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**PAN AMERICAN**  
— SILVER —

**THIRD QUARTER REPORT  
TO SHAREHOLDERS**

**For the period ending  
September 30, 2020**

[www.panamericansilver.com](http://www.panamericansilver.com)

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## **Pan American Silver reports cash flow from operations of \$114.9 million in Q3 2020 and increases dividend by 40%**

**Vancouver, B.C. - November 4, 2020 - Pan American Silver Corp.** (NASDAQ: PAAS) (TSX: PAAS) ("Pan American" or the "Company") today reported unaudited results for the third quarter ended September 30, 2020 ("Q3 2020"). Pan American's unaudited condensed interim consolidated financial statements and notes ("financial statements"), as well as Pan American's management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2020, are available on Pan American's website at [panamericansilver.com](http://panamericansilver.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

"Low operating costs and strong precious metal prices contributed to robust mine operating earnings of \$124.6 million in Q3," said Michael Steinmann, President and Chief Executive Officer. "All operations are running and projects are proceeding. We have replenished the heap leach inventories drawn down during the mine suspensions in Q2 of this year, are nearing completion of the first of two ventilation raises at La Colorada, which will re-open access to the high-grade area of the mine, and have started processing the high grade ore from the COSE mine at our Manantial Espejo plant."

Added Mr. Steinmann: "We have generated strong operating cash flow year-to-date of approximately \$292 million. In line with our capital allocation priorities, we have substantially reduced debt, with only \$60 million drawn on our Credit Facility, as of today. We are aiming to have no bank debt by the end of the year. We are also increasing the dividend for the second time this year, raising the quarterly dividend by 40% to \$0.07 per common share."

### **Operations Review and Impact of COVID-19**

During Q3 2020, seven of Pan American's nine operations were operating with limited workforce levels in order to accommodate COVID-19 related protocols. Two of the Company's operations, Huaron and Morococha in Peru, were suspended for most of Q3 2020, having previously been returned to care and maintenance on July 20, 2020, because of an increase in workers testing positive for COVID-19. The Company began gradually redeploying its workforce at these mines over the last two weeks of September after intensive health screenings and testing. Huaron and Morococha resumed operations at the end of Q3 2020. Pan American continues to enforce protocols to help protect the health and safety of our workforce during the COVID-19 pandemic.

Pan American is engaging with its communities to better understand the effects of the COVID-19 pandemic on its residents and how we can support them during this time. In Q3 2020, Pan American entered into a \$1.5 million partnership commitment with UNICEF Canada to provide health and education to vulnerable children in Latin America affected by the pandemic. In addition, our Shahuindo mine donated an oxygen plant to the Province of Cajabamba in Peru, as part of Pan American's commitment to support its local communities.

### **Q3 2020 Highlights:**

- **Revenue** was \$300.4 million, primarily reflecting lower quantities of metal sold, partially offset by strong realized precious metal prices. The Company recorded a \$79.8 million increase in inventories during Q3 2020, of which approximately \$25.0 million was in the form of dore and finished inventories. Revenue associated with these dore inventories were not recorded in Q3 2020 due to timing of shipments, and will be reflected in revenue in the normal course. The remaining increase in inventories largely resulted from the replenishment of the heap leach operations at Dolores, Shahuindo and La Arena, where inventories were drawn down during the mine suspensions earlier in 2020; these inventories, equivalent to about 30,000 ounces of gold and 0.5 million ounces of silver, were replenished during Q3 2020.

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.

- **Net income** was \$65.3 million (\$0.31 basic income per share). Net income includes \$13.1 million of investment income and \$27.1 million of mine care and maintenance costs, largely incurred from the suspensions of Huaron and Morococha, which restarted operations at the end of Q3 2020.
- **Adjusted earnings** of \$72.1 million (\$0.34 basic adjusted earnings per share) excludes the \$20.5 million of mine care and maintenance costs related primarily to the Huaron and Morococha suspensions.
- **Net cash generated from operations** was \$114.9 million and includes \$9.0 million source of cash from working capital changes.
- **Consolidated silver production** was 4.1 million ounces. Silver production was impacted by the COVID-19 related suspensions of Huaron and Morococha, lack of access to high-grade ore at La Colorada due to the delay in completing a ventilation project, in-process inventory build-up on the Dolores pads following draw downs of those inventories in Q2 2020, and reduced operating capacities at the other mines on account of adopting stringent COVID-19 protocols. Those factors also affected base metal production.
- **Consolidated gold production** was 116.9 thousand ounces, primarily reflecting the expected replenishment of in-process inventories at the heap leach operations following the draw down of inventories that occurred during the COVID-19 related suspensions earlier in 2020. In addition, reduced operating capacities on account of COVID-19 protocols and adjustments being made to the mining methods at the Timmins Bell Creek mine reduced gold production.
- **Silver Segment Cash Costs and All-in Sustaining Costs ("AISC")** were \$7.14 and \$6.01 per silver ounce sold, respectively. Net realizable value ("NRV") inventory adjustments reduced Silver Segment AISC by \$5.96 per ounce.
- **Gold Segment Cash Costs and AISC** were \$793 and \$1,057 per gold ounce sold, respectively.
- **Consolidated AISC**, including gold by-product credits from the Gold Segment mines, were \$(8.42) per silver ounce sold.
- **Capital expenditures** totaled \$41.7 million, comprised of \$36.4 million of sustaining capital and \$5.4 million of project capital.
- During Q3, Pan American **repaid \$110.0 million** on its four-year, \$500.0 million revolving Credit Facility (the "Credit Facility"). At September 30, 2020, the Company had \$90.0 million drawn on its Credit Facility, cash and short-term investment balances of \$231.6 million and working capital of \$465.6 million. Total debt was \$129.8 million, including \$34.3 million of lease liabilities and \$5.6 million of loans in Peru. In October 2020, the Company repaid an additional \$30.0 million on the Credit Facility and plans to repay the remaining balance of \$60.0 million by the end of 2020.
- The Board of Directors has approved an **increase in the quarterly cash dividend** from \$0.05 to \$0.07 per common share, or approximately \$14.7 million in aggregate cash dividends per quarter, payable on or about November 27, 2020, to holders of record of Pan American's common shares as of the close on November 16, 2020. Pan American's dividends are designated as eligible dividends for the purposes of the *Income Tax Act (Canada)*. As is standard practice, the amounts and specific distribution dates of any future dividends will be evaluated and determined by the Board of Directors on an ongoing basis.
- Relative to the guidance provided on August 5, 2020, management has maintained its **2020 Guidance** for gold and base metal production, silver segment and gold segment Cash Costs and AISC, and consolidated silver basis AISC, while revising its estimates for 2020 silver production and capital expenditures; see the "Guidance" section of this news release for further information.

Cash Costs, AISC, adjusted earnings, basic adjusted earnings per share, sustaining capital, project capital, working capital, total debt, and total available liquidity 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 September 30, 2020	Twelve months ended December 31, 2019
Weighted average shares during period (millions)	210.2	198.6
Shares outstanding end of period (millions)	210.2	209.8
	Three months ended September 30,	
	2020	2019
<b>FINANCIAL</b>		
Revenue	\$ 300,414	\$ 352,187
Mine operating earnings	\$ 124,561	\$ 63,850
Net earnings	\$ 65,260	\$ 37,719
Basic earnings per share <sup>(1)</sup>	\$ 0.31	\$ 0.18
Adjusted earnings <sup>(2)</sup>	\$ 72,088	\$ 71,202
Basic adjusted earnings per share <sup>(1)</sup>	\$ 0.34	\$ 0.34
Net cash generated from operating activities	\$ 114,943	\$ 81,948
Net cash generated from operating activities before changes in working capital <sup>(2)</sup>	\$ 105,959	\$ 96,842
Sustaining capital expenditures <sup>(2)</sup>	\$ 36,352	\$ 42,256
Project capital expenditures <sup>(2)</sup>	\$ 5,359	\$ 12,309
Cash dividend per share	\$ 0.050	\$ 0.035
<b>PRODUCTION</b>		
Silver (thousand ounces)	4,087	6,665
Gold (thousand ounces)	116.9	150.2
Zinc (thousand tonnes)	8.6	16.8
Lead (thousand tonnes)	3.4	6.8
Copper (thousand tonnes)	0.7	2.3
<b>CASH COSTS<sup>(2)</sup> (\$/ounce)</b>		
Silver Segment	7.14	5.47
Gold Segment	793	729
<b>AISC<sup>(2)</sup> (\$/ounce)</b>		
Silver Segment	6.01	8.80
Gold Segment	1,057	920
Consolidated Silver Basis	(8.42)	(0.11)
<b>AVERAGE REALIZED PRICES<sup>(3)</sup></b>		
Silver (\$/ounce)	24.77	17.16
Gold (\$/ounce)	1,914	1,477
Zinc (\$/tonne)	2,189	2,276
Lead (\$/tonne)	1,822	2,002
Copper (\$/tonne)	6,463	5,780

(1) Per share amounts are based on basic weighted average common shares.

(2) Non-GAAP measures: adjusted earnings, basic adjusted earnings per share, and net cash generated from operating activities before changes in working capital are non-GAAP financial measures. Please refer to the "Alternative Performance (non-GAAP) Measures" section of this news release for further information on these measures.

(3) Metal prices stated are inclusive of final settlement adjustments on concentrate sales.

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**INDIVIDUAL MINE OPERATING PERFORMANCE**

	Silver Production (ounces '000s)		Gold Production (ounces '000s)	
	Three months ended September 30,		Three months ended September 30,	
	2020	2019	2020	2019
<b>Silver Segment:</b>				
La Colorada	1,445	2,091	1.0	1.2
Dolores	871	1,496	22.7	33.1
Huaron	274	975	0.0	0.3
Morococha <sup>(1)</sup>	142	588	0.1	0.3
San Vicente <sup>(2)</sup>	655	860	0.1	0.1
Manantial Espejo	606	606	5.4	5.4
<b>Gold Segment:</b>				
Shahuindo	81	37	33.0	40.6
La Arena	9	6	21.6	31.0
Timmins	4	5	32.8	38.3
<b>Total<sup>(3)</sup></b>	<b>4,087</b>	<b>6,665</b>	<b>116.9</b>	<b>150.2</b>

(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.

(3) Totals may not add due to rounding.

	Cash Costs <sup>(1)</sup> (\$ per ounce)		AISC <sup>(1)</sup> (\$ per ounce)	
	Three months ended September 30,		Three months ended September 30,	
	2020	2019	2020	2019
La Colorada	6.54	2.82	10.07	4.03
Dolores	(5.12)	0.00	(22.92)	7.45
Huaron	(0.97)	5.32	5.78	8.69
Morococha	6.07	5.66	13.23	11.36
San Vicente	18.08	13.04	20.08	15.21
Manantial Espejo	14.03	24.22	12.22	21.35
<b>Silver Segment Consolidated<sup>(2)</sup></b>	<b>7.14</b>	<b>5.47</b>	<b>6.01</b>	<b>8.80</b>
Shahuindo	464	552	616	775
La Arena	837	738	1,409	988
Timmins	1,111	922	1,318	1,026
<b>Gold Segment Consolidated<sup>(2)</sup></b>	<b>793</b>	<b>729</b>	<b>1,057</b>	<b>920</b>
<b>Consolidated metrics per silver ounce sold<sup>(3)</sup>:</b>				
<b>All Operations</b>			<b>(8.42)</b>	<b>(0.11)</b>
<b>Consolidated AISC before NRV inventory adjustments</b>			<b>(2.56)</b>	<b>1.07</b>

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the section "Alternative Performance (Non-GAAP) Measures" of the MD&A for the period ended September 30, 2020 for a detailed description of these measures and where appropriate a reconciliation of the measure to the Q3 2020 financial statements.

(2) Silver segment Cash Costs and AISC are calculated net of credits for realized revenues from all metals other than silver and are calculated per ounce of silver sold. Gold segment Cash Costs and AISC are calculated net of credits for realized silver revenues 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.

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

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## 2020 GUIDANCE

The following table provides management's guidance for 2020, as at November 4, 2020. Relative to the guidance provided on August 5, 2020, management has maintained its guidance for gold and base metal production, silver segment and gold segment Cash Costs and AISC, and consolidated silver basis AISC. Management has reduced its estimate for 2020 silver production from 19.0 to 22.0 million ounces to 18.0 to 19.0 million ounces, as a result of an inability to access high-grade ore at La Colorada due to the delay in completing the first ventilation raise, and reduced underground mining rates at our Manantial Espejo operation; both related to the impact of COVID-19 protocols.

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, Cash Costs and AISC Guidance

	Silver Production (million ounces)	Gold Production (thousand ounces)	Cash Costs (\$ per ounce) <sup>(1)</sup>	AISC (\$ per ounce) <sup>(1)</sup>
Silver Segment <sup>(2)</sup>	17.7 - 18.7	130.0 - 138.0	6.20 - 7.70	10.50 - 12.50
Gold Segment <sup>(2)</sup>	0.3	395.0 - 437.0	800 - 860	1,050 - 1,125
<b>Consolidated Silver Basis<sup>(3)</sup></b>	<b>18.0 - 19.0</b>	<b>525.0 - 575.0</b>	<b>n/a</b>	<b>(3.00) - 0.75</b>

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the section "Alternative Performance (Non-GAAP) Measures" of the MD&A for the period ended September 30, 2020, for a detailed description of these calculations and a reconciliation of these measures to the Q3 2020 financial statements. The Cash Costs and AISC forecasts assume the realized prices and exchange rates provided in the MD&A for the period ended June 30, 2020.

(2) As shown in the detailed quantification of consolidated AISC, included in the "Alternative Performance (Non-GAAP) Measures" section of the MD&A for the period ended September 30, 2020, 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.

(3) Consolidated total is calculated per silver ounce sold with gold revenues included in the by-product credits.

Management's guidance for zinc, lead and copper production is unchanged, as provided in the following table:

	Consolidated Base Metal Production (tonnes '000s)
Zinc	40.0 - 43.0
Lead	17.0 - 18.0
Copper	4.3 - 4.9

### Capital Expenditures Guidance

Based on capital expenditures to date, which reflect COVID-19 related delays, and those expected for the remainder of 2020, Management is reducing the forecast annual expenditures by approximately \$15.0 million. These reductions reflect the deferral of certain capital investments.

	(in millions of USD)
Sustaining Capital	175.0 - 180.0
Project Capital	20.0 - 21.0
<b>Total Capital</b>	<b>195.0 - 201.0</b>

**Third Quarter 2020 Unaudited Results Conference Call and Webcast**

Date: November 5, 2020  
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

Callers should dial in 5 to 10 minutes prior to the scheduled start time. The live webcast and presentation slides will be available on the Company's website 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. As the world's second largest primary silver producer with the largest silver reserve base globally, we provide enhanced exposure to silver in addition to a diversified portfolio of gold producing assets. Pan American has a 26-year history of operating in Latin America, earning an industry-leading reputation for corporate social responsibility, 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:**

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**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 March 12, 2020, filed at [www.sedar.com](http://www.sedar.com), or Pan American's most recent Form 40-F furnished to 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:

- 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.
- 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

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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.

- All-in Sustaining Costs per silver or gold ounce sold, net of by-product credits ("AISC"). 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.
- Total available liquidity is calculated as the sum of Cash and cash equivalents, Short-term Investments, and the amount available on the Credit Facility. Total available liquidity 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 liquid assets available to the Company.

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, 2019, 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, including our estimated production of silver, gold and other metals in 2020, our estimated Cash Costs, AISC and capital expenditures in 2020 and future operating margins and cash flow; the ability of the Company to eliminate or otherwise reduce the outstanding balance on its Credit Facility by the end of 2020; the effect of any reductions or suspensions in our operations relating to 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 other operations on care and maintenance; 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 what effect those impacts, if they occur, would have on our business; the ability of the Company to successfully complete any capital projects, the expected economic or operational results derived from those projects, and the impacts of any such projects on the Company; the approval or the amount of any future cash dividends; the future results of exploration activities, including with respect to the skarn exploration program at La Colorada; and our portfolio growth profile.

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



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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; continuation of operations following shutdowns or reductions in production, 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.



