities. We have adopted the practice of calculating a performance measure with the net cost of producing an ounce of silver and gold, our primary payable metals, after deducting revenues gained from incidental by-product production. This performance measurement has been commonly used in the mining industry for many years and was developed as a relatively simple way of comparing the net production costs of the primary metal for a specific period against the prevailing market price of that metal.

Silver segment Cash Costs and AISC are calculated net of credits for realized revenues from all metals other than silver ("silver segment by-product credits"), and are calculated per ounce of silver sold. Gold segment Cash Costs and AISC are calculated net of credits for realized silver revenues ("gold segment by-product credits"), and are calculated per ounce of gold sold. Consolidated Cash Costs and AISC are based on total silver ounces sold and are net of by-product credits from all metals other than silver ("silver basis consolidated by-product credits").

Cash costs per ounce metrics, net of by-product credits, is used extensively in our internal decision making processes. We believe the metric is also useful to investors because it facilitates comparison, on a mine-by-mine basis, notwithstanding the unique mix of incidental by-product production at each mine, of our operations' relative performance on a period-by-period basis, and against the operations of our peers in the silver industry. Cash costs per ounce is conceptually understood and widely reported in the mining industry.

We believe that AISC, also calculated net of by-products, is a comprehensive measure of the full cost of operating our consolidated business, given it includes the cost of replacing silver and gold ounces through exploration, the cost of ongoing capital investments (sustaining capital), general and administrative expenses, as well as other items that affect the Company's consolidated cash flow.

Due to the expected mine sequencing into a higher gold zone of the mine plan at Dolores, the Company has determined that the mine is better identified as a Gold Segment operation from 2021 onwards. Thus as of Q1 2021, Dolores Cash Costs and AISC are reported on a per ounce of gold basis and are included as part of the Gold Segment Cash Costs and AISC calculations. 2020 Dolores Cash Costs and AISC are reported on a per ounce of silver basis and are included as part of the Silver Segment Cash Costs and AISC calculations, as previously reported.

To facilitate a better understanding of these measure as calculated by the Company, the following table provides the detailed reconciliation of these measure to the applicable cost items, as reported in the consolidated financial statements for the respective periods.

	Three months ended June 30, 2021				Three months ended June 30, 2020			
(In thousands of USD, except as noted)	**Silver Segment**	**Gold Segment**	**Corporate**	**Consolidated (silver basis)[(1)]**	Silver Segment	Gold Segment	Corporate	Consolidated (silver basis)[(1)]
Production costs	**$ 86,222**	**$ 113,207**		**$ 199,429**	**$ 71,730**	**$ 76,703**		**$ 148,433**
Purchase Price Allocation Inventory Fair Value Adjustment	—	(103)		(103)	—	(870)		(870)
NRV inventory adjustments	2,890	4,355		7,246	(1,489)	—		(1,489)
On-site direct operating costs	**89,113**	**117,459**		**206,573**	**70,241**	**75,833**		**146,074**
Royalties	6,121	4,993		11,115	3,056	1,477		4,534
Smelting, refining and direct selling charges[(2)]	17,014	48		17,062	5,252	44		5,296
Cash cost of sales before by-product credits	**112,248**	**122,500**		**234,750**	**78,549**	**77,354**		**155,904**
Silver segment by-product credits[(2)]	(69,805)	—		—	(59,974)	—		—
Gold segment by-product credits[(2)]	—	(18,846)		—	—	(1,445)		—
Consolidated silver basis by-product credits[(1)(2)]	—	—		(288,436)	—	—		(203,057)
Cash Costs	**$ 42,443**	**$ 103,654**		**$ (53,686)**	**$ 18,575**	**$ 75,909**		**$ (47,153)**
NRV inventory adjustments	(2,890)	(4,355)		(7,246)	1,489	—		1,489
Sustaining capital	14,010	39,215		53,225	15,694	7,785		23,479
Exploration and project development	587	980	536	2,103	418	655	666	1,739
Reclamation cost accretion	504	1,129	235	1,869	1,229	750	88	2,068
General and administrative expense	—	—	9,465	9,465	—	—	8,739	8,739
All-in sustaining costs	**$ 54,654**	**$ 140,623**	**$ 10,236**	**$ 5,729**	**$ 37,405**	**$ 85,099**	**$ 9,493**	**$ (9,639)**
Silver segment silver ounces sold (koz)	3,340	—		—	2,982	—		—
Gold segment gold ounces sold (koz)	—	121		—	—	84		—
Total silver ounces sold (koz)[(1)]	—	—		4,044	—	—		3,074
Cash costs per ounce sold	**$ 12.71**	**$ 857**			**$ 6.23**	**$ 905**		
AISC per ounce sold	**$ 16.36**	**$ 1,163**		**$ 1.42**	**$ 12.54**	**$ 1,015**		**$ (3.14)**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 17.23**	**$ 1,199**		**$ 3.21**	**$ 12.04**	**$ 1,015**		**$ (3.62)**

(In thousands of USD, except as noted)	Six months ended June 30, 2021				Six months ended June 30, 2020			
	Silver Segment	Gold Segment	Corporate	Consolidated (silver basis)(1)	Silver Segment	Gold Segment	Corporate	Consolidated (silver basis)(1)
Production costs	$ 166,821	$ 225,788		$ 392,609	$ 202,725	$ 170,025		$ 372,750
Purchase Price Allocation Inventory Fair Value Adjustment		(430)		(430)		(2,193)		(2,193)
NRV inventory adjustments	1,449	13,940		15,389	(13,209)	—		(13,209)
On-site direct operating costs	**168,270**	**239,298**		**407,568**	**189,516**	**167,832**		**357,348**
Royalties	11,901	9,076		20,977	7,150	3,287		10,438
Smelting, refining and direct selling charges(2)	35,168	98		35,266	25,265	79		25,344
Cash cost of sales before by-product credits	**215,339**	**248,472**		**463,811**	**221,931**	**171,198**		**393,130**
Silver segment by-product credits(2)	(138,334)	—		—	(157,872)	—		—
Gold segment by-product credits(2)	—	(36,715)		—	—	(2,804)		—
Consolidated silver basis by-product credits(1)(2)	—	—		(585,228)	—	—		(493,586)
Cash Costs	**$ 77,005**	**$ 211,756**		**$ (121,417)**	**$ 64,060**	**$ 168,394**		**$ (100,456)**
NRV inventory adjustments	(1,449)	(13,940)		(15,389)	13,209	—		13,209
Sustaining capital	24,679	73,756		98,435	41,861	31,825		73,685
Exploration and project development(5)	1,153	1,983	1,447	4,583	693	1,686	1,787	4,166
Reclamation cost accretion	1,009	2,258	471	3,738	2,456	1,498	180	4,134
General and administrative expense			17,517	17,517			15,327	15,327
All-in sustaining costs	**$ 102,397**	**$ 275,814**	**$ 19,435**	**$ (12,533)**	**$ 122,278**	**$ 203,403**	**$ 17,294**	**$ 10,065**
Silver segment silver ounces sold (koz)	6,150	—		—	8,546	—		—
Gold segment gold ounces sold (koz)	—	249		—	—	206		—
Total silver ounces sold (koz)(1)	—	—		7,534	—	—		8,721
Cash costs per ounce sold	**$ 12.52**	**$ 851**			**$ 7.50**	**$ 817**		
AISC per ounce sold	**$ 16.65**	**$ 1,109**		**$ (1.66)**	**$ 14.31**	**$ 987**		**$ 1.15**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 16.89**	**$ 1,165**		**$ 0.38**	**$ 12.76**	**$ 987**		**$ (0.36)**

(1) Consolidated silver basis calculated by treating all revenues from metals other than silver, including gold, as a by-product credit in Cash Costs. Consolidated silver basis by-product credits include all silver segment by-product credits, as well as gold revenues from the Gold Segment mines as by-products. Total silver ounces sold likewise includes silver ounces sold from Gold Segment operations.

(2) Included in the revenue line of the consolidated income statements. By-product credits are reflective of realized metal prices for the applicable periods.

Sustaining capital is included in AISC, while capital related to growth projects or acquisitions (referred to by the Company as project or investment capital) is not. Inclusion of only sustaining capital in the AISC measure reflects the capital costs associated with current ounces sold as opposed to project capital, which is expected to increase future production. The project capital excluded in the reconciliation below is further described in the "Project Development Update" section of this MD&A.

Reconciliation of payments for mineral properties, plant and equipment and sustaining capital	**Three months ended June 30,**		**Six months ended June 30,**	
(in thousands of USD)	**2021**	2020	**2021**	2020
Payments for mineral properties, plant and equipment(1)	**$ 63,170**	$ 30,338	**$ 111,141**	$ 86,088
Add/(Subtract)				
Lease Payments(1)	**2,853**	2,977	**5,835**	7,041
Investment (non-sustaining) capital	**(12,799)**	(9,836)	**(18,543)**	(19,444)
Sustaining Capital	**$ 53,225**	$ 23,479	**$ 98,435**	$ 73,685

(1) As presented on the consolidated statements of cash flows.

Silver Segment Cash Costs and AISC by mine:

SILVER SEGMENT	Three months ended June 30, 2021					
(In thousands of USD, except as noted)	La Colorada	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 15,422	$ 20,780	$ 19,612	$ 11,419	$ 18,990	$ 86,222
NRV inventory adjustments	—	—	—	—	2,890	2,890
On-site direct operating costs	**15,422**	**20,780**	**19,612**	**11,419**	**21,880**	**89,113**
Royalties	85	25	—	5,359	652	6,121
Smelting, refining & direct selling costs	3,590	4,728	5,738	1,187	1,772	17,014
Cash Costs before by-product credits	**19,096**	**25,533**	**25,350**	**17,965**	**24,304**	**112,248**
Silver segment by-product credits	(15,125)	(22,384)	(19,253)	(4,267)	(8,776)	(69,805)
Cash Costs	**$ 3,971**	**$ 3,149**	**$ 6,097**	**$ 13,698**	**$ 15,527**	**$ 42,443**
NRV inventory adjustments	—	—	—	—	(2,890)	(2,890)
Sustaining capital	6,282	2,550	2,074	833	2,271	14,010
Exploration and project development	551	—	36	—	—	587
Reclamation cost accretion	113	139	75	65	112	504
All-in sustaining costs	**$ 10,916**	**$ 5,838**	**$ 8,282**	**$ 14,597**	**$ 15,020**	**$ 54,654**
Silver segment silver ounces sold (koz)	**879**	**617**	**537**	**693**	**614**	**3,340**
Cash cost per ounce sold	**$ 4.52**	**$ 5.11**	**$ 11.35**	**$ 19.76**	**$ 25.30**	**$ 12.71**
AISC per ounce sold	**$ 12.42**	**$ 9.47**	**$ 15.42**	**$ 21.06**	**$ 24.47**	**$ 16.36**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 12.42**	**$ 9.47**	**$ 15.42**	**$ 21.06**	**$ 29.18**	**$ 17.23**

SILVER SEGMENT	Three months ended June 30, 2020						
(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 7,889	$ 44,844	$ 3,879	$ 483	$ 1,769	$ 12,866	$ 71,730
NRV inventory adjustments	—	(3,208)	—	690	—	1,029	(1,489)
On-site direct operating costs	**7,889**	**41,636**	**3,879**	**1,173**	**1,769**	**13,895**	**70,241**
Royalties	152	2,506	(56)	—	219	235	3,056
Smelting, refining & direct selling costs	2,682	13	2,243	367	(1,336)	1,283	5,252
Cash Costs before by-product credits	**10,723**	**44,155**	**6,066**	**1,540**	**652**	**15,413**	**78,549**
Silver segment by-product credits	(5,621)	(41,350)	(4,997)	(836)	(239)	(6,930)	(59,974)
Cash Costs	**$ 5,103**	**$ 2,805**	**$ 1,068**	**$ 704**	**$ 412**	**$ 8,482**	**$ 18,575**
NRV inventory adjustments	—	3,208	—	(690)	—	(1,029)	1,489
Sustaining capital	3,441	9,550	581	830	232	1,059	15,694
Exploration and project development	301	94	—	23	—	—	418
Reclamation cost accretion	143	664	144	84	71	123	1,229
All-in sustaining costs	**$ 8,988**	**$ 16,322**	**$ 1,794**	**$ 951**	**$ 715**	**$ 8,636**	**$ 37,405**
Silver segment silver ounces sold (koz)	**716**	**1,260**	**271**	**55**	**158**	**522**	**2,982**
Cash cost per ounce sold	**$ 7.13**	**$ 2.23**	**$ 3.93**	**$ 12.90**	**$ 2.61**	**$ 16.24**	**$ 6.23**
AISC per ounce sold	**$ 12.56**	**$ 12.95**	**$ 6.61**	**$ 17.42**	**$ 4.52**	**$ 16.54**	**$ 12.54**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 12.56**	**$ 10.41**	**$ 6.61**	**$ 30.06**	**$ 4.52**	**$ 18.51**	**$ 12.04**