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# Management's Discussion and Analysis

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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

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

November 4, 2020

## INTRODUCTION

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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, 2019 (the "2019 Financial Statements"), and the related notes contained therein, and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 (the "Q3 2020 Financial Statements"), and the related notes contained therein. All amounts in this MD&A, the 2019 Financial Statements, and the Q3 2020 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 2019 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", and "working capital", 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", and "working capital" as well as details of the Company's by-product credits and a reconciliation, where appropriate, of these measures to the Q3 2020 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](http://www.sedar.com)

## CORE BUSINESS AND STRATEGY

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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.

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

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Pan American is committed to the principles of sustainable development and conducting our activities in an environmentally and socially responsible manner. Our core environmental, social, governance ("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; and contributing to the welfare of our employees, local communities and governments; and, operating transparently.

The Company sets annual corporate performance goals with an effort to instill a high level of understanding and commitment by those who carry out our day-to-day business activities. These goals and performance relative to them are reported in our sustainability report, which also includes our ESG, and health and safety performance. Our 2019 sustainability report (the "Sustainability Report") released on May 8, 2020 is available on our website at [www.panamericansilver.com](http://www.panamericansilver.com). On September 14, 2020 the Company hosted its first "Responsible Investor Conference Call" where senior members of the Company's management team discussed the Company's approach and performance on ESG matters, the key opportunities and challenges regarding our sustainability strategy, and the Company's 2019 Sustainability Report, and responded to questions from investors and analysts. A webcast of this call along with the related presentation slides are available on our website at [www.panamericansilver.com](http://www.panamericansilver.com).

As part of our commitment to driving global sustainable development and contributing to the United Nations Sustainable Development Goals, we became signatories to the United Nations Global Compact in July 2020. As a signatory, we will begin reporting in 2021, on our progress implementing the United Nations Global Compact Principles into business operations.

## Governance

The Health, Safety, Environment, and Communities Committee ("HSEC Committee") of the Company's board of directors (the "Board of Directors" or "Board") provides oversight related to health and safety and guidance to management in ensuring mine operations and project development are conducted in an environmentally and socially responsible manner. The full charter of the HSEC Committee is available at [www.panamericansilver.com](http://www.panamericansilver.com).

At the management level, an ESG Committee reports to the Board's HSEC Committee, and is comprised of cross-departmental senior and executive management representatives, including: the Chief Executive Officer; the Chief Operating Officer; the Chief Financial Officer; the Senior Vice President, Corporate Affairs and Sustainability; the Senior Vice President, Technical Services & Process Optimization; the Vice President Sustainability, Diversity and Inclusion; the Vice President, Environment; and, the Vice President, Mineral Processing, Tailings & Dams.

The ESG Committee meets frequently and is responsible for establishing and overseeing the Company's ESG policies and performance, and monitoring the Company's human rights programs.

## Health and Safety

Pan American is deeply committed to protecting the health, safety and well-being of our employees, contractors, suppliers, and communities where we operate. We believe that operating safe mines and building a culture of safety are directly related to our operational success and the ability to create long-term value for all of our stakeholders.

## Environmental

### Environmental Stewardship

We are committed to operating our mines and developing our new projects in an environmentally responsible manner. Guided by our Environmental Policy, we take measures to minimize and mitigate the environmental impacts of our operations in each phase of the mine life cycle, from early exploration through development, construction and operation, up to and after the mine's closure. We are actively implementing the Mining Association of Canada's Towards Sustainable Mining ("TSM") program at all of our mines.

We have a company-wide goal, connected to our annual executive compensation plan, of incurring zero significant environmental incidents ("SEI") at our operations. An SEI is defined as an incident that has a direct negative impact on the environment, or the communities outside the Company's mines or project sites, including environmental incidents that significantly impact communities' perceptions of the Company. We have had no SEIs in 2020 as of the date of this MD&A.

We conduct corporate environmental audits of our operations to monitor and continuously improve environmental performance. Environmental staff from all mines occasionally participate in some of the audits, which improves commitment, definition and adoption of best practices, and integration and consolidation of company-wide standards across our operations. In 2019, environmental audits were conducted on the Manantial Espejo, La Arena, and Shahuindo mines. In 2018, audits were conducted at the San Vicente, Huaron and Morococha mines. No material issues were identified in either the 2019 or 2018 environmental audits. No audits have been conducted in 2020 due to COVID-19 travel restrictions.

### Climate Strategy

We recognize that climate change is a threat to the global environment, society, our stakeholders and our business. We support the recommendations from the Financial Stability Board Task Force on Climate Related Financial Disclosure ("TCFD"), and we are working towards their implementation, targeting 2021 for the release of our first TCFD-aligned report. We will also continue to report on our emissions, targeted emission reductions, climate risks and other climate-related actions in our annual sustainability reports.

In Q3 2020, we started work on climate-related goals for 2021 and transition risk analysis for TCFD reporting.

## Tailings

We continuously work to ensure that all tailings storage facilities, dams, heap leach pads, and waste stockpiles are robustly designed, built, operated, maintained and closed in accordance with our internal standards, the TSM Tailings Management protocol, the Canadian Dam Association guidelines, and known global best practices in order to prevent any incidents or failures. Our tailings storage facilities and water dams are subject to routine inspections, audits, geotechnical and environmental monitoring, annual reviews, and independent reviews to continually improve systems and methods in order to minimize potential harm associated with these long-term facilities.

In Q3 2020, we advanced the implementation of the TSM protocol at all our sites and ensured safe management of tailings facilities during mine suspensions related to the COVID-19 pandemic. All installations are in satisfactory condition, and continue to be monitored to confirm all readings and trends are acceptable.

## Water

Effective water stewardship is essential to developing access to valuable water resources, protecting shared resources, respecting the rights of other water users, and where possible avoiding impacts that may occur within and beyond our operating boundaries. This involves closely managing our use of freshwater, investigating ways of using water more efficiently, minimizing negative impacts on water quality and, in many instances, developing access to water resources for regional benefits that were previously unknown or undeveloped.

In Q3 2020, we continued to implement the TSM Water Stewardship protocol and had no material incidents or non-compliance related to water in the quarter.

## Corporate Social Responsibility

### Supporting Communities during the COVID-19 Pandemic

The COVID-19 pandemic has resulted in a humanitarian crisis in many of the communities where Pan American operates. The Company is engaging with its communities to better understand the effects of the pandemic on its residents and how we can support them during this time. Pan American has committed to donate \$2.0 million towards food, hygiene and medical supplies, and personal protection equipment. The Company is also providing health care support, assisting with sanitation efforts, and facilitating access to education. At the request of some of the communities, we paused the implementation of our local economic development programs earlier in 2020. Most of these programs are now in the process of being resumed.

In Q3 2020, Pan American entered into a \$1.5 million partnership commitment with UNICEF Canada to provide health and education to vulnerable children in Latin America affected by the COVID-19 pandemic.

### Community Engagement

We have adopted formal policies, procedures, and industry best practices to manage our impacts and contribute to the social and economic development of local communities. Our social management framework provides a consistent methodology for measuring and tracking social impacts and sustainability performance across our mines, while offering the flexibility needed to tailor our approach to the circumstances of each operation. Components of our management framework include:

- Community teams at each operation are responsible for community engagement, impact management, and program implementation.
- Response mechanisms help us understand and respond to community questions, concerns or complaints around the perceived or actual impacts of our activities.
- Participatory baseline assessments conducted with communities and third parties help us understand a community's social context, the potential impacts of our activities, and communities of interest and vulnerable groups.

- Programs and initiatives intended to provide long-term sustainable benefits are designed in collaboration with communities.

We conduct social audits at all operations to help us monitor and manage the impacts of our activities on communities, our work force, and in our regional supply chains. Our audit framework is based on the ISO 26000 guidance on social responsibility and incorporates content from best practices and other standards, including the United Nations Guiding Principles on Business and Human Rights, as well as the TSM Protocol on Community and Aboriginal Relationships. During 2020, we conducted a social audit of the Manantial Espejo operation in Argentina.

### **Human Rights**

In 2019, Pan American adopted its Global Human Rights Policy that is based on the three pillars of the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. This policy consolidates several of our existing objectives in the areas of environment, labour, diversity and social responsibility. It formalizes our approach to fostering a positive human rights culture throughout our organization and our work to prevent, minimize or mitigate adverse impacts from our activities on our employees, communities, and other external stakeholders.

We took additional steps to align with international human rights best practices in 2019 and conducted a gap assessment of our security practices against the requirements of the Voluntary Principles on Security and Human Rights and UNICEF Canada's Child Rights and Security Checklist at two of our three operations with armed security forces: La Colorada in Mexico and Escobal in Guatemala. In 2020, we completed the final assessment at Dolores in Mexico.

Our on-going community engagement, social audit process, and response mechanisms are designed to help us identify actual and potential human rights risks resulting from our activities and take appropriate steps to manage and mitigate these risks. Our social audit process screens for human rights risks in the provisions of certain contractor and subcontractor agreements, as well as from contractor security practices. Our Supplier Code of Conduct provides an additional framework to help manage human rights risks in our supply chain. We also follow the guidelines set by the World Gold Council's Conflict-Free Gold Standard, which helps us ensure that our actions do not contribute to human rights violations.

### **Indigenous Rights**

Through our acquisition of Tahoe Resources Inc. ("Tahoe"), we now operate three mines located near Indigenous communities – our Timmins West and Bell Creek mines (together "Timmins") in Canada and the Escobal mine in Guatemala. Mining operations at Escobal are suspended while the government of Guatemala completes an International Labour Organization 169 consultation process with local Indigenous communities.

Pan American recognizes and respects the rights, cultures, heritage and interests of Indigenous peoples. We are committed to building and maintaining positive relationships with Indigenous groups through on-going engagement, and identification of mutually beneficial opportunities.



## Q3 2020 HIGHLIGHTS

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### Operations

- **Coronavirus disease ("COVID-19") pandemic impact**

During Q3 2020, seven of Pan American's nine operations were operating with limited workforce levels in order to accommodate COVID-19 related protocols. Two of the Company's operations, Huaron and Morococha in Peru, were suspended for most of Q3 2020, having previously been returned to care and maintenance on July 20, 2020, because of an increase in workers testing positive for COVID-19. The Company began gradually redeploying its workforce at these mines over the last two weeks of September after intensive health screenings and testing. Huaron and Morococha resumed operations at the end of Q3 2020. Pan American continues to enforce protocols to help protect the health and safety of our workforce during the COVID-19 pandemic.

Further discussion on the operational status of each mine is included in the "Q3 2020 Operating Performance" section of this MD&A under the sub-heading "Impact of COVID-19".

Due to the uncertainties regarding the impact of COVID-19 on our operations, in May 2020, the Company withdrew its 2020 annual production, Cash Costs, AISC and capital expenditure forecasts, as provided in the 2019 annual MD&A dated March 12, 2020. The Company subsequently revised these 2020 annual forecasts in the Q2 2020 MD&A dated August 5, 2020 (the "August 2020 Forecast"). As of the date of this MD&A, the Company has revised guidance for 2020 silver production and capital expenditures relative to the August 2020 Forecast; see the "2020 Annual Operating Outlook" section of this MD&A for further information.

- **Silver production of 4.09 million ounces**

Consolidated silver production for Q3 2020 of 4.09 million ounces was 39% lower than the 6.67 million ounces produced in the three months ended September 30, 2019 ("Q3 2019"), primarily reflecting the COVID-19 related suspensions of Huaron and Morococha, reduced operating capacities at the other mines on account of adopting stringent COVID-19 protocols, lack of access to high-grade ore at La Colorada due to ventilation upgrades, and an in-process inventory build-up on the Dolores pads following draw-downs of those inventories in the second quarter of 2020. Management has reduced its forecast 2020 annual silver production from 19.0 to 22.0 million ounces to 18.0 to 19.0 million ounces, primarily due to the La Colorada ventilation raise delay, and reduced underground mining rates at our Manantial Espejo operation; both of which related to the impact of COVID-19 protocols.

- **Gold production of 116.9 thousand ounces**

Consolidated gold production for Q3 2020 of 116.9 thousand ounces was 22% lower than the 150.2 thousand ounces produced in Q3 2019, primarily reflecting the replenishment of in-process inventories at the heap leach operations, as expected, following the drawdown of inventories that occurred during the COVID-19 related suspensions earlier in 2020. In addition, reduced operating capacities on account of COVID-19 protocols and adjustments being made to the mining methods at the Timmins Bell Creek mine reduced gold production.

- **Base metal production**

Zinc production in Q3 2020 was 8.6 thousand tonnes, 49% less than Q3 2019 production. Lead production of 3.4 thousand tonnes was 51% less than Q3 2019 production. Copper production of 0.7 thousand tonnes was 71% less than Q3 2019 production. The decline in base metal production reflects the COVID-19 related suspensions of Huaron and Morococha and reduced operating capacities at the other mines.

## Financial

### • Revenue and net income

Revenue in Q3 2020 of \$300.4 million was 15% lower than in Q3 2019, primarily due to decreased quantities of metal sold, partially offset by higher realized precious metal prices. Metals sales were impacted by the replenishment of dore and in-process inventories, COVID-19 related throughput reductions and mine suspensions, and timing of sales.

Net income of \$65.3 million (\$0.31 basic income per share) was recorded for Q3 2020 compared with net income of \$37.7 million (\$0.18 basic income per share) in Q3 2019. The \$27.5 million quarter-over-quarter increase in earnings mainly reflects a \$60.7 million increase in mine operating earnings, with the decreased revenues being more than offset by lower cost of sales. The increase in earnings was partially offset by a \$23.1 million decrease in investment income, reflecting lower gains recognized in Q3 2020 on the fair-value measurements of certain equity investments owned by the Company, and a \$20.8 million increase in care and maintenance costs due to the COVID-19 related suspensions of Huaron and Morocochoa.

Adjusted earnings of \$72.1 million, (\$0.34 adjusted earnings per share) was recorded in Q3 2020 compared to the revised Q3 2019 adjusted earnings of \$71.2 million (\$0.34 basic adjusted earnings per share). Q3 2020 adjusted earnings exclude the \$20.5 million of COVID-19 related care and maintenance costs, amongst other items.

Cash flow from operations in Q3 2020 totaled \$114.9 million, \$33.0 million more than the \$81.9 million generated in Q3 2019.

### • Liquidity and working capital position

As at September 30, 2020, the Company had cash and short-term investment balances of \$231.6 million, working capital of \$465.6 million, and \$410.0 million available under its \$500.0 million revolving credit facility (the "Credit Facility"). Total debt of \$129.8 million was related to the \$90.0 million drawn on the Credit Facility, \$5.6 million of loans in Peru, and the remainder to lease liabilities. In Q3 2020, the Company repaid \$110.0 million on the Credit Facility and made an additional repayment of \$30.0 million in October, 2020.

### • Q3 2020 Cash Costs per ounce sold

- Silver Segment Cash Costs were \$7.14 per silver ounce sold.
- Gold Segment Cash Costs were \$793 per gold ounce sold.

### • Q3 2020 All-In Sustaining Costs per ounce sold ("AISC")

- Silver Segment AISC were \$6.01 per silver ounce sold.
- Gold Segment AISC were \$1,057 per gold ounce sold.
- Consolidated AISC per silver ounce sold, including by-product credits from the Gold Segment gold production, were negative \$8.42 per silver ounce sold.

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 measure to the Q3 2020 Financial Statements.

## OPERATING PERFORMANCE

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### Impact of COVID-19

#### • Operational Impacts

The following section describes the impact of the COVID-19 pandemic on the Company's operations during the nine months ended September 30, 2020 ("YTD 2020"), and the current operating status of our mines.

### Argentina

On March 20, 2020, the federal government of Argentina imposed mandatory social distancing on its population and ordered the suspension of non-essential activities, including mining. In order to comply with these orders, the Company suspended its Manantial Espejo operations on March 23, 2020, and assigned a work-from-home directive for its administrative personnel. The federal government subsequently deemed mining an essential activity on April 3, 2020. Underground mining at Manantial Espejo resumed on April 26, 2020, and development work at the Joaquin and COSE mines resumed in early May 2020. During July and August 2020, Joaquin and COSE mine operations and ore haulage were heavily impacted by poor access road conditions due to extremely harsh winter weather in the southern Patagonia region. Both mines have now resumed operations and are hauling mined ores to the Manantial Espejo plant for processing. At this time, the Manantial Espejo plant is operating at full throughput capacity with reduced rates from underground ore mining and a higher contribution from available low-grade stockpile resources. Underground ore mining rates are reduced on account of adopting stringent COVID-19 operating protocols.

### Bolivia

On March 22, 2020, the Bolivian government announced a national quarantine. In response, the Company halted all supply deliveries and personnel transport to its San Vicente mine, and subsequently suspended operations in an orderly manner, assigning a work-from-home directive for its administrative personnel and support offices. On May 2, 2020, the government authorized the resumption of mining activities. Underground development activities at San Vicente resumed on May 12, 2020, mining resumed on May 18, 2020 and plant operations resumed on June 1, 2020. San Vicente is currently operating at reduced capacity to comply with physical distancing restrictions.

### Canada

The Timmins mines have continued to operate YTD 2020 at reduced capacity to enhance physical distancing throughout the operations, offices, and personnel transport systems. Health and safety protocols consistent with those recommended by the local and provincial health authorities, best management practices and the World Health Organization were adopted in March 2020 and continue to be refined as new recommendations are adopted.

### Mexico

On March 17, 2020, Mexico's Senate announced the need to retire the vulnerable population from conducting activities that could increase the possibility of becoming infected from the COVID-19 virus. On March 19, 2020, the Company began to demobilize vulnerable workers, assigned a work-from-home directive for its administrative personnel and reduced the workforce at its mines in Mexico by approximately 30% in order to increase physical distancing throughout the operations, offices, and personnel transport systems. On March 31, 2020, Mexico's Ministry of Health issued a National Agreement for the immediate suspension of non-essential activities until April 30, 2020, which was subsequently extended to May 30, 2020. The Company suspended its La Colorada and Dolores operations in early April to comply with this National Agreement. Mining operations were permitted to prepare to restart in late May, 2020, as the government began lifting some of the lockdown restrictions and redefined the mining industry as an essential business.

On May 24, 2020, underground mining and processing activities resumed at La Colorada at reduced capacity to accommodate physical distancing restrictions. Work on advancing the two new mine ventilation raises was authorized to continue throughout the COVID-19 suspension of normal operations. The 345 to 528 level underground ventilation raise was successfully bored to 2.1-meter diameter in Q3 2020. The ventilation raise is being shotcrete, lined and equipped during the fourth quarter of 2020 ("Q4 2020"). The larger 3.1-meter diameter exhaust ventilation raise from surface to underground is expected to be completed in the second quarter of 2021, slightly behind the originally anticipated timeframe of end of 2020 due to COVID-19 restrictions. The larger ventilation raise is a longer term solution that provides enhanced ventilation to the furthest extents of the current reserves.

At the Dolores operation, open pit mining, crushing, and heap leaching production activities resumed on June 1, 2020 at modestly reduced capacity to accommodate physical distancing restrictions. The pulp agglomeration plant restarted in mid-June 2020 and underground mining resumed in July 2020. Circulation of process solutions on the heap leach pads continued during the suspension, allowing gold and silver production from pad inventory at reduced rates. Construction activity on the heap leach pad expansion will resume in Q4 2020 once the rain season has passed.

### Peru

On March 15, 2020, the government of Peru declared a State of Emergency, requiring a national quarantine. To comply with the order, the Company assigned a work-from-home directive for its administrative personnel and temporarily suspended operations at its four Peruvian mines: Shahuindo, La Arena, Huaron and Morococha.

Open pit mining and run-of-mine heap leach activities at Shahuindo and La Arena resumed on May 15, 2020 at reduced capacities to accommodate physical distancing restrictions. Construction of the Shahuindo heap leach pad expansion and preparation for construction of the La Arena waste dump resumed in June 2020.

During the suspensions at both Shahuindo and La Arena, circulation of process solutions on the heap leach pads continued.

Operations resumed at Huaron and Morococha on June 7, 2020 and June 23, 2020, respectively; however, both mines were returned to care and maintenance on July 20, 2020 in response to several workers at the mines testing positive for COVID-19. Following intensive health screenings and testing for the virus that were developed and deployed at Shahuindo and La Arena during July and August 2020, the Company began gradually redeploying its workforce at Huaron and Morococha over last two weeks of September 2020.

### • **Financial Impacts**

The financial impacts of the COVID-19 pandemic on the Company are indeterminable at this time; however, based on the Company's financial position, the results of a management performed COVID-19 disruption and liquidity analysis, and the Company's access to capital, management believes that the Company's liquidity is sufficient to satisfy our anticipated 2020 working capital requirements, fund currently planned capital expenditures, and to discharge liabilities as they come due. Due in part to the pandemic Pan American has deferred certain capital expenditures and exploration spending. Please see the "Liquidity and Capital Position" and the "Risks and Uncertainties" sections of this MD&A for further information.

### **Silver and Gold Production**

The following table provides silver and gold production at each of Pan American's operations for the three and nine month periods ended September 30, 2020 and 2019. Production in 2019 for the Shahuindo, La Arena, and Timmins mines is subsequent to the February 22, 2019 closing date of the acquisition of Tahoe, as described in the "Acquisition of Tahoe" section of this MD&A. 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 September 30,		Nine months ended September 30,		Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Operations:</b>								
La Colorada	1,445	2,091	3,839	6,126	1.0	1.2	2.7	3.3
Dolores	871	1,496	3,016	3,835	22.7	33.1	67.5	91.6
Huaron	274	975	1,257	2,860	—	0.3	0.2	0.8
Morococha <sup>(1)</sup>	142	588	646	1,901	0.1	0.3	0.4	1.2
San Vicente <sup>(2)</sup>	655	860	1,657	2,651	0.1	0.1	0.2	0.3
Manantial Espejo	606	606	1,804	1,782	5.4	5.4	15.4	15.7
Shahuindo <sup>(3)</sup>	81	37	185	82	33.0	40.6	108.8	101.9
La Arena <sup>(3)</sup>	9	6	22	15	21.6	31.0	64.0	74.1
Timmins <sup>(3)</sup>	4	5	13	12	32.8	38.3	110.3	96.4
<b>Total<sup>(4)</sup></b>	<b>4,087</b>	<b>6,665</b>	<b>12,440</b>	<b>19,264</b>	<b>116.9</b>	<b>150.2</b>	<b>369.6</b>	<b>385.3</b>

(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.

(3) Reflects production results subsequent to the February 22, 2019 closing date of the Acquisition, as described in the "Acquisition of Tahoe" section of this MD&A.

(4) Totals may not add due to rounding.

## Silver Production

Consolidated silver production in Q3 2020 of 4.09 million ounces was 39% lower than the 6.67 million ounces produced in Q3 2019, primarily reflecting the COVID-19 related suspensions of Huaron and Morococha, reduced operating capacities at the other mines on account of adopting stringent COVID-19 protocols, lack of access to high-grade ore at La Colorada due to the delay in completing a ventilation project, and an in-process inventory build-up on the Dolores pads following draw-downs of those inventories in the second quarter of 2020.

## Gold Production

Consolidated gold production in Q3 2020 of 116.9 thousand ounces was 22% lower than the 150.2 thousand ounces produced in Q3 2019, primarily reflecting the replenishment of in-process inventories at the heap leach operations, as expected, following the drawdown of inventories that occurred during the COVID-19 related suspensions earlier in 2020. In addition, reduced operating capacities on account of COVID-19 protocols and adjustments being made to the mining methods at the Timmins Bell Creek mine reduced gold production.

## Base Metal Production

The following table provides the Company's base metal production for the three and nine-month periods ended September 30, 2020 and 2019:

	Base Metal Production			
	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Zinc – kt	8.6	16.8	26.0	51.0
Lead – kt	3.4	6.8	10.4	20.2
Copper – kt	0.7	2.3	2.9	6.4

Zinc, lead and copper production in Q3 2020 were each lower than in Q3 2019, largely the result of the COVID-19 related mine suspensions at Huaron and Morococha and addressing the ventilation upgrades at La Colorada.

## Cash Costs and AISC

The quantification of both Cash Costs and AISC measures is described in detail, and where appropriate reconciled to the Q3 2020 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 nine months ended September 30, 2020, as compared to the same periods in 2019. Gold Segment mines' cost measures for 2019 represent results from February 22, 2019 onwards.

	Cash Costs <sup>(1)</sup> (\$ per ounce)				AISC <sup>(1)</sup> (\$ per ounce)			
	Three months ended September 30,		Nine months ended September 30,		Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
La Colorada	6.54	2.82	6.97	2.59	10.07	4.03	10.48	4.15
Dolores	(5.12)	0.00	(0.22)	3.27	(22.92)	7.45	8.74	17.89
Huaron	(0.97)	5.32	4.83	3.80	5.78	8.69	8.46	7.24
Morococha	6.07	5.66	11.00	2.52	13.23	11.36	18.46	7.60
San Vicente	18.08	13.04	14.97	10.90	20.08	15.21	17.15	11.94
Manantial Espejo	14.03	24.22	14.52	22.09	12.22	21.35	14.48	19.33
<b>Silver Segment Consolidated<sup>(2)</sup></b>	<b>7.14</b>	<b>5.47</b>	<b>7.39</b>	<b>5.89</b>	<b>6.01</b>	<b>8.80</b>	<b>11.75</b>	<b>10.14</b>
Shahuindo	464	552	580	555	616	775	724	738
La Arena	837	738	842	685	1,409	988	1,282	1,217
Timmins <sup>(3)</sup>	1,111	922	1,040	914	1,318	1,026	1,165	1,005
<b>Gold Segment Consolidated<sup>(2)</sup></b>	<b>793</b>	<b>729</b>	<b>811</b>	<b>722</b>	<b>1,057</b>	<b>920</b>	<b>1,007</b>	<b>972</b>
<b>Consolidated AISC per silver ounce sold<sup>(3)</sup>:</b>					<b>(8.42)</b>	<b>(0.11)</b>	<b>(1.79)</b>	<b>5.62</b>
<b>Consolidated AISC before NRV inventory adjustments</b>					<b>(2.56)</b>	<b>1.07</b>	<b>(1.04)</b>	<b>5.67</b>

- (1) Cash Costs and AISC are non-GAAP measures. Please refer to the section "Alternative Performance (Non-GAAP) Measures" of this MD&A for a detailed description of these measures and where appropriate a reconciliation of the measure to the Q3 2020 Financial Statements.
- (2) 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").
- (3) Consolidated silver basis total is calculated per silver ounce sold with total gold revenues included within by-product credits. G&A costs are included in the consolidated AISC, but not allocated in calculating AISC for each operation.

## Cash Costs

Silver Segment Cash Costs per ounce in Q3 2020 were \$7.14, \$1.67 higher than in Q3 2019. The increase is largely driven by lower throughput and grades at La Colorada, as the Company addresses the ventilation issues affecting access to certain areas of the mine, and higher royalty expense due to the timing of royalty recognition at San Vicente.

Gold Segment Cash Costs per ounce in Q3 2020 were \$793, \$64 higher than in Q3 2019. Gold Segment Cash Costs were negatively impacted by mine sequencing at La Arena, resulting in higher cost inventory being sold in Q3 2020, and lower grades at Timmins, largely due to adjusting mine methods to address geotechnical conditions encountered with the wider ore extensions discovered adjacent to reserves at the Timmins Bell Creek mine.

## AISC

Silver Segment AISC for Q3 2020 of \$6.01 was \$2.79 lower than Q3 2019. The decrease is primarily the result of a \$15.9 million increase in cost reducing net realizable value ("NRV") inventory adjustments, which more than offset the aforementioned increases to Cash Costs and higher sustaining capital per ounce due to the lower production rates.

Gold Segment AISC for Q3 2020 of \$1,057 was \$137 higher than Q3 2019, largely reflecting the same factors impacting Gold Segment Cash Costs described above, in addition to higher sustaining capital per ounce, as the operations catch up on the capital projects that were deferred during the COVID-19 suspensions earlier in 2020.

Consolidated AISC, based on total silver ounces sold net of by-product credits from all metals other than silver, was negative \$8.42 in Q3 2020, an \$8.31 decrease from Q3 2019. The quarter-over-quarter variance was largely the result of the NRV inventory adjustments described previously, higher gold prices and a greater weighting of gold production relative to silver production due to the impact of COVID-19 related suspensions on the Company's Silver Segment operations during Q3 2020.

## Individual Mine Performance

An analysis of performance at each operation in Q3 2020 compared with Q3 2019 follows. The project capital amounts invested in Q3 2020 are further discussed in the "Project Development Update" section of this MD&A.

### La Colorada Operation

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Tonnes milled – kt	160.4	190.9	419.6	571.7
Average silver grade – grams per tonne	307	370	312	363
Average zinc grade - %	2.95	3.27	2.86	3.19
Average lead grade - %	1.52	1.63	1.42	1.64
Production:				
Silver – koz	1,445	2,091	3,839	6,126
Gold – koz	1.04	1.23	2.70	3.33
Zinc – kt	4.14	5.51	10.45	16.12
Lead – kt	2.10	2.74	5.13	8.23
Cash Costs - \$ per ounce <sup>(1)</sup>	6.54	2.82	6.97	2.59
Sustaining capital - \$ thousands <sup>(2)</sup>	4,727	1,921	12,921	7,764
Care and maintenance costs - \$ thousands	(25)	—	7,973	—
AISC - \$ per ounce <sup>(1)</sup>	10.07	4.03	10.48	4.15
Payable silver sold - koz	1,408	1,802	3,963	5,814

(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 \$3.0 million and \$9.1 million of investing activity cash outflows for Q3 2020 and YTD 2020, respectively (Q3 2019 and the nine months ended September 30, 2019 ("YTD 2019"): \$3.8 million and \$8.2 million, respectively) related to investment capital incurred on the La Colorada projects, as disclosed in the "Project Development Update" section of this MD&A.

### Q3 2020 vs. Q3 2019

#### Production:

- Silver: 31% decrease, primarily due to lower grades and reduced throughput from restrictive COVID-19 operating protocols, which have also slowed the progress on upgrading ventilation circuits in the high-grade, deep Candelaria East area of the mine. The Company completed an underground ventilation raise during Q3 2020, and expects to complete the installation of an underground booster fan in Q4 2020, which should allow increased production from Candelaria East. The development of a larger ventilation raise from the surface, which is expected to address ventilation needs in the long term, is expected to be completed by mid-2021.
- By-products: 25% and 23% decreases in zinc and lead production, respectively, due to the same factors as described above.

**Cash Costs:** increased \$3.72 per ounce, primarily due to the lower silver production resulting in higher per ounce operating costs, as well as higher concentrate treatment and refining charges, and additional COVID-19 mitigation costs.

**Sustaining Capital:** primarily related to underground infrastructure investments, including developing short and long term ventilation raises, equipment replacements, lease payments for equipment, and near-mine exploration activities.

**AISC:** the \$6.04 per ounce increase was due to the same factors affecting Cash Costs, in addition to higher sustaining capital per ounce as a result of investment in critical capital projects.



**Dolores Operation**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Tonnes placed – kt	<b>1,948.8</b>	1,486.5	<b>4,538.8</b>	4,920.4
Average silver grade – grams per tonne	<b>27</b>	51	<b>32</b>	36
Average gold grade – grams per tonne	<b>0.63</b>	0.78	<b>0.59</b>	0.59
Production:				
Silver – koz	<b>871</b>	1,496	<b>3,016</b>	3,835
Gold – koz	<b>22.7</b>	33.1	<b>67.5</b>	91.6
<b>Cash Costs - \$ per ounce<sup>(1)</sup></b>	<b>(5.12)</b>	0.00	<b>(0.22)</b>	3.27
<b>Sustaining capital - \$ thousands<sup>(2)</sup></b>	<b>7,408</b>	13,522	<b>32,083</b>	41,554
<b>Care and maintenances costs - \$ thousands</b>	<b>—</b>	—	<b>10,175</b>	—
<b>AISC - \$ per ounce<sup>(1)</sup></b>	<b>(22.92)</b>	7.45	<b>8.74</b>	17.89
<b>Payable silver sold - koz</b>	<b>695</b>	1,328	<b>3,104</b>	3,522

(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 and \$nil of investing activity cash outflows for Q3 2020 and YTD 2020, respectively (Q3 2019 and YTD 2019: \$nil and \$0.4 million, respectively) related to investment capital incurred on the Mexico projects, as disclosed in the “Project Development Update” section of this MD&A.