SILVER SEGMENT — **Six months ended June 30, 2021**

(In thousands of USD, except as noted)	La Colorada	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 19,511	$ 42,511	$ 37,776	$ 22,238	$ 44,785	$ 166,821
NRV inventory adjustments	—	—	—	—	1,449	1,449
On-site direct operating costs	**19,511**	**42,511**	**37,776**	**22,238**	**46,234**	**168,270**
Royalties	199	—	—	10,449	1,253	11,901
Smelting, refining & direct selling costs	3,797	11,117	10,783	5,777	3,695	35,168
Cash Costs before by-product credits	**23,507**	**53,628**	**48,558**	**38,463**	**51,182**	**215,339**
Silver segment by-product credits	(16,019)	(48,815)	(35,320)	(14,997)	(23,183)	(138,334)
Cash Costs	**$ 7,488**	**$ 4,814**	**$ 13,238**	**$ 23,466**	**$ 27,998**	**$ 77,005**
NRV inventory adjustments	—	—	—	—	(1,449)	(1,449)
Sustaining capital	11,668	4,161	3,810	1,391	3,649	24,679
Exploration and project development	1,090	—	63	—	—	1,153
Reclamation cost accretion	226	279	149	131	224	1,009
All-in sustaining costs	**$ 20,473**	**$ 9,254**	**$ 17,260**	**$ 24,988**	**$ 30,422**	**$ 102,397**
Silver segment silver ounces sold (koz)	**1,104**	**1,325**	**1,051**	**1,425**	**1,244**	**6,150**
Cash cost per ounce sold	**$ 6.78**	**$ 3.63**	**$ 12.60**	**$ 16.47**	**$ 22.50**	**$ 12.52**
AISC per ounce sold	**$ 18.54**	**$ 6.98**	**$ 16.42**	**$ 17.54**	**$ 24.45**	**$ 16.65**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 18.54**	**$ 6.98**	**$ 16.42**	**$ 17.54**	**$ 25.61**	**$ 16.89**

SILVER SEGMENT — **Six months ended June 30, 2020**

(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 29,185	$ 95,467	$ 19,021	$ 15,724	$ 11,652	$ 31,675	$ 202,725
NRV inventory adjustments	—	(14,041)	—	(189)	—	1,021	(13,209)
On-site direct operating costs	**29,185**	**81,426**	**19,021**	**15,535**	**11,652**	**32,696**	**189,516**
Royalties	287	4,544	20	—	1,617	682	7,150
Smelting, refining & direct selling costs	8,052	35	7,644	4,522	2,276	2,736	25,265
Cash Costs before by-product credits	**37,524**	**86,005**	**26,685**	**20,057**	**15,545**	**36,114**	**221,931**
Silver segment by-product credits	(19,123)	(83,122)	(20,878)	(14,337)	(2,779)	(17,631)	(157,872)
Cash Costs	**$ 18,401**	**$ 2,883**	**$ 5,807**	**$ 5,721**	**$ 12,766**	**$ 18,483**	**$ 64,060**
NRV inventory adjustments	—	14,041	—	189	—	(1,021)	13,209
Sustaining capital	8,193	24,675	1,994	3,066	2,157	1,776	41,861
Exploration and project development	462	166	—	65	—	—	693
Reclamation cost accretion	285	1,327	288	168	142	246	2,456
All-in sustaining costs	**$ 27,341**	**$ 43,092**	**$ 8,089**	**$ 9,208**	**$ 15,064**	**$ 19,483**	**$ 122,278**
Silver segment silver ounces sold (koz)	**2,555**	**2,410**	**868**	**463**	**998**	**1,253**	**8,546**
Cash cost per ounce sold	**$ 7.20**	**$ 1.20**	**$ 6.69**	**$ 12.36**	**$ 12.79**	**$ 14.76**	**$ 7.50**
AISC per ounce sold	**$ 10.70**	**$ 17.88**	**$ 9.32**	**$ 19.90**	**$ 15.09**	**$ 15.55**	**$ 14.31**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 10.70**	**$ 12.06**	**$ 9.32**	**$ 19.49**	**$ 15.09**	**$ 16.37**	**$ 12.76**

Gold Segment Cash Costs and AISC by mine:

GOLD SEGMENT (In thousands of USD, except as noted)	Three months ended June 30, 2021 Dolores	Shahuindo	La Arena	Timmins	Consolidated Gold Segment
Production Costs	$ 34,599	$ 18,739	$ 17,595	$ 42,274	$ 113,207
Purchase Price Allocation Inventory Fair Value Adjustment	—	(103)	—	—	(103)
NRV inventory adjustments	4,355	—	—	—	4,355
On-site direct operating costs	**38,954**	**18,636**	**17,595**	**42,274**	**117,459**
Royalties	3,260	—	—	1,734	4,993
Smelting, refining & direct selling costs	12	—	—	36	48
Cash Costs before by-product credits	**42,226**	**18,636**	**17,595**	**44,044**	**122,500**
Gold segment by-product credits	(17,184)	(1,353)	(201)	(107)	(18,846)
Cash Costs of Sales	**$ 25,042**	**$ 17,282**	**$ 17,394**	**$ 43,936**	**$ 103,654**
NRV inventory adjustments	(4,355)	—	—	—	(4,355)
Sustaining capital	8,335	8,750	12,507	9,623	39,215
Exploration and project development	77	—	—	903	980
Reclamation cost accretion	701	263	150	15	1,129
All-in sustaining costs	**$ 29,800**	**$ 26,295**	**$ 30,051**	**$ 54,478**	**$ 140,623**
Gold segment gold ounces sold	**41,613**	**22,677**	**24,159**	**32,500**	**120,949**
Cash cost per ounce sold	**$ 602**	**$ 762**	**$ 720**	**$ 1,352**	**$ 857**
AISC per ounce sold	**$ 716**	**$ 1,160**	**$ 1,244**	**$ 1,676**	**$ 1,163**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 821**	**$ 1,160**	**$ 1,244**	**$ 1,676**	**$ 1,199**

GOLD SEGMENT (In thousands of USD, except as noted)	Three months ended June 30, 2020 Shahuindo	La Arena	Timmins	Consolidated Gold Segment
Production Costs	$ 23,357	$ 14,729	$ 38,617	$ 76,703
Purchase Price Allocation Inventory Fair Value Adjustment	(800)	(70)	—	(870)
NRV inventory adjustments	—	—		—
On-site direct operating costs	**22,557**	**14,659**	**38,617**	**75,833**
Royalties	—	—	1,477	1,477
Smelting, refining & direct selling costs	—	—	44	44
Cash Costs before by-product credits	**22,557**	**14,659**	**40,138**	**77,354**
Gold segment by-product credits	(1,239)	(128)	(78)	(1,445)
Cash Costs of Sales	**$ 21,318**	**$ 14,531**	**$ 40,060**	**$ 75,909**
NRV inventory adjustments	—	—	—	—
Sustaining capital	3,473	2,086	2,227	7,785
Exploration and project development	—	—	655	655
Reclamation cost accretion	404	295	51	750
All-in sustaining costs	**$ 25,195**	**$ 16,911**	**$ 42,993**	**$ 85,099**
Gold segment gold ounces sold	**33,737**	**13,430**	**36,700**	**83,867**
Cash cost per ounce sold	**$ 632**	**$ 1,082**	**$ 1,092**	**$ 905**
AISC per ounce sold	**$ 747**	**$ 1,259**	**$ 1,171**	**$ 1,015**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 747**	**$ 1,259**	**$ 1,171**	**$ 1,015**

GOLD SEGMENT	Six months ended June 30, 2021				
(In thousands of USD, except as noted)	Dolores	Shahuindo	La Arena	Timmins	Consolidated Gold Segment
Production Costs	$ 60,930	$ 44,511	$ 36,658	$ 83,690	$ 225,788
Purchase Price Allocation Inventory Fair Value Adjustment	—	(425)	(6)	—	(430)
NRV inventory adjustments	13,940	—	—	—	13,940
On-site direct operating costs	**74,869**	**44,086**	**36,652**	**83,690**	**239,298**
Royalties	5,770	—	—	3,306	9,076
Smelting, refining & direct selling costs	25	—	—	73	98
Cash Costs before by-product credits	**80,664**	**44,086**	**36,652**	**87,070**	**248,472**
Gold segment by-product credits	(33,013)	(2,968)	(506)	(229)	(36,715)
Cash Costs of Sales	**$ 47,651**	**$ 41,118**	**$ 36,147**	**$ 86,841**	**$ 211,756**
NRV inventory adjustments	(13,940)	—	—	—	(13,940)
Sustaining capital	17,255	11,431	27,226	17,845	73,756
Exploration and project development	176	—	—	1,807	1,983
Reclamation cost accretion	1,402	526	300	30	2,258
All-in sustaining costs	**$ 52,544**	**$ 53,075**	**$ 63,672**	**$ 106,523**	**$ 275,814**
Gold segment gold ounces sold	**73,090**	**54,413**	**55,509**	**65,700**	**248,713**
Cash cost per ounce sold	**$ 652**	**$ 756**	**$ 651**	**$ 1,322**	**$ 851**
AISC per ounce sold	**$ 719**	**$ 975**	**$ 1,147**	**$ 1,621**	**$ 1,109**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 910**	**$ 975**	**$ 1,147**	**$ 1,621**	**$ 1,165**

GOLD SEGMENT	Six months ended June 30, 2020			
(In thousands of USD, except as noted)	Shahuindo	La Arena	Timmins	Consolidated Gold Segment
Production Costs	$ 57,604	$ 34,459	$ 77,961	$ 170,025
Purchase Price Allocation Inventory Fair Value Adjustment	(1,915)	(277)	(1)	(2,193)
NRV inventory adjustments	—	—	—	—
On-site direct operating costs	**55,690**	**34,182**	**77,960**	**167,832**
Royalties	—	—	3,287	3,287
Smelting, refining & direct selling costs	—	—	79	79
Cash Costs before by-product credits	**55,690**	**34,182**	**81,326**	**171,198**
Gold segment by-product credits	(2,306)	(333)	(164)	(2,804)
Cash Costs of Sales	**$ 53,383**	**$ 33,849**	**$ 81,162**	**$ 168,394**
NRV inventory adjustments	—	—	—	—
Sustaining capital	11,317	14,783	5,725	31,825
Exploration and project development	(5)	—	1,691	1,686
Reclamation cost accretion	808	589	101	1,498
All-in sustaining costs	**$ 65,503**	**$ 49,221**	**$ 88,679**	**$ 203,403**
Gold segment gold ounces sold	**85,739**	**40,092**	**80,180**	**206,011**
Cash cost per ounce sold	**$ 623**	**$ 844**	**$ 1,012**	**$ 817**
AISC per ounce sold	**$ 764**	**$ 1,228**	**$ 1,106**	**$ 987**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 764**	**$ 1,228**	**$ 1,106**	**$ 987**

Adjusted Earnings and Basic Adjusted Earnings Per Share

Adjusted earnings and basic adjusted earnings per share are non-GAAP measures that the Company considers to better reflect normalized earnings because it eliminates items that in management's judgment are subject to volatility as a result of factors which are unrelated to operations in the period, and/or relate to items that will settle in future periods. Certain items that become applicable in a period may be adjusted for, with the Company retroactively presenting comparable periods with an adjustment for such items and conversely, items no longer applicable may be removed from the calculation. The Company adjusts certain items in the periods that they occurred, but does not reverse or otherwise unwind the effect of such items in future periods. Neither adjusted earnings nor basic adjusted earnings per share have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

The following table shows a reconciliation of adjusted earnings for the three and six months ended June 30, 2021 and 2020, to the net earnings for each period.