**Q3 2020 vs. Q3 2019**
Production:

- Silver: 42% lower, primarily due to decreased grades from mine sequencing and a buildup of inventory-in-process on the pads following the drawdown of inventory during the Q2 2020 COVID-19 related mine suspension; partially offset by higher throughput.
- Gold: 31% lower for the same reasons described for silver production.

Cash Costs: decreased \$5.12 per ounce, primarily from a higher proportion of gold to silver revenues, resulting in lower Cash Costs on a silver basis.

Sustaining Capital: expenditures in Q3 2020 primarily related to pre-stripping activities, leach pad expansions, and COVID-19 testing equipment.

AISC: the decrease was due to the same factors affecting Cash Costs, in addition to \$16.1 million in higher cost-reducing NRV inventory adjustments.

**Huaron Operation**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Tonnes milled - kt	<b>68.3</b>	251.5	<b>325.1</b>	741.8
Average silver grade – grams per tonne	<b>148</b>	146	<b>145</b>	143
Average zinc grade - %	<b>2.68</b>	2.22	<b>2.58</b>	2.35
Average lead grade - %	<b>1.43</b>	1.21	<b>1.33</b>	1.19
Average copper grade - %	<b>0.89</b>	0.86	<b>0.84</b>	0.79
Production:				
Silver – koz	<b>274</b>	975	<b>1,257</b>	2,860
Gold – koz	<b>0.03</b>	0.28	<b>0.24</b>	0.76
Zinc – kt	<b>1.56</b>	4.10	<b>6.52</b>	13.12
Lead – kt	<b>0.76</b>	2.31	<b>3.26</b>	6.71
Copper – kt	<b>0.45</b>	1.66	<b>2.00</b>	4.45
<b>Cash Costs - \$ per ounce<sup>(1)</sup></b>	<b>(0.97)</b>	5.32	<b>4.83</b>	3.80
<b>Sustaining capital - \$ thousands</b>	<b>1,730</b>	2,740	<b>3,724</b>	8,102
<b>Care and maintenance costs - \$ thousands</b>	<b>10,092</b>	—	<b>20,850</b>	—
<b>AISC-\$ per ounce<sup>(1)</sup></b>	<b>5.78</b>	8.69	<b>8.46</b>	7.24
<b>Payable silver sold – koz</b>	<b>278</b>	869	<b>1,146</b>	2,517

(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.

**Q3 2020 vs. Q3 2019**
Production:

- Silver: 72% lower, primarily due to the COVID-19 related mine suspension. Operations were suspended on July 20, 2020 and resumed in late September.
- By-products: zinc, lead and copper production were 62%, 67% and 73% lower, respectively, primarily as a result of the COVID-19 related mine suspension.

Cash Costs: decreased \$6.29 per ounce, primarily due to lower operating costs per ounce during the ramp-up phase post the suspension. Cash Costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

Sustaining Capital: comprised mainly of equipment and facility leases, equipment replacements and ventilation projects.

AISC: decreased by \$2.91 per ounce as a result of the same factors that caused the decrease in Cash Costs, partially offset by higher sustaining capital per ounce as critical projects continued throughout the mine's suspension. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

**Morococha Operation<sup>(1)</sup>**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Tonnes milled – kt	<b>32.4</b>	169.9	<b>187.1</b>	509.7
Average silver grade – grams per tonne	<b>156</b>	122	<b>123</b>	131
Average zinc grade - %	<b>4.30</b>	3.82	<b>3.53</b>	3.83
Average lead grade - %	<b>1.77</b>	1.20	<b>1.29</b>	1.22
Average copper grade - %	<b>0.40</b>	0.46	<b>0.41</b>	0.44
Production:				
Silver – koz	<b>142</b>	588	<b>646</b>	1,901
Gold – koz	<b>0.08</b>	0.26	<b>0.39</b>	1.16
Zinc – kt	<b>1.24</b>	5.78	<b>5.78</b>	17.04
Lead – kt	<b>0.49</b>	1.60	<b>1.96</b>	4.95
Copper – kt	<b>0.06</b>	0.46	<b>0.46</b>	1.36
<b>Cash Costs - \$ per ounce<sup>(2)</sup></b>	<b>6.07</b>	5.66	<b>11.00</b>	2.52
<b>Sustaining capital (100%) - \$ thousands<sup>(3)</sup></b>	<b>974</b>	3,004	<b>4,040</b>	8,654
<b>Care and maintenance costs - \$ thousands</b>	<b>9,922</b>	—	<b>20,025</b>	—
<b>AISC - \$ per ounce<sup>(2)</sup></b>	<b>13.23</b>	11.36	<b>18.46</b>	7.60
<b>Payable silver sold (100%) - koz</b>	<b>127</b>	564	<b>590</b>	1,820

(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 \$0.2 million and \$0.8 million of investing activity cash outflows for Q3 2020 and YTD 2020, respectively (Q3 2019 and YTD 2019: \$0.8 million and \$1.5 million, respectively) related to Morococha plant studies, and is included in Other Projects as disclosed in the "Project Development Update" section of this MD&A.

**Q3 2020 vs. Q3 2019**
**Production:**

- Silver: 76% lower due to the COVID-19 related mine suspension. Operations were suspended on July 20, 2020 and resumed in late September.
- By-products: zinc, lead and copper production decreased by 79%, 69% and 87%, respectively, for the same reason described above.

**Cash Costs:** were \$0.41 per ounce higher, primarily due to lower by-product credits per ounce from lower zinc and lead prices and lower copper grades, as well as higher treatment and refining charges. These were partially offset by lower operating costs per ounce during the ramp-up phase post the suspension, as well as some cost reduction initiatives during care and maintenance. Cash Costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

**Sustaining Capital:** primarily related to near-mine exploration, mine equipment replacements, and equipment and facility leases.

**AISC:** \$1.87 per ounce higher due to the same factors affecting quarter-over-quarter Cash Costs, as well as an increase in sustaining capital per ounce as some critical projects continued during the suspension. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

**San Vicente Operation<sup>(1)</sup>**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Tonnes milled – kt	<b>78.6</b>	88.0	<b>192.1</b>	258.5
Average silver grade – grams per tonne	<b>286</b>	330	<b>295</b>	352
Average zinc grade - %	<b>2.58</b>	2.01	<b>2.08</b>	2.28
Average lead grade - %	—	0.20	—	0.13
Average copper grade - %	<b>0.28</b>	0.33	<b>0.28</b>	0.32
Production:				
Silver – koz	<b>655</b>	860	<b>1,657</b>	2,651
Gold – koz	<b>0.08</b>	0.13	<b>0.23</b>	0.35
Zinc – kt	<b>1.68</b>	1.40	<b>3.23</b>	4.70
Lead – kt	—	0.16	<b>0.02</b>	0.29
Copper – kt	<b>0.18</b>	0.23	<b>0.44</b>	0.63
<b>Cash Costs - \$ per ounce<sup>(2)</sup></b>	<b>18.08</b>	13.04	<b>14.97</b>	10.90
<b>Sustaining capital (100%) - \$ thousands</b>	<b>1,330</b>	1,508	<b>3,487</b>	2,912
<b>Care and maintenance costs - \$ thousands</b>	—	—	<b>2,890</b>	—
<b>AISC - \$ per ounce<sup>(2)</sup></b>	<b>20.08</b>	15.21	<b>17.15</b>	11.94
<b>Payable silver sold (100%) - koz</b>	<b>702</b>	728	<b>1,699</b>	3,002

(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.

**Q3 2020 vs. Q3 2019**
**Production:**

- Silver: 24% lower, primarily due to lower throughput from restrictive COVID-19 operating protocols and lower grades due to mine sequencing.
- By-products: a 20% increase and a 21% decrease in zinc and copper production, respectively, due to mine sequencing.

**Cash Costs:** were \$5.04 per ounce higher, primarily as a result of the additional COVID-19 mitigation costs, higher royalty expense due to increasing silver prices and the timing of royalty expense recognition.

**Sustaining Capital:** Q3 2020 expenditures primarily related to mine infrastructure investments, equipment replacements, near-mine exploration, and tailings storage facility investments.

**AISC:** the \$4.87 per ounce increase was due primarily to the same factors that increased Cash Costs.

**Manantial Espejo Operation**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Tonnes milled - kt	172.0	180.9	455.5	522.1
Average silver grade – grams per tonne	130	120	140	119
Average gold grade – grams per tonne	1.10	1.02	1.14	1.03
Production:				
Silver – koz	606	606	1,804	1,782
Gold – koz	5.45	5.41	15.39	15.71
Cash Costs - \$ per ounce <sup>(1)</sup>	14.03	24.22	14.52	22.09
Sustaining capital - \$ thousands <sup>(2)</sup>	756	677	2,531	2,062
Care and maintenance costs - \$ thousands	3,644	—	5,617	—
AISC - \$ per ounce <sup>(1)</sup>	12.22	21.35	14.48	19.33
Payable silver sold - koz	590	348	1,843	1,532

(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 \$1.1 million and \$6.3 million of investing activity cash outflows for Q3 2020 and YTD 2020, respectively (Q3 2019 and YTD 2019: \$5.2 million and \$18.1 million, respectively) related to the development of the Joaquin and COSE projects, as disclosed in the “Project Development Update” section of this MD&A.

**Q3 2020 vs. Q3 2019**
Production:

- Silver and Gold: were essentially flat, as lower throughput caused by the COVID-19 operating restrictions was offset by higher grade ore processed from the COSE and Joaquin deposits.

Cash Costs: were \$10.19 per ounce lower, primarily as a result of lower operating costs from lower diesel prices and the devaluation of the Argentine peso, and higher by-product credits per ounce due to higher gold prices.

Sustaining Capital: primarily related to lease payments for diesel generators on site and process plant equipment.

AISC: the \$9.13 per ounce decrease was largely due to the same factors resulting in lower quarter-over-quarter Cash Costs.

## Shahuindo Operation

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019 <sup>(1)</sup>
Tonnes milled - kt	3,251.5	3,318.8	7,906.0	7,769.4
Average silver grade – grams per tonne	9	9	9	8
Average gold grade – grams per tonne	0.51	0.60	0.56	0.61
Production:				
Silver – koz	81	37	185	82
Gold – koz	33.04	40.56	108.78	101.85
Cash Costs - \$ per ounce <sup>(2)</sup>	464	552	580	555
Sustaining capital - \$ thousands <sup>(3)</sup>	4,469	8,652	15,786	15,717
Care and maintenance costs - \$ thousands	107	—	3,855	—
AISC \$ per ounce <sup>(2)</sup>	616	775	724	738
Payable gold sold	31,973	40,904	117,712	93,449

- (1) The Shahuindo mine was acquired on February 22, 2019, and as such, the nine months ended September 30, 2019 financial and operating results of the mine have only been reported and included in the Company's consolidated results from this date forward.
- (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 \$0.4 million and \$0.5 million of investing activity cash outflows for Q3 2020 and YTD 2020, respectively (Q3 2019 and YTD 2019: \$1.5 million and \$3.3 million, respectively) related to the payment of final invoices 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.

### Q3 2020 vs. Q3 2019

#### Production:

- Gold: 19% lower due to a combination of lower grades from mine sequencing and a lower ratio of ounces recovered to stacked, as in-process inventories were replenished following the drawdown during the COVID-19 mine suspension earlier in 2020.

Cash Costs: were \$88 per ounce lower, primarily due to lower operating costs per ounce as certain non-critical expenditures were postponed due to COVID-19 operating protocols, as well as higher by-product credits due to higher silver sales.

Sustaining Capital: Q3 2020 expenditures primarily related to leach pad expansions, site infrastructure improvements, and payments for leased mining equipment.

AISC: decreased by \$159 per ounce due to the same factors that caused the decrease in Cash Costs, in addition to lower sustaining capital expenditures as a result of a reduction in available personnel to advance the leach pad projects, which has delayed some projects into 2021.

**La Arena Operation**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019 <sup>(1)</sup>
Tonnes milled - kt	<b>3,271.4</b>	2,962.0	<b>5,947.1</b>	5,877.9
Average silver grade – grams per tonne	<b>1</b>	—	<b>1</b>	—
Average gold grade – grams per tonne	<b>0.38</b>	0.38	<b>0.34</b>	0.41
Production:				
Silver – koz	<b>9</b>	6	<b>22</b>	15
Gold – koz	<b>21.61</b>	30.96	<b>63.97</b>	74.09
<b>Cash Costs - \$ per ounce<sup>(2)</sup></b>	<b>837</b>	738	<b>842</b>	685
<b>Sustaining capital - \$ thousands</b>	<b>9,510</b>	7,250	<b>24,294</b>	39,176
<b>Care and maintenance costs - \$ thousands</b>	<b>379</b>	—	<b>3,712</b>	—
<b>AISC - \$ per ounce<sup>(2)</sup></b>	<b>1,409</b>	988	<b>1,282</b>	1,217
<b>Payable gold sold</b>	<b>17,132</b>	30,886	<b>57,224</b>	76,145

(1) The La Arena mine was acquired on February 22, 2019, and as such, the nine months ended September 30, 2019 financial and operating results of the mine have only been reported and included in the Company's consolidated results from this date forward.

(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.

**Q3 2020 vs. Q3 2019**
Production:

- Gold: 30% decrease as a result of a lower ratio of ounces recovered to stacked, as in-process inventories were replenished following the drawdown during the mine suspension earlier in 2020.

Cash Costs: increased by \$99 per ounce from higher operating costs per ounce as we cycled through the higher cost inventory built up during the ramp-up after the COVID-19 mine suspension, in part due to mine sequencing of the high waste, low ore sections of the mine plan during that period.

Sustaining Capital: Q3 2020 expenditures comprised mainly of capitalized deferred stripping, waste storage facility expansions, and near-mine exploration.

AISC: increased by \$421 per ounce due to the same factors affecting Cash Costs, as well as higher sustaining capital per ounce due to the timing of project spending and the aforementioned decrease in gold production.

**Timmins Operation**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019 <sup>(1)</sup>
Tonnes milled - kt	<b>391.1</b>	413.8	<b>1,216.9</b>	1,006.8
Average silver grade – grams per tonne	—	—	—	—
Average gold grade – grams per tonne	<b>2.83</b>	3.26	<b>2.89</b>	3.18
Production:				
Silver – koz	<b>4</b>	5	<b>13</b>	12
Gold – koz	<b>32.81</b>	38.28	<b>110.32</b>	96.44
<b>Cash Costs - \$ per ounce<sup>(2)</sup></b>	<b>1,111</b>	922	<b>1,040</b>	914
<b>Sustaining capital - \$ thousands<sup>(3)</sup></b>	<b>5,449</b>	2,982	<b>11,174</b>	6,969
<b>Care and maintenance costs - \$ thousands</b>	—	—	—	—
<b>AISC - \$ per ounce<sup>(2)</sup></b>	<b>1,318</b>	1,026	<b>1,165</b>	1,005
<b>Payable gold sold</b>	<b>30,750</b>	36,200	<b>110,930</b>	96,900

(1) The Timmins mines were acquired on February 22, 2019, and as such, the nine months ended September 30, 2019 financial and operating results of the mine have only been reported and included in the Company's consolidated results from this date forward.

(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 \$0.3 million and \$1.5 million of investing activity cash outflows for Q3 2020 and YTD 2020, respectively (Q3 2019 and YTD 2019: \$0.4 million and \$2.6 million, respectively) related to investment capital incurred on the Timmins projects, as disclosed in the "Project Development Update" section of this MD&A.

**Q3 2020 vs. Q3 2019**
**Production:**

- Gold: a 14% decrease, primarily from lower grades due a lower cut-off grade and lower throughput than expected, as the Bell Creek deposit has progressed to depths where the weak characteristics of the surrounding rock units are impacting targeted mining rates. As such, we have reduced the mining rates in the deeper zones of the Bell Creek deposit to permit installation of additional ground support. Meanwhile the Company is evaluating alternative mining methods, ground support designs and mine sequencing to address the ground conditions at depth, particularly considering the substantially increased width of the ore zones being discovered in the deeper extents of the Bell Creek deposit.

**Cash Costs:** an increase of \$189 per ounce, primarily as a result of the lower production.

**Sustaining Capital:** Q3 2020 expenditures primarily related to tailings storage facility expansions, mine equipment refurbishments and replacements, near-mine exploration, and lease payments for mining equipment.

**AISC:** the \$292 per ounce increase was the result of the same factors that increased Cash Costs, as well as higher sustaining capital per ounce.



## 2020 ANNUAL OPERATING OUTLOOK

On May 6, 2020, the Company withdrew its 2020 annual production, Cash Costs, AISC and capital expenditure forecasts, as provided in the 2019 annual MD&A dated March 12, 2020. The decision to withdraw 2020 Guidance was based on the uncertainties regarding the impact of the COVID-19 pandemic on our operations. The Company subsequently revised its 2020 annual production, Cash Costs, AISC and capital expenditure forecasts in the Q2 2020 MD&A dated August 5, 2020 (the "August 2020 Forecast"), which has also been summarized in the following section. 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 YTD 2020 metal production compared to the August 2020 Forecast amounts:

	YTD 2020 Actual	August 2020 Forecast
Silver – Moz	12.44	19.0 - 22.0
Gold – koz	369.6	525.0 - 575.0
Zinc – kt	26.0	40.0 - 43.0
Lead – kt	10.4	17.0 - 18.0
Copper – kt	2.9	4.3 - 4.9

Based on YTD 2020 production results and the expected production for the remainder of the year, Management is revising the full-year consolidated silver production estimate to between 18.0 and 19.0 million ounces. The forecast annual silver production largely reflects the COVID-19 related suspensions of Huaron and Morococha, reduced operating capacities on account of stringent COVID-19 operating protocols at the other mines, and an inability to access high-grade ore at La Colorada due to the delay in completing the first ventilation raise.

### Cash Costs and AISC Compared to Forecast:

The following table summarizes 2020 Cash Costs and AISC for each operation YTD 2020 compared to the respective August 2020 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 <sup>(1)</sup> (\$ per ounce)		AISC <sup>(1)</sup> (\$ per ounce)	
	August 2020 Forecast	YTD 2020 Actual	August 2020 Forecast <sup>(2)</sup>	YTD 2020 Actual
<b>Silver Segment:</b>				
La Colorada	6.20 - 7.00	6.97	9.50 - 10.50	10.48
Dolores	(5.60) - (3.90)	(0.22)	3.90 - 7.40	8.74
Huaron	8.20 - 9.10	4.83	11.80 - 12.80	8.46
Morococha (92.3%) <sup>(3)</sup>	11.00 - 12.30	11.00	16.80 - 18.40	18.46
San Vicente (95.0%) <sup>(3)</sup>	14.30 - 16.20	14.97	16.10 - 18.20	17.15
Manantial Espejo	13.80 - 15.90	14.52	15.30 - 17.70	14.48
<b>Total<sup>(3)</sup></b>	<b>6.20 - 7.70</b>	<b>7.39</b>	<b>10.50 - 12.50</b>	<b>11.75</b>
<b>Gold Segment:</b>				
Shahuindo	590 - 660	580	860 - 960	724
La Arena	760 - 860	842	1,140 - 1,260	1,282
Timmins	1,030 - 1,060	1,040	1,175 - 1,240	1,165
<b>Total</b>	<b>800 - 860</b>	<b>811</b>	<b>1,050 - 1,125</b>	<b>1,007</b>
<b>Consolidated Silver Basis<sup>(4)</sup></b>			<b>(3.00) - 0.75</b>	<b>(1.79)</b>

(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 Q3 2020 Financial Statements. The Cash Costs and AISC forecasts assume the realized prices and exchange rates provided in the MD&A for the period ended June 30, 2020.

- (2) 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.
- (3) Morococha data represents Pan American’s 92.3% interest in the mine’s production. San Vicente data represents Pan American’s 95.0% interest in the mine’s production.
- (4) Consolidated total is calculated per silver ounce sold with gold revenues included in the by-product credits.

Based on YTD 2020 Cash Costs and AISC results and the expected production and costs for the remainder of the year, Management reaffirms the August 2020 Forecast AISC and Cash Costs as shown in the table above.

### Capital Expenditures Relative to Forecast:

The following table summarizes the YTD 2020 capital expenditures compared to the August 2020 Forecast:

	2020 Capital Expenditures (\$ millions)	
	YTD 2020 Actual	August 2020 Forecast
La Colorada	12.9	19.0 – 19.5
Dolores	32.1	42.0 – 42.5
Huaron	3.7	5.5 – 6.0
Morococha	4.0	5.5 – 6.0
San Vicente	3.5	3.5 – 4.0
Manantial Espejo	2.5	3.0
Shahuindo	15.8	44.5 - 45.5
La Arena	24.3	40.0 - 41.0
Timmins	11.2	23.0 - 24.0
<b>Sustaining Capital Sub-total</b>	<b>109.8</b>	<b>185.0 - 189.0</b>
La Colorada Skarn project	9.1	13.5 - 14.0
Timmins expansion	1.5	4.0 - 4.5
Other	7.6	7.5
<b>Project Capital Sub-total</b>	<b>18.2</b>	<b>25.0 - 26.0</b>
<b>Total Capital</b>	<b>128.0</b>	<b>210.0 - 215.0</b>

Based on capital expenditures to date and those expected for the remainder of 2020, Management is revising the forecast annual expenditures down by approximately \$15.0 million. Management’s updated 2020 annual sustaining capital forecast range is between \$175.0 million and \$180.0 million, a decrease from the previous range of \$185.0 - \$189.0 million; further, the revised annual project capital forecast is between \$20.0 million and \$21.0 million, a decrease from the previous range of \$25.0 to \$26.0 million. These reductions reflect the deferral of certain capital investments.

## PROJECT DEVELOPMENT UPDATE

The following table reflects the amounts spent on each of Pan American's major projects in Q3 2020 compared with Q3 2019:

Project Development Capital <sup>(1)</sup> (thousands of USD)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Mexico projects	3,009	3,821	9,062	8,577
Joaquin and COSE projects	1,081	5,232	6,328	18,132
Timmins projects	280	435	1,506	2,607
Other	543	2,300	1,267	5,800
<b>Total</b>	<b>4,913</b>	<b>11,788</b>	<b>18,162</b>	<b>35,116</b>

(1) Categorization of the Q3 2019 amounts has been changed from that reported in the Q3 2019 MD&A to conform to the current period categorizations.

During Q3 2020, the Company achieved the following progress on its projects:

### Mexico Projects:

The Company spent \$3.0 million on exploration drilling activities relating to the La Colorada skarn deposit.

### Joaquin and COSE Projects:

The Company spent \$1.0 million on the final development of the COSE project, directed mainly at advancing development of the underground mine. The Manantial Espejo plant began processing ore mined from COSE in early September 2020.

### Timmins Projects:

The Company spent \$0.3 million on projects at Timmins, primarily related to purchasing equipment and materials for an expansion of operations, which continues to be delayed due to the COVID-19 pandemic.

## OVERVIEW OF Q3 2020 FINANCIAL RESULTS

### Selected Annual and Quarterly Information

The following tables set out selected quarterly results for the past eleven 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 both 2019 and 2018 included impairment charges to the Manantial Espejo mine and the COSE and Joaquin projects.

2020 (In thousands of USD, other than per share amounts)	Quarter Ended		
	March 31	June 30	Sept 30
Revenue	\$ 358,428	\$ 249,509	\$ 300,414
Mine operating earnings	\$ 50,058	\$ 48,386	\$ 124,561
Earnings for the period attributable to equity holders	\$ (76,807)	\$ 20,063	\$ 65,741
Basic earnings per share	\$ (0.37)	\$ 0.10	\$ 0.31
Diluted earnings per share	\$ (0.37)	\$ 0.10	\$ 0.31
Cash flow from operating activities	\$ 114,051	\$ 62,750	\$ 114,943
Cash dividends paid per share	\$ 0.050	\$ 0.050	\$ 0.070
<b>Other financial information</b>			
Total assets			\$ 3,304,469
Total long-term financial liabilities <sup>(1)</sup>			\$ 351,765
Total attributable shareholders' equity			\$ 2,445,699

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

2019 (In thousands of USD, other than per share amounts)	Quarter Ended				Year Ended
	March 31 <sup>(1)</sup>	June 30 <sup>(1)</sup>	Sept 30 <sup>(1)</sup>	Dec 31	Dec 31
Revenue <sup>(2)</sup>	\$ 253,699	\$ 340,494	\$ 352,187	\$ 404,379	\$ 1,350,759
Mine operating earnings <sup>(2)</sup>	\$ 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	\$ 0.140
<b>Other financial information</b>					
Total assets					\$ 3,461,682
Total long-term financial liabilities <sup>(3)</sup>					\$ 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 after a change in management's intentions. 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.

2018 (In thousands of USD, other than per share amounts)	Quarter Ended				Year Ended
	March 31	June 30	Sept 30	Dec 31	Dec 31
Revenue	\$ 206,961	\$ 216,460	\$ 187,717	\$ 173,357	\$ 784,495
Mine operating earnings (loss)	\$ 55,124	\$ 54,851	\$ (4,412)	\$ (4,666)	\$ 100,897
Earnings (loss) for the period attributable to equity holders	\$ 47,376	\$ 36,187	\$ (9,460)	\$ (63,809)	\$ 10,294
Basic earnings (loss) per share	\$ 0.31	\$ 0.24	\$ (0.06)	\$ (0.42)	\$ 0.07
Diluted earnings (loss) per share	\$ 0.31	\$ 0.24	\$ (0.06)	\$ (0.42)	\$ 0.07
Cash flow from operating activities	\$ 34,400	\$ 66,949	\$ 41,699	\$ 11,930	\$ 154,978
Cash dividends paid per share	\$ 0.035	\$ 0.035	\$ 0.035	\$ 0.035	\$ 0.140
<b>Other financial information</b>					
Total assets					\$ 1,937,476
Total long-term financial liabilities <sup>(1)</sup>					\$ 96,828
Total attributable shareholders' equity					\$ 1,508,212

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

## Income Statement: Q3 2020 vs. Q3 2019

**Net earnings** of \$65.3 million was recorded in Q3 2020 compared to net earnings of \$37.7 million in Q3 2019, which corresponds to basic earnings per share of \$0.31 and \$0.18, respectively.

The following table highlights the differences between net earnings in Q3 2020 compared with Q3 2019:

Net earnings, three months ended September 30, 2019	\$	37,719	Note
<b>Revenue:</b>			
Increased realized metal prices	\$	64,636	
Lower quantities of metal sold		(124,429)	
Decreased direct selling costs		3,791	
Decreased negative settlement adjustments		4,229	
<b>Total decrease in revenue</b>		<b>(51,773)</b>	<b>(1)</b>
<b>Cost of sales:</b>			
Decreased production costs and increased royalty charges	\$	84,917	<b>(2)</b>
Decreased depreciation and amortization		27,567	<b>(3)</b>
<b>Total decrease in cost of sales</b>		<b>112,484</b>	
<b>Total increase in mine operating earnings</b>		<b>60,711</b>	
Decreased investment income		(23,084)	<b>(4)</b>
Increased care and maintenance costs		(20,758)	<b>(5)</b>
Decreased interest and finance expense		3,889	<b>(6)</b>
Decreased foreign exchange loss		3,650	<b>(7)</b>
Decreased transaction and integration costs		2,863	
Increased general and administrative expense		(2,130)	
Increased other expense		(1,772)	
Decreased net loss on commodity contracts, derivatives and asset sales		1,486	
Decreased income tax expense		1,460	
Increased dilution gain, net of share of income from associate		999	
Decreased exploration and project development expense		227	
<b>Net earnings, three months ended September 30, 2020</b>	<b>\$</b>	<b>65,260</b>	

- Revenue** for Q3 2020 was \$51.8 million lower than in Q3 2019, as a result of decreased quantities of metal sold, partially offset by higher realized prices, and both lower treatment and refining charges and negative concentrate settlement adjustments. The lower quantities of metal sold reflect the lower production, primarily as a result of the previously discussed COVID-19 related throughput reductions and mine suspensions. The lower quantities sold were partially offset by higher precious metal prices, with realized silver and gold prices up 44% and 30% from Q3 2019, respectively; however, the increase in precious metal prices was partially offset by lower realized zinc and lead prices.

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

	Realized Metal Prices <sup>(1)</sup>		Quantities of Metal Sold <sup>(2)</sup>	
	Three months ended September 30,		Three months ended September 30,	
	2020	2019	2020	2019
Silver	\$ 24.77	\$ 17.16	3,864	5,683
Gold	\$ 1,914	\$ 1,477	102.5	144.2
Zinc	\$ 2,189	\$ 2,276	6.8	14.8
Lead	\$ 1,822	\$ 2,002	3.6	6.3
Copper	\$ 6,463	\$ 5,780	0.7	2.0

(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 Q3 2020 were \$84.9 million lower than in Q3 2019. The decrease was driven by an \$87.4 million, or 43%, decline in production costs, partially offset by a \$2.5 million increase in royalty costs. The lower production costs reflect the lower sales volumes for all metals, though primarily silver and gold, which were down 32% and 29%, respectively, from Q3 2019. All the production and related sales volumes decreases were largely attributable to COVID-19 related throughput reductions and mine suspensions in Q3 2020. Approximately \$31.1 million of the quarter-over-quarter production cost decrease was attributable to the suspension of Morococho and Huaron for most of Q3 2020, as previously discussed. Production costs at the open pit mines decreased approximately \$44.8 million quarter-over-quarter, excluding net realizable value ("NRV") inventory adjustments, reflecting the lower sales volumes from the previously discussed reduced production rates. Further reducing production costs were \$22.6 million of non-cash cost reducing positive NRV inventory adjustments in Q3 2020, which were mainly from increased precious metals prices. These adjustments reflected a \$15.9 million decrease from Q3 2019 positive NRV inventory adjustments of \$6.7 million. The majority of the adjustments in each period were related to inventories at the Dolores mine.
3. **Depreciation and amortization ("D&A") expense** was \$27.6 million lower than in Q3 2019, reflecting: (i) lower sales volumes as a result of the COVID-19 related throughput reductions and mine suspensions; and (ii) \$3.6 million of D&A on the suspended Peruvian underground mines being included in care and maintenance costs.
4. **Investment income** was \$13.1 million in Q3 2020, \$23.1 million lower than in Q3 2019. Investment income in each quarter, along with the quarter-over-quarter decrease, was driven by fair value "mark-to-market" adjustments on the Company's equity investment in New Pacific Metals Corp.
5. **Care and maintenance costs** were \$27.1 million in Q3 2020, a \$20.8 million increase from Q3 2019, reflecting the COVID-19 related mine suspensions of Huaron and Morococho during Q3 2020.
6. **Interest and finance costs** were \$3.9 million lower in Q3 2020, reflecting both a lower amount drawn on the Company's Credit Facility and lower interest rates compared to Q3 2019.
7. **Foreign exchange losses** were \$3.7 million lower in Q3 2020, reflecting reduced devaluation mainly on Argentinian peso denominated value added tax receivables.

### Statement of Cash Flows: Q3 2020 vs. Q3 2019

**Cash flow from operations** in Q3 2020 totaled \$114.9 million, \$33.0 million more than the \$81.9 million generated in Q3 2019. The increase was mainly attributable to a \$23.9 million increase in cash from changes in non-cash operating working capital and a \$6.7 million decrease in tax payments. The higher cash mine operating earnings from the Gold Segment mines was largely offset by the care and maintenance costs associated with the suspensions of Huaron and Morococha in Q3 2020.