	Three months ended June 30,		Six months ended June 30,	
(In thousands of USD, except as noted)	**2021**	2020[1]	**2021**	2020[1]
Net earnings (loss) for the period	**$ 71,241**	$ 19,412	**$ 63,679**	$ (57,823)
Adjust for:				
Write-down of other assets	**—**	2,013	**—**	2,013
Unrealized foreign exchange losses	**1,608**	1,616	**3,775**	5,143
Heap inventory net realizable value (recovery) charge	**(3,973)**	5,477	**(9,687)**	14,448
Unrealized (gains) losses on derivatives	**(536)**	(5,708)	**(422)**	2,574
(Income) loss from equity investees	**(3,320)**	(40)	**(3,518)**	2,889
(Gain) loss on sale of assets	**(4,146)**	1,986	**(4,256)**	1,951
COVID 19 mine care and maintenance	**—**	46,510	**—**	54,621
Unrealized investment (income) loss[1]	**(10,644)**	(47,331)	**28,389**	(18,507)
Effect of taxes on adjusting items	**1,575**	(14,287)	**3,616**	(17,426)
Effect of foreign exchange on taxes	**(5,179)**	1,445	**2,483**	42,416
Total adjustments	**$ (24,615)**	$ (8,319)	**$ 20,380**	$ 90,122
Adjusted earnings for the period	**$ 46,625**	$ 11,093	**$ 84,058**	$ 32,299
Weighted average shares for the period	**210,284**	210,041	**210,273**	209,993
Adjusted earnings per share for the period	**$ 0.22**	$ 0.05	**$ 0.40**	$ 0.15

(1) Commencing in Q1 2021 gains and losses recognized in relation to certain equity investments owned by the Company, and included in Investment income (loss) in the Company's financial statements, are being excluded from Adjusted Earnings. This change was based on the increase in both the magnitude and volatility of these investments having a larger impact to the Company’s net income in recent years, and Management’s belief that these fair-market-values are neither under the control of Management nor representative of normal course operating results. The comparative period's adjusted earnings have been revised to conform to this change and thus differ from that previously reported.

Total Debt

Total debt is a non-GAAP measure calculated as the total current and non-current portions of: long-term debt (including amounts drawn on the Credit Facility), lease liabilities, and loans payable. Total debt does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. The Company and certain investors use this information to evaluate the financial debt leverage of the Company.

Capital

Capital is a non-GAAP measure and is calculated as total equity plus total debt less cash and cash equivalents and short term investments. Capital does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. The Company and certain investors use this information to evaluate the enterprise value of the Company.

Working Capital

Working capital is a non-GAAP measure calculated as current assets less current liabilities. Working capital does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. The Company and certain investors use this information to evaluate whether the Company is able to meet its current obligations using its current assets.

Cash Mine Operating Earnings

Cash mine operating earnings is a non-GAAP measure calculated as mine operating earnings excluding depreciation and amortization expense and NRV inventory adjustments included in production costs. Cash mine operating earnings does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. The Company excludes these significant non-cash items to arrive at cash mine operating earnings for the purpose of analyzing and explaining periodic cash flow from operations and changes thereto.

RISKS AND UNCERTAINTIES

The Company is exposed to many risks in conducting its business, including but not limited to: metal price risk as the Company derives its revenue from the sale of silver, gold, zinc, lead, and copper; trading and credit risk in the normal course of dealing with other companies; foreign exchange risk as the Company reports its financial statements in USD whereas the Company operates in jurisdictions that utilize other currencies; risks relating to cyber security; the inherent risk of uncertainties in estimating mineral reserves and mineral resources; political, economic and social risks related to conducting business in jurisdictions such as Canada, Peru, Mexico, Argentina, Bolivia and Guatemala; environmental risks; risks related to its relations with employees and local communities where we operate, and risks relating to the spread of COVID-19, which has to date resulted in profound health and economic impacts globally and which presents future risks and uncertainties that are largely unknown at this time. Certain of these risks are described below, and are more fully described in Pan American's Annual Information Form (available on SEDAR at www.sedar.com) and Form 40-F filed with the United States Securities and Exchange Commission (the "SEC"), and in the Risks and Uncertainties section of the Company's 2020 Annual MD&A, and the 2020 Financial Statements. Readers are encouraged to refer to these documents for a more detailed description of some of the risks and uncertainties inherent to Pan American's business.

Financial Risk Exposure

The Company is exposed to financial risks, including metal price risk, credit risk, interest rate risk, foreign currency exchange rate risk, and liquidity risk. The Company's exposures and management of each of those risks are described in Note 9(f) to the Company's 2020 Financial Statements. There were no significant changes to those risks or to the Company's management of exposure to those risks during the three months ended June 30, 2021. The following provides an update to certain relevant financial instrument risks for the quarter:

Price Risk

A decrease in the market price of commodities such as silver, gold and other metals and consumables could affect our profitability, along with the commercial viability of our mines and production from some of our mining properties. From time to time, Pan American mitigates the price risk associated with its base metal production by committing some of its future production under forward sales or option contracts. However, decisions relating to hedging may have material adverse effects on our financial performance, financial position, and results of operations. The Board of Directors continually assesses Pan American's strategy towards our base metal exposure. As at June 30, 2021, the Company had outstanding collars made up of put and call contracts for its exposure to copper (900 tonnes) with settlement dates on those positions between July 2021 and December 2021. The outstanding contracts have respective weighted average floor and cap prices per tonne of $7,500 and $8,775. The Company recorded losses of $0.6 million and $1.2 million during the three and six months ended June 30, 2021. The Company did not have any copper contracts outstanding during the comparable periods in 2020.

During 2020, the Company entered into diesel swap contracts designed to fix or limit the Company's exposure to higher fuel prices. At June 30, 2021, the Company had outstanding positions on its diesel exposure with a notional amount of 9.6 million gallons, with a weighted average fixed price of $1.25 per gallon. The Company recorded gains of $3.8 million and $8.0 million during the three and six months ended June 30, 2021 (2020 - gains of $1.2 million for the three and six months ended June 30, 2020).

Trading Activities and Credit Risk

As at June 30, 2021, we had receivable balances associated with buyers of our concentrates of $38.7 million (December 31, 2020 - $35.1 million). The vast majority of the Company's concentrate is sold to a limited number of concentrate buyers.

As at June 30, 2021, we had approximately $104.2 million contained in precious metal inventory at refineries (December 31, 2020 - $61.8 million). Dore production is refined under long-term agreements with fixed refining terms at five separate refineries worldwide. We generally retain the risk and title to the precious metals throughout the process of refining and therefore are exposed to the risk that the refineries will not be able to perform in accordance with the refining contract and that we may not be able to fully recover our precious metals in such circumstances.

Supplier advances for products and services yet to be provided are a common practice in some jurisdictions in which the Company operates. These advances represent a credit risk to the Company to the extent that suppliers do not deliver products or perform services as expected. As at June 30, 2021, the Company had made $6.9 million of supplier advances (December 31, 2020 - $8.2 million), which are reflected in "Trade and other receivables" on the Company's balance sheet.

Foreign currency exchange rate risk

A part of the Company's operating and capital expenditures is denominated in local currencies other than USD. These expenditures are exposed to fluctuations in USD exchange rates relative to the local currencies. From time to time, the Company mitigates part of this currency exposure by accumulating local currencies, entering into contracts designed to fix or limit the Company's exposure to changes in the value of local currencies relative to the USD, or assuming liability positions to offset financial assets subject to currency risk. At June 30, 2021, the Company had outstanding positions on its foreign currency exposure of CAD, PEN, and MXN purchases. The CAD positions are collars with an outstanding notional amount of $36.0 million USD, with weighted average USD put and call exchange rates of $1.25 and $1.32, respectively. The PEN positions are collars with an outstanding notional amount of $37.8 million USD, with weighted average USD put and call exchange rates of $3.50 and $3.71, respectively. The MXN positions are collars with an outstanding notional amount of $43.5 million USD, with weighted average USD put and call exchange rates of $20.76 and $28.94, respectively. The Company recorded gains of $0.4 million, losses of $1.3 million, and gains of $0.8 million, respectively, on CAD, PEN and MXN derivative contracts for the three months ended June 30, 2021 (2020 - gains of $1.2 million, losses of $0.5 million and gains of $1.7 million, respectively). The Company recorded gains of $0.9 million, losses of $2.2 million, and losses of $0.1 million, respectively, on CAD, PEN and MXN derivative contracts for the six months ended June 30, 2021 (2020 - losses of $1.0 million, $1.7 million and $3.7 million, respectively). At June 30, 2021, the Company held cash and short-term investments of $88.5 million in Canadian dollars, $6.5 million in Peruvian soles, $1.1 million in Argentine pesos, $9.1 million in Bolivian bolivianos, $4.2 million in Mexican pesos, and $0.2 million in Guatemalan quetzales.

Claims and Legal Proceedings

Pan American is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business activities. The nature, assessment and management of such claims is described in the Risks and Uncertainties section of the 2020 Annual MD&A, and in Note 24 to the Company's Q2 2021 Financial Statements. There were no significant changes to those risks or to the Company's management of exposure to those risks during the three months ended June 30, 2021. In early May 2021 the Company's subsidiary in Guatemala and the Ministry of Energy and Mines were served with legal proceedings that were originated in the Constitutional Court of Guatemala by a small group of residents and landowners, or alleged residents and landowners, from the La Cuchilla community near the Escobal mine claiming that prior mining activities damaged their lands. Currently operations at Escobal are suspended pending the completion of the ILO 169 consultation process. Nevertheless, the action seeks injunctive relief to prevent future mining activities at Escobal. While the Company believes the claims are procedurally and substantively flawed and without merit, the outcome of these proceedings cannot be determined at this time.

COVID-19 and Other Pandemics

Since the outbreak of the coronavirus in late 2019 ("COVID-19"), it has spread into areas where we have operations and where our offices are located. Government efforts to curtail the spread of COVID-19 resulted in temporary suspensions of our operations in Mexico, Peru, Argentina and Bolivia, and we have reduced throughput at our Canadian operations in Timmins in order to enhance physical distancing and protect our personnel and the community. The spread of COVID-19 has impacted our employees and contractors, not only as it relates to potential health concerns, but also in terms of limitations on movement, availability of food and other goods, and personal well-being, among others. Our suppliers and service providers have also been impacted.

While COVID-19 has already had significant, direct impacts on our operations, our business, our workforce, and our production, the extent to which COVID-19 will continue to impact our operations will depend on future developments which are highly uncertain and cannot be predicted with confidence. These future developments include, but are not limited to, the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, and the actions taken to contain COVID-19 or treat it. The impact of governmental restrictions and health and safety protocols could improve or worsen relative to our assumptions, depending on how each jurisdiction manages potential outbreaks of COVID-19, the development and adequate supply of vaccines, and the roll-out of vaccination programs in each jurisdiction. We assume operations will continue to be impacted by comprehensive COVID-19 protocols in 2021, which would increase costs and restrict throughput levels, especially at our underground mines. Our ability to continue with our operations, or to successfully maintain our operations on care and maintenance if so required, or to restart or ramp-up any such operations efficiently or economically, or at all, is unknown. It is also uncertain, whether we will be able to maintain an adequate financial condition and have sufficient capital, or have access to capital through our credit facility or otherwise, to sustain our business and operations.

Moreover, the continued presence of, or spread, of COVID-19, and any future emergence and spread of similar pathogens, globally would likely have material adverse effect on both global and regional economies, including those in which we operate, as we have seen already. Such effects would not only affect our business and results of operations, but also the operations of our suppliers, contractors and service providers, including smelter and refining service providers, and the demand for our production. COVID-19 and the spread of similar pathogens could also negatively impact stock markets, including the trading price of our shares, adversely impact our ability to raise capital, cause continued interest rate volatility and movements that could make obtaining financing or refinancing our debt obligations more challenging or more expensive (if such financing is available at all), and result in any operations affected by coronavirus becoming subject to quarantine or shut down. Any of these developments, and others, could have a material adverse effect on our business and results of operations.

Climate Change

There is significant evidence of the effects of climate change on our planet and an intensifying focus on addressing these issues. The Company recognizes that climate change is a global challenge that may have both favorable and adverse effects on our business in a range of possible ways. Mining and processing operations are energy intensive and result in a carbon footprint either directly or through the purchase of fossil-fuel based electricity. As such, the Company is impacted by current and emerging policy and regulation relating to greenhouse gas emission levels, energy efficiency, and reporting of climate-change related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency, technological innovation, or the increased demand for our metals as part of technological innovations, the current regulatory trend may result in additional transition costs at some of our operations. Governments are introducing climate change legislation and treaties at the international, national, and local levels, and regulations relating to emission levels and energy efficiency are evolving and becoming more rigorous. Current laws and regulatory requirements are not consistent across the jurisdictions in which we operate, and regulatory uncertainty is likely to result in additional complexity and cost in our compliance efforts. Public perception of mining is, in some respects, negative and there is increasing pressure to curtail mining in many jurisdictions as a result, in part, of perceived adverse effects of mining on the environment.