Working capital changes in Q3 2020 resulted in a \$9.0 million source of cash compared with a \$14.9 million use of cash in Q3 2019. The Q3 2020 source of cash was mainly driven by a \$23.9 million build-up in accounts payables and a \$21.0 million source of cash from VAT accounts receivables, which was largely offset by a \$37.2 million build-up in inventories, largely a result of the normalization of inventories at the Company's three heap leach operations. The Q3 2019 use of cash from working capital changes was largely the result of a build-up in accounts receivable balances.

**Investing activities** used \$34.6 million in Q3 2020, primarily related to the \$38.8 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 \$5.2 million in proceeds from the sale of short-term investments. In Q3 2019, investing activities utilized \$47.5 million primarily from the \$49.9 million spent on mineral properties, plant and equipment.

**Financing activities** in Q3 2020 used \$117.4 million compared to \$31.2 million used in Q3 2019. Cash used in Q3 2020 primarily consisted of a net \$110.0 million repayment of the Credit Facility, \$10.5 million in dividends, and \$2.9 million of lease repayments, partially offset by \$5.6 million in proceeds from short-term loans in Peru due to the mine suspensions at Huaron and Morococha. The net cash used in Q3 2019 consisted primarily of a \$20.0 million repayment of the Credit Facility, \$7.3 million paid as dividends to shareholders and \$4.7 million of lease payments.

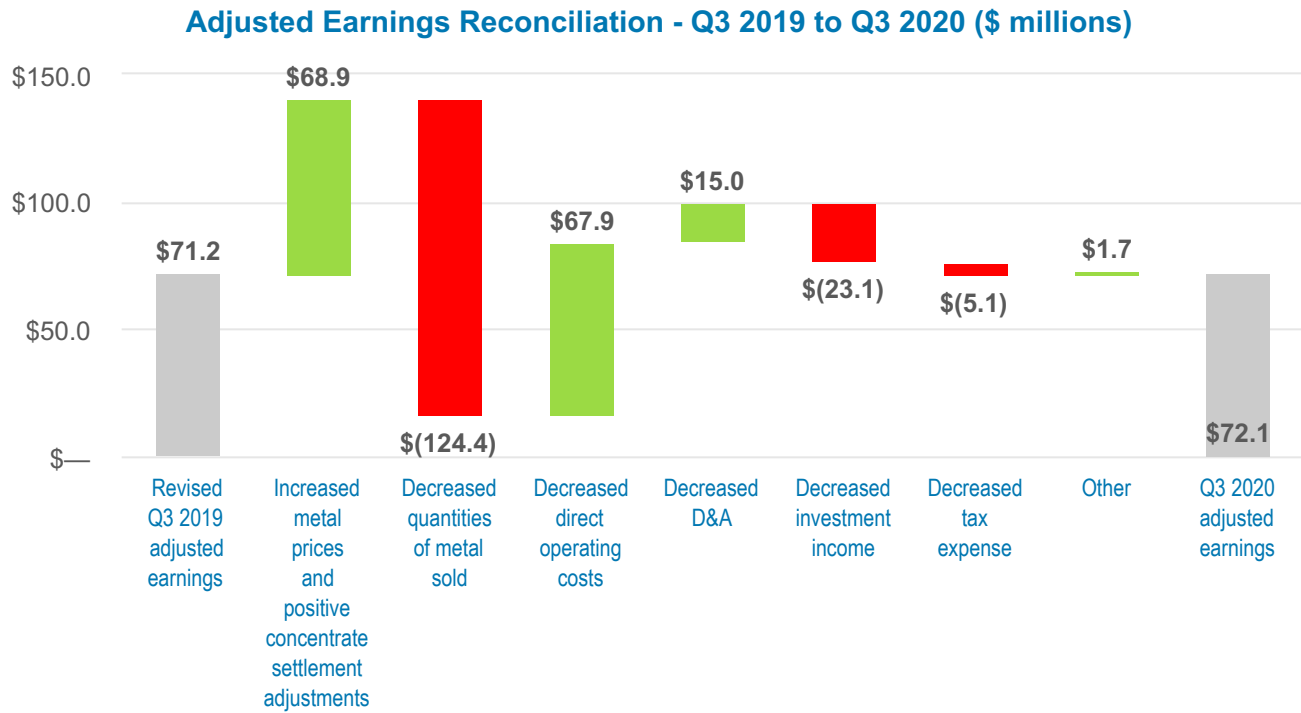
### Adjusted Earnings: Q3 2020 vs Q3 2019

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 Q3 2020 Financial Statements.

**Adjusted Earnings** in Q3 2020 was \$72.1 million, representing basic adjusted earnings per share of \$0.34, compared to the revised Q3 2019 adjusted earnings of \$71.2 million, and basic adjusted earnings per share of \$0.34. Q3 2020 adjusted earnings included investment income of \$13.1 million and excluded COVID-19 related care and maintenance expenses of \$20.5 million, among other adjustments.

The Q3 2019 adjusted earnings has been revised from that originally reported in the Q3 2019 to include D&A from the Timmins operation. A description of these adjustments is included in the "Adjusted Earnings" portion of the "Alternative Performance (Non-GAAP) Measures" section of this MD&A.

The following chart illustrates the key factors leading to the change in adjusted earnings from Q3 2019 to Q3 2020:





## Income Statement: YTD 2020 vs. YTD 2019

**Net earnings** of \$7.4 million was recorded YTD 2020 compared to net earnings of \$59.5 million in YTD 2019, which corresponds to basic earnings per share of \$0.04 and \$0.30, respectively.

The following table highlights the difference between net earnings in YTD 2020 compared with YTD 2019:

<b>Net earnings, nine months ended September 30, 2019</b>		<b>\$</b>	<b>59,538</b>	<b>Note</b>
<b>Revenue:</b>				
Increased realized metal prices	\$	150,889		
Lower quantities of metal sold		(201,062)		
Decreased direct selling costs		13,001		
Increased negative settlement adjustments		(857)		
<b>Total increase in revenue</b>			<b>(38,029)</b>	<b>(1)</b>
<b>Cost of sales:</b>				
Decreased production costs and decreased royalty charges	\$	122,147		<b>(2)</b>
Decreased depreciation and amortization		8,209		<b>(3)</b>
<b>Total decrease in cost of sales</b>			<b>130,356</b>	
<b>Total increase in mine operating earnings</b>			<b>92,327</b>	
Increased care and maintenance costs			(79,696)	<b>(4)</b>
Increased income tax expense			(39,756)	<b>(5)</b>
Decreased investment income			(18,648)	<b>(6)</b>
Decreased net gain on asset sales, commodity contracts and derivatives			(10,098)	<b>(7)</b>
Increased other expense			(9,337)	<b>(8)</b>
Decreased transaction and integration costs			7,712	<b>(9)</b>
Decreased interest and finance expense			5,334	<b>(10)</b>
Increased general and administrative expense			(3,951)	
Decreased foreign exchange loss			3,705	
Decreased exploration and project development expense			3,117	
Decreased dilution gain, net of share of loss from associate			(2,810)	
<b>Net earnings, nine months ended September 30, 2020</b>			<b>\$</b>	<b>7,437</b>

- 1. Revenue** YTD 2020 was \$38.0 million lower than in YTD 2019 as a result of the increase in realized precious metal prices being more than offset by decreased quantities of metal sold. YTD 2020 realized gold and silver prices were 25% and 21% higher, respectively, than those in YTD 2019, although this was partially offset by lower realized base metal prices in 2020. The lower quantities of metal sold were due to lower metal production and sales volumes for all metals, reflecting the previously discussed COVID-19 related throughput reductions and mine suspensions. Despite the COVID-19 related impact on production, gold quantities sold YTD 2020 were only 1% lower than YTD 2019, due partly to a full nine months of production recorded for the gold segment operations in 2020 compared to production recorded only from the February 22, 2019 closing date of the Tahoe acquisition in 2019.

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

	Realized Metal Prices <sup>(1)</sup>		Quantities of Metal Sold <sup>(2)</sup>	
	Nine months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Silver	\$ 19.06	\$ 15.81	12,585	18,284
Gold	\$ 1,711	\$ 1,373	371.6	377.2
Zinc	\$ 2,099	\$ 2,605	21.2	44.9
Lead	\$ 1,816	\$ 1,972	11.0	19.7
Copper	\$ 5,860	\$ 6,019	2.5	5.6

(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** YTD 2020 were \$122.1 million lower than in YTD 2019. The decrease was attributable to production costs being \$121.7 million lower, due largely to: (i) production costs from the silver segment operations being approximately \$116.1 million lower, reflecting the COVID-19 related mine suspensions and reduced throughput; (ii) negative NRV inventory adjustments being \$8.6 million lower; partially offset by; (iii) approximately \$3.2 million higher production costs from the gold segment mines, with increased costs at Timmins and Shahuindo being largely offset by decreased costs at La Arena. YTD cost variances reflect the lower sales volumes in Q3 2020 from the decreased production levels, as previously discussed in the "Individual Mine Performance" section of this MD&A, largely offset by a full nine months of production, including limited heap leach production at La Arena, Shahuindo and Dolores during the suspensions, compared with 2019, which only included production and sales from the February 22, 2019 closing date of the Tahoe acquisition onwards.
3. **D&A expense** was \$8.2 million lower than YTD 2019, largely due to lower sales volumes from the COVID-19 related mine suspensions and \$16.8 million of D&A on certain assets at the suspended mines being included in care and maintenance costs, partially offset by a \$27.2 million increase in D&A at the Gold Segment mines in 2020, which reflects the full nine months of depreciation in 2020 compared to 2019, when depreciation was recorded only from the February 22, 2019 acquisition date onwards.
4. **Care and maintenance costs** totaled \$95.4 million YTD 2020, which was a \$79.7 million increase from YTD 2019, and reflects the previously discussed COVID-19 related mine suspensions in 2020.
5. **Income tax expense** of \$85.1 million during YTD 2020 was \$39.8 million higher than the \$45.3 million in YTD 2019. The higher taxes were largely attributable to the significant devaluation of the Mexican peso, and to a lesser extent the Peruvian sol, in 2020, which resulted in a decrease to the deductible tax attributes in Mexico and Peru.
6. **Investment income** was \$32.3 million YTD 2020, \$18.6 million lower than YTD 2019. Investment income in each period largely reflects fair value "mark-to-market" adjustments and realized gains on the Company's equity investment in New Pacific Metals Corp.
7. **Net gain on asset sales, commodity contracts and derivatives** was \$10.1 million lower YTD 2020 compared to YTD 2019, the result of a \$3.7 million loss being recognized on foreign currency and diesel contracts in YTD 2020, due largely to the devaluation of the Mexican peso, Canadian dollar, and Peruvian sol relative to the US dollar during 2020, compared to \$1.8 million of gains in YTD 2019; and, a \$1.9 million loss recognized on the sale of mineral properties in YTD 2020 compared to gains of \$2.8 million in YTD 2019.
8. **Other expense** of \$8.5 million was \$9.3 million higher in YTD 2020, driven largely by commissions and transactions costs associated with the sale of Maverix and New Pacific Metals Corp. shares during 2020, and the settlement of certain claims by former contractors of the Company.

9. **Transaction and integration costs** were \$7.7 million lower in YTD 2020 because no such costs were recorded whereas in YTD 2019 these costs were incurred in relation to the Tahoe acquisition.
10. **Interest and finance costs** of \$15.6 million were \$5.3 million lower in YTD 2020, reflecting both a lower amount drawn on the Company's Credit Facility and lower interest rates compared to YTD 2019.

### Statement of Cash Flows: YTD 2020 vs. YTD 2019

**Cash flow from operations** in YTD 2020 was \$291.7 million, \$139.2 million more than the \$152.6 million generated in YTD 2019. The increase was mostly related to an \$111.1 million increase in cash from working capital changes and an increase in cash mine operating earnings due to stronger precious metal prices, which more than offset the additional care and maintenance costs.

Working capital changes in YTD 2020 resulted in a \$78.4 million source of cash, primarily reflecting a \$63.1 million draw-down of accounts receivables, but also sources of cash from accounts payables, inventories and accrued liabilities. These working capital movements compared to the \$32.7 million use of cash in YTD 2019, which was driven primarily by the settlement of accounts payables and accrued liabilities related to the Tahoe transaction and a build-up in accounts receivables, partially offset by a release of inventories.

**Investing activities** utilized \$43.8 million YTD 2020, as the \$124.9 million spent on mineral properties, plant and equipment at the Company's mines and projects was mostly offset by the \$73.8 million received from the sale of short-term investments, primarily from a partial disposition of the Company's interests in New Pacific Metals Corp. and the disposition of a portion of the Company's equity investment in Maverix Metals Inc., net of the associated payment for the exercise of warrants, and the \$10.4 million in proceeds from the sale of certain non-core exploration-stage mineral properties.

In YTD 2019, investing activities utilized \$350.6 million, primarily related to the \$247.5 million investment (net of cash acquired) related to the acquisition of Tahoe and \$155.5 million spent on mineral properties, plant and equipment at the Company's mines and projects, partially offset by \$41.6 million from the net sale of short-term investments and \$10.2 million from the sale of mineral interests.

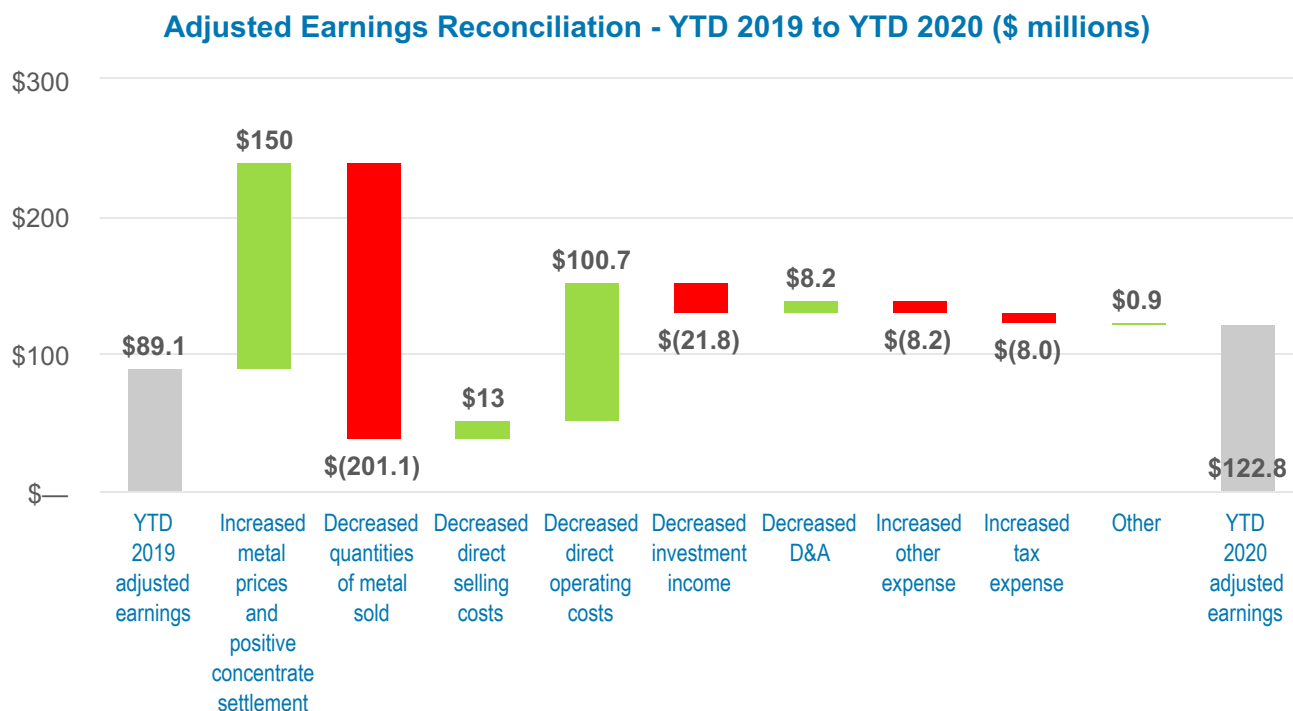
**Financing activities** in YTD 2020 utilized a net \$216.1 million compared to a \$155.2 million net source of cash in YTD 2019. Financing activities in YTD 2020 were primarily related to the net repayment of \$185.0 million of the Company's Credit Facility, \$31.5 million in dividends to shareholders, and \$9.9 million of lease repayments. Financing activities in YTD 2019 primarily consisted of the Credit Facility draw for the Tahoe acquisition and the repayment of Tahoe's facility, as well as \$22.0 million paid as dividends to shareholders and \$13.5 million of lease repayments.