Concerns around climate change may also affect the market price of our shares as institutional investors and others may divest interests in industries that are thought to have more environmental impacts. While we are committed to operating responsibly and reducing the negative effects of our operations on the environment, our ability to reduce emissions, energy and water usage by increasing efficiency and by adopting new innovation is constrained by technological advancement, operational factors and economics. Adoption of new technologies, the use of renewable energy, and infrastructure and operational changes necessary to reduce water usage may also increase our costs significantly. Concerns over climate change, and our ability to respond to regulatory requirements and societal pressures, may have significant impacts on our operations and on our reputation, and may even result in reduced demand for our products.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, STANDARDS AND JUDGEMENTS

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 Company's audited consolidated financial statements for the year ended December 31, 2020.

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. These standards are not expected to have a material impact on the Company upon adoption; however, the pronouncements below may have significant impacts in future periods.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)

The amendments will prohibit the Company from deducting net proceeds from selling any items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in a manner intended by management. The amendments require retrospective application and effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments is permitted. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period the Company will recognize:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Closure and decommissioning provisions and any similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Significant judgements

In preparing financial statements in accordance with IFRS, Management is required to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. These critical accounting estimates represent Management's estimates and judgments that are uncertain and any changes in these could materially impact the Company's financial statements. Management continuously reviews its estimates, judgments, and assumptions using the most current information available.

Readers should also refer to Note 3 of the 2020 Financial Statements, for the Company's summary of significant accounting policies.

DISCLOSURE CONTROLS AND PROCEDURES

Management's Report on Internal Control over Financial Reporting

The Company's management, with the participation of its President and Chief Executive Officer and its Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's President and Chief Executive Officer and its Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure and reliability of the Company's financial reporting and preparation of it's financial statements.

Management of Pan American is also responsible for establishing and maintaining an adequate system of internal control, including internal controls over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the President and Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company's management, including its President and Chief Executive Officer and Chief Financial Officer, believe that due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. In addition, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Controls over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the three month period ended June 30, 2021 that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting.

TECHNICAL INFORMATION

Scientific and technical information contained in this MD&A has been reviewed and approved by Martin Wafforn, P.Eng., Senior Vice President Technical Services and Processing Optimization, and Christopher Emerson, FAusIMM, Vice President Business Development and Geology, each of whom are Qualified Persons, as the term is defined in NI 43-101.

For more detailed information regarding the Company's material mineral properties and technical information related thereto, including a complete list of current technical reports applicable to such properties, please refer to the Company's Annual Information Form dated February 17, 2021, filed at www.sedar.com or the Company's most recent Form 40-F filed with the SEC.

Cautionary Note Regarding Forward-Looking Statements and Information

Certain of the statements and information in this MD&A constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of applicable Canadian provincial securities laws relating to the Pan American and its operations. All statements, other than statements of historical fact, are forward-looking statements. When used in this MD&A, the words, “will”, “believes”, “expects”, “intents”, “plans”, “forecast”, “objective”, “guidance”, “outlook”, “potential”, “anticipated”, “budget”, and other similar words and expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things: future financial or operational performance, and estimates of current production levels including our estimated production of silver, gold and other metals forecasted for 2021, our estimated Cash Costs, AISC and expenditures in 2021; future anticipated prices for gold, silver and other metals and assumed foreign exchange rates; expectations with respect to the future anticipated impact of COVID-19 on our operations, the assumptions related to the global supply of COVID-19 vaccines and the roll-out in each country, and the effectiveness and results of any vaccines, the lessening or increase in pandemic-related restrictions, and the anticipated rate and timing for the same; the effect that the COVID-19 pandemic may have on our financial and operational results; the ability of Pan American to continue with its operations, or to successfully maintain our operations on care and maintenance, should the situation related to COVID-19 not be as anticipated; whether Pan American is able to maintain a strong financial condition and have sufficient capital, or have access to capital through our Credit Facility or otherwise, to sustain our business and operations; the presence and impact of COVID-19 on our workforce, suppliers and other essential resources and the effect those impacts have on our business; the timing and outcome with respect to Pan American's environmental, social and governance activities and our reporting there; of future financial and operational performance; the timing and impact of the replacement of ventilation infrastructure at the La Colorada mine; the sufficiency of our current working capital, anticipated operating cash flow or its ability to raise necessary funds; the duration and effect of the license suspensions and any road blocks relating to the Escobal mine; the constitutional court-mandated ILO 169 consultation process in Guatemala, and the timing and any anticipated completion thereof; Pan American’s expectations with respect to the likelihood of success of litigation against Pan American, and if Pan American is unsuccessful in defending such litigation, the financial and/or operational impacts on Pan American and its operations; the estimated cost of and availability of funding necessary for sustaining capital; forecast capital and non-operating spending; and our plans and expectations for its properties and operations.

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

We caution readers that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this MD&A and we have made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: the duration and effects of the coronavirus and COVID-19, and any other pandemics on our operations and workforce, and their effects on global economies and society; fluctuations in silver, gold, and base metal prices; fluctuations in prices for energy inputs; fluctuations in currency markets (such as the PEN, MXN, ARS, BOL, GTQ and CAD versus the USD); risks related to the technological and operational nature of our business; changes in national and local government, legislation, taxation, controls or regulations and political, legal or economic developments in Canada, the United States, Mexico, Peru, Argentina, Bolivia, Guatemala or other countries where we may carry on business, including the risk of expropriation related to certain of our operations, particularly in Argentina and Bolivia, and risks related to the constitutional court-mandated ILO 169 consultation process in Guatemala; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); risks relating to the credit worthiness or financial condition of suppliers, refiners and other parties with whom we do business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; employee relations; relationships with and claims by the local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour; our ability to secure our mine sites or maintain access to our mine sites due to criminal activity, violence, or civil and labour unrest; the speculative nature of mineral exploration and development, including the risk of obtaining or retaining necessary licenses and permits and the presence of laws, regulations and other legal impediments that may impose restrictions on mining, including those currently in the province of Chubut, Argentina, or that might otherwise prevent or cause the suspension or discontinuation of mining activities; the risk of litigation and the resulting financial or operational impacts of such current or future litigation, including challenges to the ILO 169 consultation process; diminishing quantities or grades of mineral reserves as properties are mined; global financial conditions; risks relating to information and cyber security, and our ability to secure our information and data and protect ourselves from cyber-attack, breach, or technology-based fraud; our ability to complete and successfully integrate acquisitions and to mitigate other business combination risks; challenges to, or difficulty in maintaining, the our title to properties and continued ownership thereof; the actual results of current exploration activities, conclusions of economic evaluations, and changes in project parameters to deal with unanticipated economic or other factors; increased competition in the mining industry for properties, equipment, qualified personnel, and their costs; having sufficient cash to pay obligations as they come due; and those factors identified under the caption “Risks Related to Pan American’s Business” in our most recent Form 40-F and Annual Information Form filed with the United States Securities and Exchange Commission and Canadian provincial securities regulatory authorities, respectively. Although the we have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against attributing undue certainty or reliance on forward-looking statements or information. Forward-looking statements and information are designed to help readers understand Management's current views of our near and longer term prospects and may not be appropriate for other purposes. We do not intend, and does not assume any obligation, to update or revise forward-looking statements or information to reflect changes in assumptions or in circumstances or any other events affecting such statements or information, other than as required by applicable law.

Cautionary Note to U.S. Investors Concerning Estimates of Mineral Reserves and Mineral Resources

This MD&A has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all references to mineral reserves and mineral resources, and any related estimates, included in the MD&A have been disclosed in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Unaudited Condensed Interim Consolidated Financial Statements and Notes

FOR THE THREE AND SIX MONTHS ENDING JUNE 30, 2021

(unaudited, in thousands of U.S. dollars)

		June 30, 2021		December 31, 2020
Assets				
Current assets				
Cash and cash equivalents (Note 21)	$	**157,125**	$	167,113
Short-term investments (Note 5)		**83,242**		111,946
Trade and other receivables		**128,833**		127,756
Income tax receivables		**24,709**		22,051
Inventories (Note 6)		**521,334**		406,191
Derivative assets (Note 4a)		**10,216**		7,812
Prepaid expenses and other current assets		**11,809**		14,055
		937,268		856,924
Non-current assets				
Mineral properties, plant and equipment (Note 7)		**2,344,696**		2,415,006
Long-term inventories (Note 6)		**24,018**		24,355
Long-term refundable taxes		**8,719**		4,009
Deferred tax assets		**57,728**		57,850
Investment in associates (Note 9)		**78,392**		71,560
Goodwill & other assets (Note 10)		**4,191**		4,171
Total assets	$	**3,455,012**	$	3,433,875
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 11)	$	**278,036**	$	281,938
Derivative liabilities (Note 4a)		**2,380**		367
Provisions (Note 12)		**11,465**		12,066
Lease obligations (Note 13)		**11,654**		12,829
Debt (Note 14)		**3,400**		—
Income tax payables		**27,233**		54,556
		334,168		361,756
Non-current liabilities				
Long-term provisions (Note 12)		**217,645**		229,887
Deferred tax liabilities		**190,303**		175,311
Long-term lease obligations (Note 13)		**19,042**		20,736
Long-term debt (Note 14)		**13,600**		—
Deferred revenue (Note 9)		**12,775**		13,273
Other long-term liabilities (Note 15)		**27,320**		27,073
Total liabilities		**814,853**		828,036
Equity (Note 16)				
Issued capital		**3,132,870**		3,132,140
Reserves		**93,393**		93,409
Deficit		**(589,962)**		(623,030)
Total equity attributable to Company shareholders		**2,636,301**		2,602,519
Non-controlling interests		**3,858**		3,320
Total equity		**2,640,159**		2,605,839
Total liabilities and equity	$	**3,455,012**	$	3,433,875

Contingencies (Note 24); subsequent events (Note 26)
See accompanying notes to the condensed interim consolidated financial statements
APPROVED BY THE BOARD ON AUGUST 10, 2021

"signed" Gillian Winckler, Director *"signed" Michael Steinmann, Director*

(unaudited, in thousands of U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Revenue (Note 22)	**$ 382,132**	$ 249,509	**$ 750,231**	$ 607,937
Cost of sales (Note 22)				
Production costs (Note 17)	**(199,429)**	(148,433)	**(392,609)**	(372,750)
Depreciation and amortization	**(68,540)**	(48,156)	**(143,633)**	(126,305)
Royalties	**(11,115)**	(4,534)	**(20,977)**	(10,438)
	(279,084)	(201,123)	**(557,219)**	(509,493)
Mine operating earnings (Note 22)	**103,048**	48,386	**193,012**	98,444
General and administrative	**(9,465)**	(8,739)	**(17,517)**	(15,327)
Exploration and project development	**(2,103)**	(1,739)	**(4,583)**	(4,166)
Mine care and maintenance (Note 18)	**(7,757)**	(52,203)	**(15,023)**	(68,227)
Foreign exchange losses	**(2,241)**	(63)	**(4,650)**	(1,906)
Gains (losses) on derivatives (Note 4c)	**3,113**	3,612	**5,490**	(5,211)
Gains (losses) on sale of mineral properties, plant and equipment	**4,146**	(1,986)	**4,256**	(1,951)
Income (loss) from equity investees (Note 9)	**3,320**	40	**3,518**	(2,889)
Other income (expense)	**1,711**	(5,641)	**2,558**	(6,400)
Earnings (loss) from operations	**93,772**	(18,333)	**167,061**	(7,633)
Investment income (loss) (Note 4b)	**10,644**	47,331	**(28,389)**	18,507
Interest and finance expense (Note 19)	**(3,579)**	(4,863)	**(7,420)**	(11,254)
Earnings (loss) before income taxes	**100,837**	24,135	**131,252**	(380)
Income tax expense (Note 23)	**(29,596)**	(4,723)	**(67,573)**	(57,443)
Net earnings (loss) and comprehensive earnings (loss)	**$ 71,241**	$ 19,412	**$ 63,679**	$ (57,823)
Net earnings (loss) and comprehensive earnings (loss) attributable to:				
Equity holders of the Company	**$ 70,939**	$ 20,063	**$ 63,141**	$ (56,744)
Non-controlling interests	**302**	(651)	**538**	(1,079)
	$ 71,241	$ 19,412	**$ 63,679**	$ (57,823)
Earnings (loss) per share attributable to common shareholders (Note 20)				
Basic earnings (loss) per share	**$ 0.34**	$ 0.10	**$ 0.30**	$ (0.27)
Diluted earnings (loss) per share	**$ 0.34**	$ 0.10	**$ 0.30**	$ (0.27)
Weighted average shares outstanding (in 000's) Basic	**210,284**	210,041	**210,273**	209,993
Weighted average shares outstanding (in 000's) Diluted	**210,438**	210,252	**210,436**	209,993

See accompanying notes to the condensed interim consolidated financial statements.