### Adjusted Earnings: YTD 2020 vs YTD 2019

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 Q3 2020 Financial Statements.

**Adjusted Earnings** YTD 2020 were \$122.9 million, representing basic adjusted earnings per share of \$0.59, which was \$33.8 million, or \$0.14 per share, higher than YTD 2019 adjusted earnings of \$89.1 million, and basic adjusted earnings per share of \$0.45.

The following chart illustrates the key factors leading to the change in adjusted earnings from YTD 2019 to YTD 2020:



## LIQUIDITY AND CAPITAL POSITION

Liquidity and Capital Measures (in \$000s)	September 30, 2020	June 30, 2020	Dec. 31, 2019	Q3 2020 Change	YTD 2020 Change
Cash and cash equivalents ("Cash")	\$ 150,329	\$ 188,117	\$ 120,564	\$ (37,788)	\$ 29,765
Short-term Investments	\$ 81,302	\$ 73,449	\$ 117,776	\$ 7,853	\$ (36,474)
Cash and Short-term investments	\$ 231,631	\$ 261,566	\$ 238,340	\$ (29,935)	\$ (6,709)
Working Capital	\$ 465,609	\$ 471,552	\$ 517,249	\$ (5,943)	\$ (51,640)
Credit Facility committed amount	\$ 500,000	\$ 500,000	\$ 500,000	\$ —	\$ —
Credit Facility amounts drawn	\$ 90,000	\$ 200,000	\$ 275,000	\$ (110,000)	\$ (185,000)
Shareholders' equity	\$ 2,448,886	\$ 2,393,695	\$ 2,467,846	\$ 55,191	\$ (18,960)
Total debt <sup>(1)</sup>	\$ 129,826	\$ 236,946	\$ 316,208	\$ (107,120)	\$ (186,382)
Capital <sup>(2)</sup>	\$ 2,347,081	\$ 2,369,075	\$ 2,545,714	\$ (21,994)	\$ (198,633)

(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 decreased by \$29.9 million during Q3 2020. The decrease was driven by the repayment of \$110.0 million under the Company's Credit Facility, which was only partially funded by the Company's operating cash flow in the quarter.

Operating cash flows of \$114.9 million, which included a \$9.0 million source of cash from working capital changes and tax payments of \$9.5 million, more than funded the Company's investments in mineral properties, plant and equipment and its dividend and contributed to a significant portion of the \$110.0 million repayment of the Credit

Facility during Q3 2020. The working capital changes primarily reflect a significant reduction in value added tax receivable balances, which was partially offset by the build-up of heap leach pad inventories during the quarter.

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 \$465.6 million at September 30, 2020 was \$6.0 million lower than working capital of \$471.6 million at June 30, 2020. The decrease is primarily the result of the release of working capital of \$9.0 million, being used in part to repay the Company's long term debt.

The \$110.0 million repayment of the Credit Facility in Q3 2020, reduced the drawn amount at September 30, 2020 to \$90.0 million. In October 2020, the Company made an additional \$30.0 million repayment on the Credit Facility. As of September 30, 2020, and as of the date of this MD&A, the Company was in compliance with all financial covenants under the Credit Facility. The borrowing costs under the Company's Credit Facility are based on the Company's leverage ratio at either (i) LIBOR plus 1.875% to 2.750% or; (ii) The Bank of Nova Scotia's Base Rate on U.S. dollar denominated commercial loans plus 0.875% to 1.750%. Undrawn amounts under the Credit Facility are subject to a stand-by fee of 0.4219% to 0.6188% per annum, dependent on the Company's leverage ratio. The Company's Credit Facility matures on February 1, 2023.

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 September 30, 2020, 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 2020 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 8(f)(ii) of the 2019 Financial Statements, and in the Liquidity and Capital Position section of the Company's annual 2019 Management Discussion and Analysis (the "2019 Annual MD&A"). Since December 31, 2019, there have been no significant changes to these contractual obligations and commitments.

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 September 30, 2020, 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 \$65.71 and a weighted average life of 45 months. Approximately 0.2 million of the stock options were vested and exercisable at September 30, 2020, with an average weighted exercise price of CAD \$17.72 per share.

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

	<b>Outstanding as at November 4, 2020</b>
Common shares	210,174,393
Options	310,552
<b>Total</b>	<b>210,484,945</b>

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 September 30, 2020 was \$306.4 million (December 31, 2019 - \$290.4 million) using inflation rates of between 0% and 3% (December 31, 2019 - between 0% and 5%). The inflated and discounted provision on the statement of financial position as at September 30, 2020 was \$204.9 million (December 31, 2019 - \$188.5 million), using discount rates between 0% and 8% (December 31, 2019 - between 2% and 9%). 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 Q3 2020 were primarily a result of decreased discount rates due to lower 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 Q3 2020 and YTD 2020 as finance expense was \$2.1 million and \$6.2 million, respectively (Q3 2019 and YTD 2019, \$2.7 million and \$7.3 million, respectively). Reclamation expenditures incurred during Q3 2020 and YTD 2020 were \$0.7 million and \$1.7 million, respectively (Q3 2019 and YTD 2019, \$0.3 million and \$1.8 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 Metals Inc. have been disclosed in Note 9 of the Q3 2020 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.

## ACQUISITION OF TAHOE RESOURCES INC. ("Tahoe")

On February 22, 2019 (the "Closing Date"), the Company completed the acquisition all of the issued and outstanding shares of Tahoe Resources Inc. (the "Acquisition"). Tahoe was a mid-tier publicly traded precious metals mining company with ownership interests in a diverse portfolio of mines and projects including the following principal mines: La Arena and Shahuindo in Peru; Timmins West and Bell Creek in Canada (together "Timmins"); and Escobal in Guatemala, where operations have been suspended since June 2017 (together the "Acquired Mines"). The Company now operates three gold mines as a result of the Acquisition. Consequently, the Company's operations have been divided into silver and gold segments for the purposes of reporting.

All 2019 production, operating and financial results of the Acquired Mines (including Cash Costs and AISC amounts) reported in this MD&A and included in the Company's consolidated results, reflect only the results from February 22, 2019 onwards.

### Consolidation of Tahoe

As described in Note 8 of the 2019 Financial Statements, the Company determined that the Acquisition represented a business combination with Pan American identified as the acquirer. Based on the February 21, 2019, closing share price of Pan American's common shares on the NASDAQ, the total consideration of the acquisition was \$1.14 billion.

The following table summarizes the consideration paid as part of the purchase price:

<b>Consideration:</b>	<b>Shares Issued/ Issuable</b>	<b>Consideration</b>
Fair value estimate of the Pan American share consideration <sup>(1)</sup>	55,990,512	\$ 795,626
Fair value estimate of the CVRs <sup>(2)</sup>	15,600,208	71,916
Cash <sup>(1)</sup>	—	275,008
Fair value estimate of replacement options <sup>(3)</sup>	835,874	124
<b>Total Consideration</b>	<b>72,426,594</b>	<b>\$ 1,142,674</b>

- (1) The Pan American share consideration value is based on an assumed value of \$14.21 per Pan American common share (based on the NASDAQ closing price on February 21, 2019).
- (2) The assumed fair value of the CVRs was determined using a market approach valuation technique that utilized observable market inputs, which included the Tahoe \$3.64 closing share price on the NYSE on February 21, 2019, and the Company's \$14.21 closing share price on the NASDAQ on February 21, 2019.
- (3) Assumed fair value of 3.5 million Tahoe options that upon the Acquisition vested and converted into 835.8 thousand Pan American stock options (the "Replacement options"). The fair value of the Replacement options was determined using the Black-Scholes option pricing model, as at the acquisition Closing Date, the assumptions of which are described in the Company's Q3 2019 Financial Statements.

The following table summarizes the allocation of the purchase price to the identifiable assets and liabilities based on their estimated fair values at the Closing Date of the Acquisition:

<b>Allocation of consideration:</b>	
Cash and cash equivalents	\$ 27,529
Accounts receivable	18,154
VAT Receivable	87,492
Inventory	148,209
Other current assets	1,381
Mineral properties, plant and equipment	1,239,402
Other assets	6,551
Deferred tax assets	30,728
Accounts payable and accrued liabilities	(148,742)
Debt	(125,000)
Provision for closure and decommissioning liabilities	(77,320)
Net current and deferred income tax liabilities	(65,710)
	<b>\$ 1,142,674</b>

## 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.

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. All 2019 operating results from the Gold Segment mines only include results from February 22, 2019 to September 30, 2019.



(In thousands of USD, except as noted)	Three months ended September 30, 2020				Three months ended September 30, 2019			
	Silver Segment	Gold Segment	Corporate	Consolidated (silver basis) <sup>(1)</sup>	Silver Segment	Gold Segment <sup>(4,5)</sup>	Corporate	Consolidated (silver basis) <sup>(1,4)</sup>
Production costs	\$ 53,343	\$ 63,877		\$ 117,220	\$ 114,137	\$ 90,491		\$ 204,628
Purchase Price Allocation Inventory Fair Value Adjustment	—	(557)		(557)		(12,783)		(12,783)
NRV inventory adjustments	22,643	—		22,643	6,723	—		6,723
<b>On-site direct operating costs</b>	<b>75,986</b>	<b>63,320</b>		<b>139,306</b>	<b>120,860</b>	<b>77,708</b>		<b>198,568</b>
Royalties	6,291	1,643		7,933	3,937	1,506		5,442
Smelting, refining and direct selling charges <sup>(2)</sup>	14,003	29		14,032	17,519	304		17,823
<b>Cash cost of sales before by-product credits<sup>(3)</sup></b>	<b>96,280</b>	<b>64,992</b>		<b>161,271</b>	<b>142,316</b>	<b>79,518</b>		<b>221,833</b>
Silver segment by-product credits <sup>(2)</sup>	(69,150)	—		—	(111,491)	—		—
Gold segment by-product credits <sup>(2)</sup>	—	(1,665)		—	—	(795)		—
Consolidated silver basis by-product credits <sup>(1)(2)</sup>	—	—		(221,784)	—	—		(271,036)
<b>Cash Costs<sup>(3)</sup></b>	<b>\$ 27,130</b>	<b>\$ 63,327</b>		<b>\$ (60,514)</b>	<b>\$ 30,825</b>	<b>\$ 78,723</b>		<b>\$ (49,203)</b>
NRV inventory adjustments	(22,643)	—		(22,643)	(6,723)	—		(6,723)
Sustaining capital	16,925	19,428		36,352	23,373	18,883		42,256
Exploration and project development <sup>(6)</sup>	203	876	759	1,839	494	1,016	555	2,066
Reclamation cost accretion	1,225	750	91	2,065	1,652	775	291	2,718
General and administrative expense	—	—	10,367	10,367	—	—	8,237	8,237
<b>All-in sustaining costs<sup>(3)</sup></b>	<b>\$ 22,840</b>	<b>\$ 84,381</b>	<b>\$ 11,217</b>	<b>\$ (32,533)</b>	<b>\$ 49,621</b>	<b>\$ 99,398</b>	<b>\$ 9,083</b>	<b>\$ (649)</b>
Silver segment silver ounces sold (koz)	3,800	—		—	5,639	—		—
Gold segment gold ounces sold (koz)	—	80		—	—	108		—
Total silver ounces sold (koz) <sup>(1)</sup>	—	—		3,864	—	—		5,683
<b>Cash costs per ounce sold</b>	<b>\$ 7.14</b>	<b>\$ 793</b>			<b>\$ 5.47</b>	<b>\$ 729</b>		
<b>AISC per ounce sold</b>	<b>\$ 6.01</b>	<b>\$ 1,057</b>		<b>\$ (8.42)</b>	<b>\$ 8.80</b>	<b>\$ 920</b>		<b>\$ (0.11)</b>
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 11.97</b>	<b>\$ 1,057</b>		<b>\$ (2.56)</b>	<b>\$ 9.99</b>	<b>\$ 920</b>		<b>\$ 1.07</b>

(In thousands of USD, except as noted)	Nine months ended September 30, 2020				Nine months ended September 30, 2019			
	Silver Segment	Gold Segment	Corporate	Consolidated (silver basis) <sup>(1)</sup>	Silver Segment	Gold Segment <sup>(4)</sup>	Corporate	Consolidated (silver basis) <sup>(1)</sup>
Production costs	\$ 256,068	\$ 233,902		\$ 489,970	\$ 380,199	\$ 231,504		\$ 611,703
Purchase Price Allocation Inventory Fair Value Adjustment		(2,750)		(2,750)		(41,712)		(41,712)
NRV inventory adjustments	9,434	—		9,434	842	—		842
<b>On-site direct operating costs</b>	<b>265,502</b>	<b>231,152</b>		<b>496,653</b>	<b>381,041</b>	<b>189,792</b>		<b>570,833</b>
Royalties	13,441	4,930		18,371	15,390	3,396		18,785
Smelting, refining and direct selling charges <sup>(2)</sup>	39,266	108		39,374	51,747	628		52,375
<b>Cash cost of sales before by-product credits<sup>(3)</sup></b>	<b>318,209</b>	<b>236,190</b>		<b>554,398</b>	<b>448,178</b>	<b>193,816</b>		<b>641,993</b>
Silver segment by-product credits <sup>(2)</sup>	(227,022)	—		—	(340,917)	—		—
Gold segment by-product credits <sup>(2)</sup>	—	(4,469)		—	—	(1,277)		—
Consolidated silver basis by-product credits <sup>(1)(2)</sup>	—	—		(715,370)	—	—		(707,533)
<b>Cash Costs<sup>(3)</sup></b>	<b>\$ 91,187</b>	<b>\$ 231,721</b>		<b>\$ (160,971)</b>	<b>\$ 107,261</b>	<b>\$ 192,539</b>		<b>\$ (65,540)</b>
NRV inventory adjustments	(9,434)	—		(9,434)	(842)	—		(842)
Sustaining capital	58,786	51,253		110,038	71,048	61,861		132,909
Exploration and project development <sup>(5)</sup>	878	2,563	2,565	6,005	2,266	2,771	2,204	7,241
Reclamation cost accretion	3,673	2,247	278	6,199	4,954	1,860	506	7,320
General and administrative expense			25,694	25,694			21,743	21,743
<b>All-in sustaining costs<sup>(3)</sup></b>	<b>\$ 145,090</b>	<b>\$ 287,784</b>	<b>\$ 28,537</b>	<b>\$ (22,469)</b>	<b>\$ 184,687</b>	<b>\$ 259,031</b>	<b>\$ 24,453</b>	<b>\$ 102,831</b>
Silver segment silver ounces sold (koz)	12,346	—		—	18,207	—		—
Gold segment gold ounces sold (koz)	—	286		—	—	266		—
Total silver ounces sold (koz) <sup>(1)</sup>	—	—		12,585	—	—		18,284
<b>Cash costs per ounce sold</b>	<b>\$ 7.39</b>	<b>\$ 811</b>			<b>\$ 5.89</b>	<b>\$ 722</b>		
<b>AISC per ounce sold</b>	<b>\$ 11.75</b>	<b>\$ 1,007</b>		<b>\$ (1.79)</b>	<b>\$ 10.14</b>	<b>\$ 972</b>		<b>\$ 5.62</b>
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 12.52</b>	<b>\$ 1,007</b>		<b>\$ (1.04)</b>	<b>\$ 10.19</b>	<b>\$ 972</b>		<b>\$ 5.67</b>

(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.

(3) Totals may not add due to rounding.

(4) All operating results from the Gold Segment Mines, are only from the Closing Date to September 30, 2019, and do not represent a full nine months of 2019 operations.

(5) The amounts for the nine months ended September 30, 2019 exclude \$1.9 million from non-cash project development write-downs.