(unaudited, in thousands of U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Operating activities				
Net earnings (loss) for the period	**$ 71,241**	$ 19,412	**$ 63,679**	$ (57,823)
Income tax expense (Note 23)	**29,596**	4,723	**67,573**	57,443
Depreciation and amortization	**68,540**	61,325	**143,633**	139,474
Unrealized investment (income) loss	**(10,644)**	(44,215)	**28,389**	(15,391)
Accretion on closure and decommissioning provision (Notes 12,19)	**1,869**	2,068	**3,738**	4,134
Unrealized foreign exchange losses	**1,608**	1,616	**3,775**	5,143
Interest expense (Note 19)	**782**	2,264	**1,825**	5,809
Interest paid	**(1,245)**	(3,149)	**(2,460)**	(6,873)
Interest received	**12**	112	**129**	199
Income taxes paid	**(21,019)**	(13,095)	**(82,352)**	(49,594)
Other operating activities (Note 21)	**(16,582)**	418	**(26,523)**	24,858
Net change in non-cash working capital items (Note 21)	**(37,015)**	31,271	**(84,413)**	69,422
	$ 87,143	$ 62,750	**$ 116,993**	$ 176,801
Investing activities				
Payments for mineral properties, plant and equipment	**$ (63,170)**	$ (30,338)	**$ (111,141)**	$ (86,088)
Proceeds from sale of mineral properties, plant and equipment	**14,026**	10,166	**14,796**	10,371
Proceeds from short-term investments and other securities	**633**	86,586	**888**	84,192
Exercise of warrants (Note 9)	**—**	(15,626)	**—**	(15,626)
Net proceeds (payments) from derivatives	**2,584**	(1,460)	**5,068**	(2,001)
	$ (45,927)	$ 49,328	**$ (90,389)**	$ (9,152)
Financing activities				
Proceeds from common shares issued	**$ 296**	$ 1,410	**$ 335**	$ 4,341
Distributions to non-controlling interests	**(322)**	—	**(635)**	—
Dividends paid	**(14,720)**	(10,503)	**(29,438)**	(21,003)
Proceeds from credit facility (Note 14)	**—**	80,000	**—**	80,000
Repayment of credit facility (Note 14)	**—**	(140,000)	**—**	(155,000)
Payment of equipment leases	**(2,853)**	(2,977)	**(5,835)**	(7,041)
	$ (17,599)	$ (72,070)	**$ (35,573)**	$ (98,703)
Effects of exchange rate changes on cash and cash equivalents	**11**	282	**(1,019)**	(1,393)
Increase (decrease) in cash and cash equivalents	**23,628**	40,290	**(9,988)**	67,553
Cash and cash equivalents at the beginning of the period	**133,497**	147,827	**167,113**	120,564
Cash and cash equivalents at the end of the period	**$ 157,125**	$ 188,117	**$ 157,125**	$ 188,117

Supplemental cash flow information (Note 21).
See accompanying notes to the condensed interim consolidated financial statements.

(unaudited, in thousands of U.S. dollars, except for number of shares)

	Attributable to equity holders of the Company						
	Issued shares	Issued capital	Reserves	Deficit	Total	Non-controlling interests	Total equity
Balance, December 31, 2019	**209,835,558**	**$ 3,123,514**	**$ 94,274**	**$ (754,689)**	**$ 2,463,099**	**$ 4,747**	**$ 2,467,846**
Total comprehensive earnings							
Net earnings for the year	—	—	—	177,882	177,882	(1,427)	176,455
	—	—	—	177,882	177,882	(1,427)	176,455
Shares issued on the exercise of stock options	329,379	5,800	(1,063)	—	4,737	—	4,737
Shares issued as compensation	93,730	2,826	—	—	2,826	—	2,826
Share-based compensation on option grants	—	—	198	—	198	—	198
Dividends paid	—	—	—	(46,223)	(46,223)	—	(46,223)
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	—	—	—	63,141	63,141	538	63,679
	—	—	—	63,141	63,141	538	63,679
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	—	—	54	—	54	—	54
Distributions by subsidiaries to non-controlling interests	—	—	—	(635)	(635)	—	(635)
Dividends paid	—	—	—	(29,438)	(29,438)	—	(29,438)
Balance, June 30, 2021	**210,299,385**	**$ 3,132,870**	**$ 93,393**	**$ (589,962)**	**$ 2,636,301**	**$ 3,858**	**$ 2,640,159**

	Attributable to equity holders of the Company						
	Issued shares	Issued capital	Reserves	Deficit	Total	Non-controlling interests	Total equity
Balance, December 31, 2019	**209,835,558**	**$ 3,123,514**	**$ 94,274**	**$ (754,689)**	**$ 2,463,099**	**$ 4,747**	**$ 2,467,846**
Total comprehensive loss							
Net loss for the period	—	—	—	(56,744)	(56,744)	(1,079)	(57,823)
	—	—	—	(56,744)	(56,744)	(1,079)	(57,823)
Shares issued on the exercise of stock options	295,831	5,236	(895)	—	4,341	—	4,341
Shares issued as compensation	9,456	227	—	—	227	—	227
Share-based compensation on option grants	—	—	107	—	107	—	107
Dividends paid	—	—	—	(21,003)	(21,003)	—	(21,003)
Balance, June 30, 2020	**210,140,845**	**$ 3,128,977**	**$ 93,486**	**$ (832,436)**	**$ 2,390,027**	**$ 3,668**	**$ 2,393,695**

See accompanying notes to the condensed interim consolidated financial statements.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

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 June 30, 2021, 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.

Principal subsidiaries:

The principal subsidiaries of the Company and their geographic locations at June 30, 2021 were as follows:

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

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). As a result, these unaudited condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed with certain disclosures from the Annual Financial Statements omitted. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020 (the "Annual Financial Statements").

The Company's interim results are not necessarily indicative of its results for a full year.

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 Company's audited consolidated financial statements for the year ended December 31, 2020.

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. These standards are not expected to have a material impact on the Company upon adoption; however, the pronouncements below may have significant impacts in future periods.

<u>Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)</u>

The amendments will prohibit the Company from deducting net proceeds from selling any items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in a manner intended by management. The amendments require retrospective application and effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

<u>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)</u>

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments is permitted. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period the Company will recognize:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Closure and decommissioning provisions and any similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

c) Significant judgements

In preparing the Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2021, the Company applied the critical judgments and estimates disclosed in Note 5 of its audited consolidated financial statements for the year ended December 31, 2020.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

4. FINANCIAL INSTRUMENTS

a) Financial assets and liabilities by categories

June 30, 2021	Amortized cost	FVTPL	Total
Financial Assets:			
Cash and cash equivalents	**$ 157,125**	**$ —**	**$ 157,125**
Trade receivables from provisional concentrates sales[1]	**—**	**38,715**	**38,715**
Receivables not arising from sale of metal concentrates[1]	**83,237**	**—**	**83,237**
Short-term investments, equity securities	**—**	**83,242**	**83,242**
Derivative assets	**—**	**10,216**	**10,216**
	$ 240,362	**$ 132,173**	**$ 372,535**
Financial Liabilities:			
Derivative liabilities	**$ —**	**$ 2,380**	**$ 2,380**

(1) Included in Trade and other receivables.

December 31, 2020	Amortized cost	FVTPL	Total
Financial Assets:			
Cash and cash equivalents	$ 167,113	$ —	$ 167,113
Trade receivables from provisional concentrates sales[1]	—	35,084	35,084
Receivables not arising from sale of metal concentrates[1]	84,486	—	84,486
Short-term investments, equity securities	—	111,946	111,946
Derivative assets	—	7,812	7,812
	$ 251,599	$ 154,842	$ 406,441
Financial Liabilities:			
Derivative liabilities	$ —	$ 367	$ 367

(1) Included in Trade and other receivables.

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

The Company's short-term investments in equity securities are recorded at FVTPL. The gains (losses) from short-term investments in equity securities for the three and six months ended June 30, 2021 and 2020 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Unrealized gains (losses) on short-term investments, equity securities	**$ 10,329**	$ (3,479)	**$ (28,704)**	$ (32,303)
Realized gains on short-term investments, equity securities	**315**	50,810	**315**	50,810
	$ 10,644	$ 47,331	**$ (28,389)**	$ 18,507

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

c) Derivative instruments

The Company's derivatives are comprised of foreign currency and commodity contracts. The gains (losses) on derivatives for the three and six months ended June 30, 2021 and 2020 were comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Gains (losses) on derivatives				
Realized gains (losses) on derivatives	**$ 2,584**	$ (1,460)	**$ 5,068**	$ (2,001)
Unrealized gains (losses) on derivatives	**529**	5,072	**422**	(3,210)
	$ 3,113	$ 3,612	**$ 5,490**	$ (5,211)

d) 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 June 30, 2021		At December 31, 2020	
	Level 1	Level 2	Level 1	Level 2
Assets and Liabilities:				
Short-term investments	**$ 83,242**	**$ —**	$ 111,946	$ —
Trade receivables from provisional concentrate sales	**—**	**38,715**	—	35,084
Derivative assets	**—**	**10,216**	—	7,812
Derivative liabilities	**—**	**(2,380)**	—	(367)
	$ 83,242	**$ 46,551**	$ 111,946	$ 42,529

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, 2020.

ii) Valuation Techniques

Short-term investments and other investments

The Company's short-term investments and other 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 money market securities and U.S. Treasury securities. The fair value of the investment securities is calculated as the quoted market price of the investment and in the case of equity securities, 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 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.

e) 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, Morococha, 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 June 30, 2021, the Company had receivable balances associated with buyers of its concentrates of $38.7 million (December 31, 2020 - $35.1 million). The vast majority of the Company's concentrate is sold to five well-known concentrate buyers.

Doré production from La Colorada, Dolores, Manantial Espejo, Shahuindo, La Arena, Bell Creek and Timmins is refined under long-term agreements with fixed refining terms at four 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 June 30, 2021, the Company had approximately $104.2 million (December 31, 2020 - $61.8 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.

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.

Management constantly monitors and assesses the credit risk resulting from its refining arrangements, concentrate sales and commodity contracts with its refiners, 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 six months ended June 30, 2021.

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 June 30, 2021, 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 gains of $0.8 million, losses of $1.3 million, and gains of $0.4 million, respectively, on MXN, PEN and CAD derivative contracts for the three months ended June 30, 2021 (2020 - gains of $1.7 million, losses of $0.5 million and gains of $1.2 million, respectively). The Company recorded losses of $0.1 million, losses of $2.2 million, and gains of $0.9 million, respectively, on MXN, PEN and CAD derivative contracts for the six months ended June 30, 2021 (2020 - losses of $3.7 million, $1.7 million and $1.0 million, respectively).

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 six months ended June 30, 2021 on its cash and short-term investments was 0.37% (2020 - 0.83%).

The amounts drawn on the Company's secured revolving credit facility (the "Credit Facility") incurred an average interest rate of 2.3% and 2.8%, respectively, during the three and six months ended June 30, 2020. There were no amounts drawn on the Credit Facility during the comparable periods in 2021.

In June 2021, a wholly-owned Peruvian subsidiary of the Company entered into a loan agreement (the "Loan") for the purpose of certain construction financing (Note 14). The Loan incurred an average interest rate of 3.6% during the three and six months ended June 30, 2021.

At June 30, 2021, the Company had $30.7 million in lease obligations (December 31, 2020 - $33.6 million) that are subject to an annualized interest rate of 10.8% (2020 - 9.3%).

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

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 metal.

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.

As at June 30, 2021, the Company had outstanding collars made up of put and call contracts for its exposure to copper (900 tonnes) with settlement dates on those positions between July 2021 and December 2021. The outstanding contracts have respective weighted average floor and cap prices per tonne of $7,500 and $8,775. The Company recorded losses of $0.6 million and $1.2 million during the three and six months ended June 30, 2021. The Company did not enter into copper contracts during the comparable periods in 2020.

At June 30, 2021, the Company had outstanding positions of diesel swap contracts designated to fix or limit the Company's exposure to higher fuel prices (the "Diesel fuel swaps"). The Company recorded gains of $3.8 million and $8.0 million on Diesel fuel swaps during the three and six months ended June 30, 2021 (2020 - gains of $1.2 million for the three and six months ended June 30, 2020).

5. SHORT-TERM INVESTMENTS

	June 30, 2021			December 31, 2020		
	Fair Value	**Cost**	**Accumulated unrealized holding gains**	Fair Value	Cost	Accumulated unrealized holding gains
Short-term investments	**$ 83,242**	**$ 20,419**	**$ 62,823**	$ 111,946	$ 20,419	$ 91,527

6. INVENTORIES

Inventories consist of:

	June 30, 2021	December 31, 2020
Concentrate inventory	**$ 40,859**	$ 19,104
Stockpile ore	**51,078**	30,063
Heap leach inventory and in process	**266,324**	219,334
Doré and finished inventory	**100,808**	77,489
Materials and supplies	**86,283**	84,556
Total inventories	**$ 545,352**	$ 430,546
Less: current portion of inventories	**$ (521,334)**	$ (406,191)
Non-current portion of inventories(1)	**$ 24,018**	$ 24,355

(1) Inventories at Escobal mine, which include $16.7 million (December 31, 2020 - $17.1 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 $203.2 million at June 30, 2021 (December 31, 2020 – $200.9 million). Total inventory recoveries were $7.2 million and $15.4 million, respectively, for the three and six months ended June 30, 2021 (2020 – write-downs of $1.5 million and $13.2 million, respectively) and were included in cost of sales.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment consist of:

	June 30, 2021			December 31, 2020		
	Cost	**Accumulated Depreciation and Impairment**	**Carrying Value**	Cost	Accumulated Depreciation and Impairment	Carrying Value
Producing properties:						
Huaron, Peru	**$ 216,609**	**$ (136,173)**	**$ 80,436**	$ 218,270	$ (135,932)	$ 82,338
Morococha, Peru	**271,414**	**(182,233)**	**89,181**	267,705	(175,844)	91,861
Shahuindo, Peru	**556,926**	**(110,235)**	**446,691**	546,643	(86,855)	459,788
La Arena, Peru	**196,627**	**(84,234)**	**112,393**	170,401	(66,313)	104,088
Alamo Dorado, Mexico	**—**	**—**	**—**	71,725	(71,725)	—
La Colorada, Mexico	**337,685**	**(175,052)**	**162,633**	308,378	(164,443)	143,935
Dolores, Mexico(1)	**1,699,536**	**(1,297,782)**	**401,754**	1,709,105	(1,228,492)	480,613
Manantial Espejo, Argentina (2)(4)	**515,853**	**(489,049)**	**26,804**	513,626	(485,036)	28,590
San Vicente, Bolivia	**146,852**	**(106,212)**	**40,640**	144,790	(101,408)	43,382
Timmins, Canada	**322,893**	**(92,664)**	**230,229**	307,243	(75,902)	231,341
Other	**29,493**	**(18,881)**	**10,612**	28,653	(18,313)	10,340
	$ 4,293,888	**$ (2,692,515)**	**$ 1,601,373**	$ 4,286,539	$ (2,610,263)	$ 1,676,276
Non-Producing Properties:						
Land	**$ 6,756**	**$ (1,254)**	**$ 5,502**	$ 6,758	$ (1,254)	$ 5,504
Navidad, Argentina(3)	**566,577**	**(376,101)**	**190,476**	566,577	(376,101)	190,476
Escobal, Guatemala	**257,216**	**(1,372)**	**255,844**	259,198	(1,072)	258,126
Timmins, Canada	**64,629**	**—**	**64,629**	71,099	—	71,099
Shahuindo, Peru	**6,079**	**—**	**6,079**	6,079	—	6,079
La Arena, Peru	**117,000**	**—**	**117,000**	117,000	—	117,000
Minefinders, Mexico	**79,714**	**(36,975)**	**42,739**	80,239	(36,975)	43,264
La Colorada, Mexico	**36,516**	**—**	**36,516**	21,589	—	21,589
Morococha, Peru	**5,054**	**—**	**5,054**	5,054	—	5,054
Other	**31,671**	**(12,187)**	**19,484**	32,533	(11,994)	20,539
	$ 1,171,212	**$ (427,889)**	**$ 743,323**	$ 1,166,126	$ (427,396)	$ 738,730
Total	**$ 5,465,100**	**$ (3,120,404)**	**$ 2,344,696**	$ 5,452,665	$ (3,037,659)	$ 2,415,006

(1) Includes previously recorded impairment charges of $748.9 million at June 30, 2021 (December 31, 2020 - $748.9 million).
(2) Includes previously recorded impairment charges of $173.3 million at June 30, 2021 (December 31, 2020 - $173.3 million).
(3) Includes previously recorded impairment charges of $376.1 million at June 30, 2021 (December 31, 2020 - $376.1 million).
(4) Comprised of the Joaquin and COSE projects which entered commercial production and were transferred to Manantial Espejo during the year ended December 31, 2020.

8. IMPAIRMENT OF NON-CURRENT ASSETS

Non-current assets are tested for impairment, or reversal of previous impairment charges, when events or changes in circumstance indicate that the carrying amount may not be recoverable, or previous impairment charges against assets are recoverable. The Company performs an impairment test for goodwill at each financial year end and when events or changes in circumstances indicate that the related carrying value may not be recoverable.

Based on the Company's assessment with respect to possible indicators of either impairment or reversal of previous impairments to its mineral properties, the Company concluded that as of June 30, 2021, no such indicators were noted, and no impairment charges or impairment charge reversals were required.

As part of the assessment for indicators of impairment or reversal, the Company considered various external and internal factors, such as significant increases or decreases in forecasted production volumes (which include assumptions related to proved and probable reserves), commodity prices, capital expenditures and operating costs. In future periods, the effects of the COVID-19 pandemic may have material impacts on our anticipated operating results and the recoverable amount of our CGUs.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

9. INVESTMENT IN ASSOCIATES

The following table shows a continuity of the Company's investments in Maverix Metals Inc. ("Maverix") and other associates:

		2021
Maverix investment, December 31, 2020	$	71,560
Acquisition of shares in associate		2,616
Dilution gains		144
Dividends		(572)
Income from associate		3,472
Maverix investment, June 30, 2021		**77,220**
Other investment, June 30, 2021		1,172
Total investment in associates, June 30, 2021	$	**78,392**

Investment in Maverix:

On June 28, 2021, the Company completed the sale of a portfolio of six precious metals royalties (the "Royalty Sale") to Maverix for total consideration of $7.0 million in cash and 491,071 common shares in Maverix valued at $2.6 million.

On June 5, 2020, the Company completed a Secondary Offering pursuant to an underwriting agreement dated May 29, 2020 between Maverix, the Company, and a syndicate of underwriters (the "Secondary Offering"). As part of the Secondary Offering, the Company sold 10,350,000 common shares of Maverix at a price of $4.40 per common share for aggregate gross proceeds of $45.5 million and paid underwriting fees equal to 4% of the gross proceeds equal to $1.9 million.

Concurrent with the Secondary Offering, the Company acquired ownership or control of an additional 8,250,000 common shares of Maverix through the exercise of its remaining 8,250,000 common share purchase warrants in Maverix (the "Warrants"). 5,000,000 Warrants had an exercise price of $1.56 and 3,250,000 Warrants had an exercise price of $2.408. Maverix received gross proceeds of approximately $15.6 million. As a result, the Company de-recognized the remaining warrant liability representing in substance ownership of Maverix.

The Company's share of Maverix income or loss was recorded, based on its 17% interest during the three and six months ended June 30, 2021 (2020 - 26% interest from January 1, 2020 to June 5, 2020 and 18% from June 6, 2020 to June 30, 2020), representing the Company’s fully diluted ownership.

Deferred Revenue:

Deferred revenue relates to precious metal streams 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, to Maverix for $650 and $450 per ounce, 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. As at June 30, 2021, the deferred revenue liability was $12.8 million (December 31, 2020 - $13.3 million).

Income Statement Impacts:

The Company recorded a loss of $1.7 million during the three and six months ended June 30, 2021 as a result of the disposition of royalties pursuant to the Royalty Sale. This loss was recorded in gains (losses) on sale of mineral properties, plant and equipment (2020 - The Company recorded a gain of $23.5 million during the three and six months ended June 30, 2020 as a result of the disposition of shares pursuant to the Secondary Offering).

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The Company recognized $0.6 million and $0.2 million in dilution gains, respectively, during the three and six months ended June 30, 2021 (2020 - $nil and $0.2 million in dilution losses, respectively). Dilution gains and losses are recorded in income (loss) from equity investees.

For the three and six months ended June 30, 2021, the Company also recognized $2.9 million and $3.5 million, respectively, share of income from associate (2020 - $0.1 million income and $2.7 million loss, respectively), which represents the Company's proportionate share of Maverix's earnings during the periods.

10. GOODWILL AND OTHER ASSETS

Other assets consist of:

		June 30, 2021		December 31, 2020
Goodwill	$	**2,775**	$	2,775
Other assets		**1,416**		1,396
	$	**4,191**	$	4,171

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

		June 30, 2021		December 31, 2020
Trade account payables(1)	$	**85,164**	$	80,280
Royalty payables		**20,331**		18,166
Other accounts payable and accrued liabilities		**88,754**		94,600
Payroll and severance liabilities		**54,980**		56,715
Value added tax liabilities		**11,878**		11,208
Other tax payables		**16,929**		20,969
	$	**278,036**	$	281,938

(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.

12. PROVISIONS

		Closure and Decommissioning		Litigation		Total
December 31, 2020	$	235,110	$	6,843	$	241,953
Revisions in estimates and obligations incurred		**(13,771)**		**—**		**(13,771)**
Charged (credited) to earnings:						
-new provisions		**—**		**796**		**796**
-change in estimate		**—**		**(1,036)**		**(1,036)**
-exchange gains on provisions		**—**		**(231)**		**(231)**
-utilized in the period		**—**		**(507)**		**(507)**
Reclamation expenditures		**(1,832)**		**—**		**(1,832)**
Accretion expense (Note 19)		**3,738**		**—**		**3,738**
June 30, 2021	**$**	**223,245**	**$**	**5,865**	**$**	**229,110**

Maturity analysis of total provisions:		June 30, 2021		December 31, 2020
Current	$	**11,465**	$	12,066
Non-Current		**217,645**		229,887
	$	**229,110**	$	241,953

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

13. LEASES

(a) Right-of-use Assets ("ROU")

The following table summarizes changes in ROU Assets for the six months ended June 30, 2021 which have been recorded in mineral properties, plant and equipment on the Condensed Interim Consolidated Statements of Financial Position:

	Six months ended June 30, 2021
	2021
Opening net book value	**$ 33,543**
Additions	**2,934**
Depreciation	**(5,990)**
Other	**(936)**
Closing net book value	**$ 29,551**

(b) Lease obligations

The following table presents a reconciliation of the Company's undiscounted cash flows at June 30, 2021 and December 31, 2020 to their present value for the Company's lease obligations:

	June 30, 2021	December 31, 2020
Within one year	**$ 12,395**	$ 13,505
Between one and five years	**16,107**	17,902
Beyond five years	**18,045**	19,255
Total undiscounted lease obligations	**46,547**	50,662
Less future interest charges	**(15,851)**	(17,097)
Total discounted lease obligations	**30,696**	33,565
Less: current portion of lease obligations	**(11,654)**	(12,829)
Non-current portion of lease obligations	**$ 19,042**	$ 20,736

14. DEBT

Debt consists of:

	June 30, 2021	December 31, 2020
Loan	**$ 17,000**	$ —
Less: current Loan	**(3,400)**	—
Non-current Loan	**$ 13,600**	$ —

In June 2021, a wholly-owned Peruvian subsidiary of the Company entered into a Loan for the purpose of certain construction financing. The Loan is denominated in USD, has a five-year term with quarterly repayments and bears interest of 3.6% per annum.

The Company's four-year, $500.0 million secured revolving credit facility, maturing on February 1, 2023, was undrawn at June 30, 2021 and December 31, 2020. The 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 financial covenants require the Company to maintain a minimum tangible net worth of greater than 70% of its tangible net worth as of March 31, 2019 plus 50% of positive net income from and including the fiscal quarter ended June 30, 2019. In addition, the financial covenants continue to 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. As of June 30, 2021, the Company was in compliance with all covenants required by the Credit Facility.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

Amounts can be drawn under the revolving facility and will incur interest at LIBOR plus 1.88% to 2.75%. Undrawn amounts under the revolving facility are subject to a stand-by fee of 0.42% to 0.62% per annum, dependent on the Company's leverage ratio. The Credit Facility remained undrawn at June 30, 2021 and December 31, 2020.

During the three and six months ended June 30, 2021, the Company incurred \$0.5 million and \$1.0 million, respectively, in standby charges on undrawn amounts under this Facility. During the three and six months ended June 30, 2020, the Company incurred \$0.3 million and \$0.5 million, respectively, in standby charges on undrawn amounts and \$2.1 million and \$4.7 million, respectively, in interest at an average interest rate of 2.3% and 2.8%, respectively, on drawn amounts under this Facility.

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of:

	June 30, 2021	December 31, 2020
Deferred credit[1]	**$ 20,788**	$ 20,788
Other tax payables	**48**	54
Severance liabilities	**6,484**	6,231
	$ 27,320	$ 27,073

(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 six months ended June 30, 2021, the total share-based compensation expense relating to stock options and Compensation Shares was \$1.3 million and \$2.1 million, respectively, (2020 - \$1.2 million and \$2.2 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 six months ended June 30, 2021 or the comparative periods in 2020.

  During the three and six months ended June 30, 2021, the Company issued 28,204 and 31,072 common shares, respectively, in connection with the exercise of options (2020 – 129,272 and 295,831 common shares, respectively).

- *Compensation shares*

  During the three and six months ended June 30, 2021, the Company issued 9,646 common shares to Directors in lieu of Directors' fees of \$0.3 million (2020 – 9,456 common shares in lieu of fees of \$0.2 million).

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

The following table summarizes changes in stock options for the six months ended June 30, 2021 and year ended December 31, 2020:

	Stock Options	
	Options	Weighted Average Exercise Price CAD$
As at December 31, 2019	1,143,348	$ 33.84
Granted	7,605	39.48
Exercised	(329,711)	19.23
Expired	(482,438)	53.41
Forfeited	(21,387)	43.08
As at December 31, 2020	317,417	$ 18.78
Exercised	**(31,072)**	**13.40**
Expired	**(2,162)**	**41.62**
Forfeited	**(23,587)**	**32.27**
As at June 30, 2021	**260,596**	**$ 18.01**

The following table summarizes information about the Company's stock options outstanding at June 30, 2021:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices CAD$	Number Outstanding as at June 30, 2021	Weighted Average Remaining Contractual Life (months)	Weighted Average Exercise Price CAD$	Number Outstanding as at June 30, 2021	Weighted Average Exercise Price CAD$
$9.76 - $17.11	**83,166**	**15**	**$ 11.06**	**83,166**	**$ 11.06**
$17.12 - $24.46	**143,896**	**46**	**$ 18.90**	**143,896**	**$ 18.90**
$24.47 - $31.81	**21,605**	**65**	**$ 26.54**	**10,213**	**$ 26.54**
$31.82 - $41.62	**11,929**	**52**	**$ 40.26**	**4,324**	**$ 41.62**
	260,596	**38**	**$ 18.01**	**241,599**	**$ 16.93**

b. PSUs

Compensation expense for PSUs was $0.4 million and $0.6 million, respectively, for the three and six months ended June 30, 2021 (2020 - $2.3 million and $1.8 million, respectively) and is presented as a component of general and administrative expense.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

At June 30, 2021, the following PSUs were outstanding:

PSU	Number Outstanding	Fair Value
As at December 31, 2019	247,601	$ 5,896
Granted	62,920	1,942
Paid out	(54,962)	(2,626)
Change in value	—	3,658
As at December 31, 2020	**255,559**	**$ 8,870**
Change in value	**—**	**(1,476)**
As at June 30, 2021	**255,559**	**$ 7,394**

c. RSUs

Compensation expense for RSUs was $0.8 million and $1.4 million, respectively, for the three and six months ended June 30, 2021 (2020 – $1.4 million and $1.3 million, respectively) and is presented as a component of general and administrative expense.

At June 30, 2021, the following RSUs were outstanding:

RSU	Number Outstanding	Fair Value
As at December 31, 2019	299,216	$ 7,107
Granted	261,224	6,302
Paid out	(148,049)	(4,762)
Forfeited	(15,819)	(545)
Change in value	—	5,628
As at December 31, 2020	**396,572**	**$ 13,730**
Forfeited	**(9,100)**	**(260)**
Change in value	**—**	**(2,295)**
As at June 30, 2021	**387,472**	**$ 11,175**

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 the six months ended June 30, 2021 and 2020:

Declaration Date	Record Date	Dividend per common share
August 10, 2021[(1)]	August 23, 2021	$ 0.100
May 12, 2021	May 25, 2021	$ 0.070
February 17, 2021	March 1, 2021	$ 0.070
November 4, 2020	November 16, 2020	$ 0.070
August 5, 2020	August 17, 2020	$ 0.050
May 6, 2020	May 19, 2020	$ 0.050
February 19, 2020	March 2, 2020	$ 0.050

(1) These dividends were declared subsequent to the quarter ended June 30, 2021 and have not been recognized as distributions to owners during the period presented.

f. CVRs

As part of the Tahoe Acquisition on February 22, 2019, the Company issued 313,887,490 Contingent Value Rights ("CVRs"), with a term of 10 years, which were 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 June 30, 2021, there were 313,883,990 CVRs outstanding which were convertible into 15,600,034 common shares (December 31, 2020 - 313,883,990 CVRs convertible into 15,600,034 common shares).

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

17. PRODUCTION COSTS

Production costs are comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Consumption of raw materials and consumables	**$ 95,376**	$ 46,024	**$ 183,440**	$ 131,731
Employee compensation and benefits expense	**83,581**	67,706	**165,442**	142,571
Contractors and outside services	**46,408**	20,915	**93,251**	49,701
Utilities	**11,165**	7,688	**22,975**	19,427
Other expenses	**13,630**	4,717	**25,650**	9,892
Changes in inventories	**(50,731)**	1,383	**(98,149)**	19,428
	$ 199,429	$ 148,433	**$ 392,609**	$ 372,750

18. MINE CARE AND MAINTENANCE

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
COVID-19 related mine care and maintenance expenses[1]	**$ —**	$ 34,967	**$ —**	$ 41,452
COVID 19 mine care and maintenance depreciation	**—**	11,543	**—**	13,169
Total COVID 19 mine care and maintenance	**—**	46,510	**—**	54,621
Mine care and maintenance expenses	**7,757**	5,693	**15,023**	13,606
	$ 7,757	$ 52,203	**$ 15,023**	$ 68,227

(1) As a result of the temporary suspension of mines due to COVID-19.

19. INTEREST AND FINANCE EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Interest expense	**$ 782**	$ 2,264	**$ 1,825**	$ 5,809
Finance fees	**928**	531	**1,857**	1,311
Accretion expense (Note 12)	**1,869**	2,068	**3,738**	4,134
	$ 3,579	$ 4,863	**$ 7,420**	$ 11,254

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

20. EARNINGS PER SHARE (BASIC AND DILUTED)

For the three months ended June 30,	2021			2020		
	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	**$ 70,939**			$ 20,063		
Basic earnings per share	**$ 70,939**	**210,284**	**$ 0.34**	$ 20,063	210,041	$ 0.10
Effect of Dilutive Securities:						
Stock Options	**—**	**154**		—	211	
Diluted earnings per share	**$ 70,939**	**210,438**	**$ 0.34**	$ 20,063	210,252	$ 0.10

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

For the six months ended June 30,	2021			2020		
	Earnings[1] (Numerator)	**Shares (000's) (Denominator)**	**Per-Share Amount**	Earnings[1] (Numerator)	Shares (000's) (Denominator)	Per-Share Amount
Net earnings (loss) for the period	**$ 63,141**			$ (56,744)		
Basic earnings (loss) per share	**$ 63,141**	**210,273**	**$ 0.30**	$ (56,744)	209,993	$ (0.27)
Effect of Dilutive Securities:						
Stock Options	**—**	**163**		—	—	
Diluted earnings (loss) per share	**$ 63,141**	**210,436**	**$ 0.30**	$ (56,744)	209,993	$ (0.27)

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

Potentially dilutive securities excluded in the diluted earnings per share calculation for the three and six months ended June 30, 2021 were 11,929 out-of-the-money options and CVRs potentially convertible into 15,600,034 common shares (2020 – 21,782 out-of-the-money options and CVRs potentially convertible into 15,600,034 common shares).

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:

	Three months ended June 30,		Six months ended June 30,	
Other operating activities	**2021**	2020	**2021**	2020
Adjustments for non-cash income statement items:				
Net realizable value adjustment for inventories	**$ (7,246)**	$ 1,489	**$ (15,389)**	$ 13,209
(Gains) losses on derivatives (Note 4c)	**(3,113)**	(3,612)	**(5,490)**	5,211
Share-based compensation expense	**1,250**	1,231	**2,130**	2,234
(Income) loss from equity investees (Note 9)	**(3,320)**	(40)	**(3,518)**	2,889
(Gains) losses on sale of mineral properties, plant and equipment	**(4,146)**	1,986	**(4,256)**	1,951
Gains on warrants	**(7)**	(636)	**—**	(636)
	$ (16,582)	$ 418	**$ (26,523)**	$ 24,858

	Three months ended June 30,		Six months ended June 30,	
Changes in non-cash operating working capital items:	**2021**	2020	**2021**	2020
Trade and other receivables	**$ (9,793)**	$ 2,492	**$ (8,570)**	$ 42,100
Inventories	**(38,429)**	33,664	**(78,363)**	42,654
Prepaid expenses	**4,426**	7,969	**2,246**	5,914
Accounts payable and accrued liabilities	**7,548**	(12,103)	**1,133**	(19,665)
Provisions	**(767)**	(751)	**(859)**	(1,581)
	$ (37,015)	$ 31,271	**$ (84,413)**	$ 69,422

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

Cash and Cash Equivalents	June 30, 2021	December 31, 2020
Cash in banks	$ 157,125	$ 167,113

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 June 30, 2021

Segment/ Country	Operation	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Mine care and maintenance	Capital expenditures(1)
Silver Segment:							
Mexico	La Colorada	$ 34,441	$ 15,506	$ 5,026	$ 13,909	$ —	$ 14,383
Peru	Huaron	35,672	20,805	2,564	12,303	—	2,549
	Morococha	28,805	19,612	3,449	5,744	—	2,365
Bolivia	San Vicente	22,393	16,778	2,421	3,194	—	833
Argentina	Manantial Espejo	23,425	19,642	2,381	1,402	—	2,271
Guatemala	Escobal	—	—	—	—	6,012	264
Total Silver Segment		144,736	92,343	15,841	36,552	6,012	22,665
Gold Segment:							
Mexico	Dolores(2)	92,994	37,859	25,843	29,292	—	8,337
Peru	Shahuindo	42,459	18,739	6,921	16,799	—	8,889
	La Arena	43,158	17,595	9,653	15,910	—	12,507
Canada	Timmins	58,785	44,008	9,911	4,866	—	13,312
Total Gold Segment		237,396	118,201	52,328	66,867	—	43,045
Other segment:							
Canada	Pas Corp	—	—	119	(119)	—	84
Argentina	Navidad	—	—	—	—	1,745	18
Other	Other	—	—	252	(252)	—	211
Total		$ 382,132	$ 210,544	$ 68,540	$ 103,048	$ 7,757	$ 66,023

(1) Includes payments for mineral properties, plant and equipment and payment of equipment leases.
(2) The mine was reclassified to the Gold Segment in 2021 as a result of expected mine sequencing into a higher gold zone.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

For the three months ended June 30, 2020

Segment/ Country	Operation	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Mine care and maintenance	Capital expenditures(1)
Silver Segment:							
Mexico	La Colorada	$ 16,802	$ 8,040	$ 2,513	$ 6,249	$ 7,999	$ 5,851
Peru	Huaron	7,644	3,822	509	3,313	8,504	581
	Morococha	1,484	483	(141)	1,142	7,900	2,086
Bolivia	San Vicente	3,123	1,989	476	658	2,890	232
Argentina	Manantial Espejo	14,289	13,100	1,591	(402)	3,644	2,762
Guatemala	Escobal	—	—	—	—	4,524	4,713
Total Silver Segment		43,342	27,434	4,948	10,960	35,461	16,225
Gold Segment:							
Mexico	Dolores(2)	61,751	47,351	16,818	(2,418)	10,175	9,551
Peru	Shahuindo	58,521	23,359	8,934	26,228	2,891	3,473
	La Arena	22,981	14,727	4,557	3,697	2,509	2,085
Canada	Timmins	62,914	40,096	12,501	10,317	—	2,444
Total Gold Segment		206,167	125,533	42,810	37,824	15,575	17,553
Other segment:							
Canada	Pas Corp	—	—	124	(124)	—	(103)
Argentina	Navidad	—	—	—	—	1,167	—
Other	Other	—	—	274	(274)	—	(360)
Total		$ 249,509	$ 152,967	$ 48,156	$ 48,386	$ 52,203	$ 33,315

(1) Includes payments for mineral properties, plant and equipment and payment of equipment leases.
(2) The mine was reclassified to the Gold Segment in 2021 as a result of expected mine sequencing into a higher gold zone.

For the six months ended June 30, 2021

Segment/ Country	Operation	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Mine care and maintenance	Capital expenditures(1)
Silver Segment:							
Mexico	La Colorada	**$ 39,771**	**$ 19,710**	**$ 7,390**	**$ 12,671**	**$ —**	**$ 23,851**
Peru	Huaron	**74,174**	**42,511**	**5,439**	**26,224**	**—**	**4,161**
	Morococha	**53,162**	**37,776**	**6,999**	**8,387**	**—**	**4,756**
Bolivia	San Vicente	**47,044**	**32,687**	**5,357**	**9,000**	**—**	**1,391**
Argentina	Manantial Espejo	**52,527**	**46,038**	**6,344**	**145**	**—**	**3,649**
Guatemala	Escobal	**—**	**—**	**—**	**—**	**11,874**	**296**
Total Silver Segment		**266,678**	**178,722**	**31,529**	**56,427**	**11,874**	**38,104**
Gold Segment:							
Mexico	Dolores(2)	**165,487**	**66,699**	**54,424**	**44,364**	**—**	**17,255**
Peru	Shahuindo	**100,796**	**44,511**	**16,079**	**40,206**	**—**	**11,711**
	La Arena	**99,111**	**36,658**	**20,904**	**41,549**	**—**	**27,226**
Canada	Timmins	**118,159**	**86,996**	**19,951**	**11,212**	**—**	**22,178**
Total Gold Segment		**483,553**	**234,864**	**111,358**	**137,331**	**—**	**78,370**
Other segment:							
Canada	Pas Corp	**—**	**—**	**238**	**(238)**	**—**	**165**
Argentina	Navidad	**—**	**—**	**—**	**—**	**3,149**	**79**
Other	Other	**—**	**—**	**508**	**(508)**	**—**	**258**
Total		**$ 750,231**	**$ 413,586**	**$ 143,633**	**$ 193,012**	**$ 15,023**	**$ 116,976**

(1) Includes payments for mineral properties, plant and equipment and payment of equipment leases.
(2) The mine was reclassified to the Gold Segment in 2021 as a result of expected mine sequencing into a higher gold zone.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

For the six months ended June 30, 2020

Segment/ Country	Operation	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Mine care and maintenance	Capital expenditures[1]
Silver Segment:							
Mexico	La Colorada	$ 51,626	$ 29,472	$ 8,430	$ 13,724	$ 7,999	$ 14,246
Peru	Huaron	25,466	19,041	3,544	2,881	10,758	1,994
	Morococha	16,060	15,724	3,340	(3,004)	10,103	4,710
Bolivia	San Vicente	16,443	13,269	2,908	266	2,890	2,157
Argentina	Manantial Espejo	35,714	32,357	3,387	(30)	5,617	7,023
Guatemala	Escobal	—	—	—	—	10,938	4,724
Total Silver Segment		145,309	109,863	21,609	13,837	48,305	34,854
Gold Segment:							
Mexico	Dolores[2]	123,147	100,010	42,789	(19,652)	10,175	24,675
Peru	Shahuindo	142,108	57,605	22,784	61,719	3,748	11,405
	La Arena	64,331	34,459	12,022	17,850	3,332	14,783
Canada	Timmins	133,042	81,251	26,309	25,482	—	6,951
Total Gold Segment		462,628	273,325	103,904	85,399	17,255	57,814
Other segment:							
Canada	Pas Corp	—	—	252	(252)	—	145
Argentina	Navidad	—	—	—	—	2,667	8
Other	Other	—	—	540	(540)	—	308
Total		$ 607,937	$ 383,188	$ 126,305	$ 98,444	$ 68,227	$ 93,129

(1) Includes payments for mineral properties, plant and equipment and payment of equipment leases.
(2) The mine was reclassified to the Gold Segment in 2021 as a result of expected mine sequencing into a higher gold zone.

At June 30, 2021

Segment/Country	Operation	Assets	Liabilities	Net assets
Silver Segment:				
Mexico	La Colorada	**$ 280,982**	**$ 42,982**	**$ 238,000**
Peru	Huaron	**118,810**	**52,216**	**66,594**
	Morococha	**125,997**	**38,551**	**87,446**
Bolivia	San Vicente	**85,013**	**48,647**	**36,366**
Argentina	Manantial Espejo	**70,642**	**27,788**	**42,854**
Guatemala	Escobal	**287,149**	**22,044**	**265,105**
Total Silver Segment		**968,593**	**232,228**	**736,365**
Gold Segment:				
Mexico	Dolores[1]	**761,708**	**170,774**	**590,934**
Peru	Shahuindo	**554,560**	**170,161**	**384,399**
	La Arena	**294,419**	**110,308**	**184,111**
Canada	Timmins	**409,071**	**60,719**	**348,352**
Total Gold Segment		**2,019,758**	**511,962**	**1,507,796**
Other segment:				
Canada	Pas Corp	**194,824**	**22,386**	**172,438**
Argentina	Navidad	**193,048**	**—**	**193,048**
	Other	**78,789**	**48,277**	**30,512**
Total		**$ 3,455,012**	**$ 814,853**	**$ 2,640,159**

(1) The mine was reclassified to the Gold Segment in 2021 as a result of expected mine sequencing into a higher gold zone.

(unaudited with tabular amounts in thousands of U.S. dollars except number of shares, options, warrants, and per share amounts, unless otherwise noted)

At December 31, 2020

Segment/Country	Operation	Assets	Liabilities	Net assets
Silver Segment:				
Mexico	La Colorada	$ 231,217	$ 48,971	$ 182,246
Peru	Huaron	113,177	40,663	72,514
	Morococha	121,004	34,906	86,098
Bolivia	San Vicente	83,668	40,536	43,132
Argentina	Manantial Espejo	75,113	26,950	48,163
Guatemala	Escobal	288,588	24,427	264,161
Total Silver Segment		912,767	216,453	696,314
Gold Segment:				
Mexico	Dolores(1)	752,873	169,444	583,429
Peru	Shahuindo	566,734	201,427	365,307
	La Arena	299,372	112,475	186,897
Canada	Timmins	414,396	60,482	353,914
Total Gold Segment		2,033,375	543,828	1,489,547
Other segment:				
Canada	Pas Corp	230,872	18,795	212,077
Argentina	Navidad	192,999	—	192,999
	Other	63,862	48,960	14,902
Total		$ 3,433,875	$ 828,036	$ 2,605,839

(1) The mine was reclassified to the Gold Segment in 2021 as a result of expected mine sequencing into a higher gold zone.

Product Revenue	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Refined silver and gold	**$ 264,579**	$ 222,159	**$ 543,504**	$ 503,845
Zinc concentrate	**33,216**	3,809	**58,501**	22,771
Lead concentrate	**35,878**	14,408	**53,735**	48,957
Copper concentrate	**29,613**	5,736	**59,447**	15,941
Silver concentrate	**18,846**	3,397	**35,044**	16,423
Total	**$ 382,132**	$ 249,509	**$ 750,231**	$ 607,937

23. INCOME TAXES

Components of Income Tax Expense

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Current income tax expense	**$ 25,893**	$ 9,047	**$ 52,469**	$ 28,370
Deferred income tax expense (recovery)	**3,703**	(4,324)	**15,104**	29,073
Income tax expense	**$ 29,596**	$ 4,723	**$ 67,573**	$ 57,443

Income tax expense differs from the amount 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 six months ended June 30, 2021 and the comparable period for 2020 were foreign exchange rate fluctuations, changes in the recognition of certain deferred tax assets (resulting primarily from unrealized losses on short-term investments and foreign currency denominated intercompany debt), and other mining and withholding taxes included in income tax expense. The Company continues to expect that these and other factors will continue to cause volatility in effective tax rates in the future.

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Reconciliation of Effective Income Tax Rate

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Earnings (loss) before income taxes	**$ 100,837**	$ 24,135	**$ 131,252**	$ (380)
Statutory Canadian income tax rate	**27.00 %**	27.00 %	**27.00 %**	27.00 %
Income tax expense (recovery) based on above rates	**$ 27,226**	$ 6,516	**$ 35,438**	$ (103)
Increase (decrease) due to:				
Non-deductible expenditures	**1,380**	3,064	**2,747**	5,160
Foreign tax rate differences	**3,921**	(1,077)	**7,836**	5,834
Change in net deferred tax assets not recognized:				
- Argentina exploration expenditures	**517**	637	**991**	1,372
- Other deferred tax assets	**(7,813)**	(16,697)	**6,303**	7,475
Other mining and withholding taxes	**5,633**	2,285	**14,007**	6,847
Effect of foreign exchange on tax expense	**(5,179)**	1,445	**2,483**	42,416
Non-taxable impact of foreign exchange	**4,043**	2,334	**1,497**	(15,298)
Non-taxable portion of net earnings in affiliates	**(1,439)**	—	**(1,439)**	—
Change in non-deductible portion of reclamation liabilities	**1,802**	3,181	**(1,441)**	4,000
Change in opening temporary differences	**(186)**	611	**328**	(716)
Other	**(309)**	2,424	**(1,177)**	456
Income tax expense	**$ 29,596**	$ 4,723	**$ 67,573**	$ 57,443

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, 2020, 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. Related party transactions with Maverix are measured at the amount of consideration established and agreed to by the parties and have been disclosed in Note 9 of these condensed interim consolidated financial statements. There were no other related party transactions for the three and six months ended June 30, 2021 and 2020.

26. SUBSEQUENT EVENTS

On July 12, 2021, the Company completed the sale of 100% of its interest in the Waterloo silver-barite project (the "Project") for initial consideration of $25 million in cash (the "Waterloo Sale"). In addition to the purchase consideration, the Company also received an additional $2.5 million in cash payments in connection with certain extensions and amendments. The Company also retained a 2% Net Smelter Royalty on any future production of minerals from the Project.

Further, upon receiving a listing notice from the purchaser, the Company will have ten business days to elect to receive an additional $6.0 million of consideration in either: (a) cash, or (b) the equivalent of $6.0 million in common shares of Apollo Gold & Silver Corp. at the higher of: (i) the 10-day volume weighted average price, calculated 10 trading days following the close of the sale; and (ii) CAD$0.71 per share. At June 30, 2021, the Company had received $2.75 million of the cash consideration as well as $2.0 million in additional cash payments.

On August 10, 2021 Pan American Silver Corp entered into an amendment agreement to amend and extend its Credit Facility into a $500 million sustainability-linked revolving credit facility (the “Sustainability Linked Loan”). The Sustainability Linked Loan features a pricing mechanism allowing for pricing adjustments on drawn and undrawn balances based on sustainability performance ratings and scores published by MSCI and S&P Global, leaders in ESG and Corporate Governance research and ratings. The Sustainability Linked Loan matures on August 8, 2025 and does not include a minimum tangible net worth financial covenant, which was a condition of the previous Credit Facility.

The Sustainability Linked Loan can be drawn down at any time to finance the Company’s working capital requirements, acquisitions, investments and for general corporate purposes. Subject to pricing adjustment based on sustainability performance ratings and scores, any amounts drawn under the Sustainability Linked Loan will incur interest at LIBOR plus 1.825% to 2.80%. Undrawn amounts are subject to a stand-by fee of 0.41% to 0.63% per annum, dependent on the Company's leverage ratio and sustainability performance ratings and scores.

PAN AMERICAN

SILVER

Suite 1500 - 625 Howe St.
Vancouver, BC
Canada, V6C 2T6
604-684-1175