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 (in thousands of USD)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Payments for mineral properties, plant and equipment <sup>(1)</sup>	\$ 38,832	\$ 49,891	\$ 124,920	\$ 155,488
Add/(Subtract)				
Lease Payments <sup>(1)</sup>	2,880	4,674	9,921	13,544
Investment (non-sustaining) capital	(5,359)	(12,309)	(24,803)	(36,123)
<b>Sustaining Capital<sup>(2)</sup></b>	<b>\$ 36,352</b>	<b>\$ 42,256</b>	<b>\$ 110,038</b>	<b>\$ 132,909</b>

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

(2) Totals may not add due to rounding

**Silver Segment Cash Costs and AISC by mine:**

<b>SILVER SEGMENT</b>		<b>Three months ended September 30, 2020</b>						<b>Consolidated</b>
<b>(In thousands of USD, except as noted)</b>	<b>La Colorada</b>	<b>Dolores</b>	<b>Huaron</b>	<b>Morococha</b>	<b>San Vicente</b>	<b>Manantial Espejo</b>	<b>Silver Segment</b>	
Production Costs	\$ 17,819	\$ 6,968	\$ 4,149	\$ 2,836	\$ 7,833	\$ 13,738	\$ 53,343	
NRV inventory adjustments	—	20,505	—	189	—	1,949	22,643	
<b>On-site direct operating costs</b>	<b>17,819</b>	<b>27,472</b>	<b>4,149</b>	<b>3,025</b>	<b>7,833</b>	<b>15,687</b>	<b>75,986</b>	
Royalties	121	1,139	(35)	—	4,548	518	6,291	
Smelting, refining & direct selling costs	5,615	17	2,733	1,415	2,685	1,538	14,003	
<b>Cash Costs before by-product credits</b>	<b>23,555</b>	<b>28,628</b>	<b>6,847</b>	<b>4,440</b>	<b>15,066</b>	<b>17,743</b>	<b>96,280</b>	
Silver segment by-product credits	(14,338)	(32,186)	(7,115)	(3,668)	(2,382)	(9,461)	(69,150)	
<b>Cash Costs</b>	<b>\$ 9,217</b>	<b>\$ (3,557)</b>	<b>\$ (268)</b>	<b>\$ 773</b>	<b>\$ 12,684</b>	<b>\$ 8,282</b>	<b>\$ 27,130</b>	
NRV inventory adjustments	—	(20,505)	—	(189)	—	(1,949)	(22,643)	
Sustaining capital	4,727	7,408	1,730	974	1,330	756	16,925	
Exploration and project development	95	65	—	43	—	—	203	
Reclamation cost accretion	143	660	144	84	71	123	1,225	
<b>All-in sustaining costs</b>	<b>\$ 14,182</b>	<b>\$ (15,929)</b>	<b>\$ 1,605</b>	<b>\$ 1,685</b>	<b>\$ 14,085</b>	<b>\$ 7,211</b>	<b>\$ 22,840</b>	
<b>Silver segment silver ounces sold (koz)</b>	<b>1,408</b>	<b>695</b>	<b>278</b>	<b>127</b>	<b>702</b>	<b>590</b>	<b>3,800</b>	
<b>Cash cost per ounce sold</b>	<b>\$ 6.54</b>	<b>\$ (5.12)</b>	<b>\$ (0.97)</b>	<b>\$ 6.07</b>	<b>\$ 18.08</b>	<b>\$ 14.03</b>	<b>\$ 7.14</b>	
<b>AISC per ounce sold</b>	<b>\$ 10.07</b>	<b>\$ (22.92)</b>	<b>\$ 5.78</b>	<b>\$ 13.23</b>	<b>\$ 20.08</b>	<b>\$ 12.22</b>	<b>\$ 6.01</b>	
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 10.07</b>	<b>\$ 6.58</b>	<b>\$ 5.78</b>	<b>\$ 14.71</b>	<b>\$ 20.08</b>	<b>\$ 15.52</b>	<b>\$ 11.97</b>	

<b>SILVER SEGMENT</b>		<b>Three Months Ended September 30, 2019</b>						<b>Consolidated</b>
<b>(In thousands of USD, except as noted)</b>	<b>La Colorada</b>	<b>Dolores</b>	<b>Huaron</b>	<b>Morococha</b>	<b>San Vicente</b>	<b>Manantial Espejo</b>	<b>Silver Segment</b>	
Production Costs	\$ 17,390	\$ 40,242	\$ 19,792	\$ 18,149	\$ 9,527	\$ 9,038	\$ 114,137	
NRV inventory adjustments	—	4,423	—	—	—	2,299	6,723	
<b>On-site direct operating costs</b>	<b>17,390</b>	<b>44,665</b>	<b>19,792</b>	<b>18,149</b>	<b>9,527</b>	<b>11,337</b>	<b>120,860</b>	
Royalties	176	2,313	—	—	1,070	378	3,937	
Smelting, refining & direct selling costs	5,103	36	5,403	4,040	1,718	1,219	17,519	
<b>Cash Costs before by-product credits</b>	<b>22,669</b>	<b>47,014</b>	<b>25,195</b>	<b>22,189</b>	<b>12,315</b>	<b>12,934</b>	<b>142,316</b>	
Silver segment by-product credits	(17,581)	(47,010)	(20,572)	(18,996)	(2,819)	(4,513)	(111,491)	
<b>Cash Costs</b>	<b>\$ 5,088</b>	<b>\$ 4</b>	<b>\$ 4,623</b>	<b>\$ 3,193</b>	<b>\$ 9,496</b>	<b>\$ 8,421</b>	<b>\$ 30,825</b>	
NRV inventory adjustments	—	(4,423)	—	—	—	(2,299)	(6,723)	
Sustaining capital	1,921	13,522	2,740	3,004	1,508	677	23,373	
Exploration and project development	111	238	5	94	—	46	494	
Reclamation cost accretion	144	560	181	109	78	580	1,652	
<b>All-in sustaining costs</b>	<b>\$ 7,264</b>	<b>\$ 9,901</b>	<b>\$ 7,549</b>	<b>\$ 6,400</b>	<b>\$ 11,082</b>	<b>\$ 7,425</b>	<b>\$ 49,621</b>	
<b>Silver segment silver ounces sold (koz)</b>	<b>1,802</b>	<b>1,328</b>	<b>869</b>	<b>564</b>	<b>728</b>	<b>348</b>	<b>5,639</b>	
<b>Cash cost per ounce sold</b>	<b>\$ 2.82</b>	<b>\$ 0.00</b>	<b>\$ 5.32</b>	<b>\$ 5.66</b>	<b>\$ 13.04</b>	<b>\$ 24.22</b>	<b>\$ 5.47</b>	
<b>AISC per ounce sold</b>	<b>\$ 4.03</b>	<b>\$ 7.45</b>	<b>\$ 8.69</b>	<b>\$ 11.36</b>	<b>\$ 15.21</b>	<b>\$ 21.35</b>	<b>\$ 8.80</b>	
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 4.03</b>	<b>\$ 10.78</b>	<b>\$ 8.69</b>	<b>\$ 11.36</b>	<b>\$ 15.21</b>	<b>\$ 27.96</b>	<b>\$ 9.99</b>	

**SILVER SEGMENT**
**Nine months ended September 30, 2020**

(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	\$ 47,004	\$ 102,435	\$ 23,170	\$ 18,561	\$ 19,485	\$ 45,413	\$ 256,068
NRV inventory adjustments	—	6,463	—	—	—	2,970	9,434
<b>On-site direct operating costs</b>	<b>47,004</b>	<b>108,898</b>	<b>23,170</b>	<b>18,561</b>	<b>19,485</b>	<b>48,383</b>	<b>265,502</b>
Royalties	408	5,683	(15)	—	6,165	1,200	13,441
Smelting, refining & direct selling costs	13,666	53	10,377	5,937	4,960	4,273	39,266
<b>Cash Costs before by-product credits</b>	<b>61,078</b>	<b>114,634</b>	<b>33,532</b>	<b>24,498</b>	<b>30,610</b>	<b>53,856</b>	<b>318,209</b>
Silver segment by-product credits	(33,461)	(115,308)	(27,993)	(18,004)	(5,161)	(27,093)	(227,022)
<b>Cash Costs</b>	<b>\$ 27,617</b>	<b>\$ (674)</b>	<b>\$ 5,539</b>	<b>\$ 6,493</b>	<b>\$ 25,449</b>	<b>\$ 26,764</b>	<b>\$ 91,187</b>
NRV inventory adjustments	—	(6,463)	—	—	—	(2,970)	(9,434)
Sustaining capital	12,921	32,083	3,724	4,040	3,487	2,531	58,786
Exploration and project development	556	214	—	108	—	—	878
Reclamation cost accretion	428	1,980	432	252	213	368	3,673
<b>All-in sustaining costs</b>	<b>\$ 41,521</b>	<b>\$ 27,140</b>	<b>\$ 9,695</b>	<b>\$ 10,893</b>	<b>\$ 29,148</b>	<b>\$ 26,693</b>	<b>\$ 145,090</b>
<b>Silver segment silver ounces sold (koz)</b>	<b>3,963</b>	<b>3,104</b>	<b>1,146</b>	<b>590</b>	<b>1,699</b>	<b>1,843</b>	<b>12,346</b>
<b>Cash cost per ounce sold</b>	<b>\$ 6.97</b>	<b>\$ (0.22)</b>	<b>\$ 4.83</b>	<b>\$ 11.00</b>	<b>\$ 14.97</b>	<b>\$ 14.52</b>	<b>\$ 7.39</b>
<b>AISC per ounce sold</b>	<b>\$ 10.48</b>	<b>\$ 8.74</b>	<b>\$ 8.46</b>	<b>\$ 18.46</b>	<b>\$ 17.15</b>	<b>\$ 14.48</b>	<b>\$ 11.75</b>
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 10.48</b>	<b>\$ 10.82</b>	<b>\$ 8.46</b>	<b>\$ 18.46</b>	<b>\$ 17.15</b>	<b>\$ 16.10</b>	<b>\$ 12.52</b>

**SILVER SEGMENT**
**Nine months ended September 30, 2019**

(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	\$ 56,495	\$ 140,110	\$ 57,282	\$ 53,609	\$ 34,120	\$ 38,584	\$ 380,199
NRV inventory adjustments	—	(7,449)	—	—	—	8,291	842
<b>On-site direct operating costs</b>	<b>56,495</b>	<b>132,661</b>	<b>57,282</b>	<b>53,609</b>	<b>34,120</b>	<b>46,875</b>	<b>381,041</b>
Royalties	416	6,138	—	—	7,854	982	15,390
Smelting, refining & direct selling costs	12,645	84	15,496	11,583	7,362	4,577	51,747
<b>Cash Costs before by-product credits</b>	<b>69,556</b>	<b>138,883</b>	<b>72,778</b>	<b>65,192</b>	<b>49,336</b>	<b>52,434</b>	<b>448,178</b>
Silver segment by-product credits	(54,505)	(127,375)	(63,206)	(60,611)	(16,630)	(18,590)	(340,917)
<b>Cash Costs</b>	<b>\$ 15,051</b>	<b>\$ 11,508</b>	<b>\$ 9,572</b>	<b>\$ 4,581</b>	<b>\$ 32,706</b>	<b>\$ 33,844</b>	<b>\$ 107,261</b>
NRV inventory adjustments	—	7,449	—	—	—	(8,291)	(842)
Sustaining capital	7,764	41,554	8,102	8,654	2,912	2,062	71,048
Exploration and project development	880	831	13	276	—	266	2,266
Reclamation cost accretion	432	1,680	542	327	234	1,739	4,954
<b>All-in sustaining costs</b>	<b>\$ 24,127</b>	<b>\$ 63,022</b>	<b>\$ 18,229</b>	<b>\$ 13,838</b>	<b>\$ 35,852</b>	<b>\$ 29,620</b>	<b>\$ 184,687</b>
<b>Silver segment silver ounces sold (koz)</b>	<b>5,814</b>	<b>3,522</b>	<b>2,517</b>	<b>1,820</b>	<b>3,002</b>	<b>1,532</b>	<b>18,207</b>
<b>Cash cost per ounce sold</b>	<b>\$ 2.59</b>	<b>\$ 3.27</b>	<b>\$ 3.80</b>	<b>\$ 2.52</b>	<b>\$ 10.90</b>	<b>\$ 22.09</b>	<b>\$ 5.89</b>
<b>AISC per ounce sold</b>	<b>\$ 4.15</b>	<b>\$ 17.89</b>	<b>\$ 7.24</b>	<b>\$ 7.60</b>	<b>\$ 11.94</b>	<b>\$ 19.33</b>	<b>\$ 10.14</b>
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 4.15</b>	<b>\$ 15.78</b>	<b>\$ 7.24</b>	<b>\$ 7.60</b>	<b>\$ 11.94</b>	<b>\$ 24.75</b>	<b>\$ 10.19</b>

**Gold Segment Cash Costs and AISC by mine:**

<b>GOLD SEGMENT</b>		<b>Three months ended September 30, 2020</b>			
<b>(In thousands of USD, except as noted)</b>	<b>Shahuindo</b>	<b>La Arena</b>	<b>Timmins</b>	<b>Total</b>	
Production Costs	\$ 16,877	\$ 14,420	\$ 32,581	\$ 63,877	
Purchase Price Allocation Inventory Fair Value Adjustment	(523)	(35)	—	(557)	
NRV inventory adjustments	—	—	—	—	
<b>On-site direct operating costs</b>	<b>16,354</b>	<b>14,385</b>	<b>32,581</b>	<b>63,320</b>	
Royalties	—	—	1,643	1,643	
Smelting, refining & direct selling costs	—	—	29	29	
<b>Cash Costs before by-product credits</b>	<b>16,354</b>	<b>14,385</b>	<b>34,253</b>	<b>64,992</b>	
Gold segment by-product credits	(1,523)	(45)	(97)	(1,665)	
<b>Cash Costs of Sales</b>	<b>\$ 14,831</b>	<b>\$ 14,340</b>	<b>\$ 34,156</b>	<b>\$ 63,327</b>	
NRV inventory adjustments	—	—	—	—	
Sustaining capital	4,469	9,510	5,449	19,428	
Exploration and project development	—	—	876	876	
Reclamation cost accretion	404	295	51	750	
<b>All-in sustaining costs</b>	<b>\$ 19,704</b>	<b>\$ 24,145</b>	<b>\$ 40,532</b>	<b>\$ 84,381</b>	
<b>Gold segment gold ounces sold</b>	<b>31,973</b>	<b>17,132</b>	<b>30,750</b>	<b>79,855</b>	
<b>Cash cost per ounce sold</b>	<b>\$ 464</b>	<b>\$ 837</b>	<b>\$ 1,111</b>	<b>\$ 793</b>	
<b>AISC per ounce sold</b>	<b>\$ 616</b>	<b>\$ 1,409</b>	<b>\$ 1,318</b>	<b>\$ 1,057</b>	
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 616</b>	<b>\$ 1,409</b>	<b>\$ 1,318</b>	<b>\$ 1,057</b>	

<b>GOLD SEGMENT</b>		<b>Three Months Ended September 30, 2019</b>			
<b>(In thousands of USD, except as noted)</b>	<b>Shahuindo</b>	<b>La Arena</b>	<b>Timmins</b>	<b>Total</b>	
Production Costs	\$ 28,375	\$ 30,644	\$ 31,472	\$ 90,491	
Purchase Price Allocation Inventory Fair Value Adjustment	(5,396)	(7,826)	440	(12,783)	
NRV inventory adjustments	—	—	—	—	
<b>On-site direct operating costs</b>	<b>22,979</b>	<b>22,818</b>	<b>31,912</b>	<b>77,708</b>	
Royalties	—	—	1,506	1,506	
Smelting, refining & direct selling costs	195	76	33	304	
<b>Cash Costs before by-product credits</b>	<b>23,174</b>	<b>22,894</b>	<b>33,451</b>	<b>79,518</b>	
Gold segment by-product credits	(615)	(96)	(84)	(795)	
<b>Cash Costs of Sales</b>	<b>\$ 22,559</b>	<b>\$ 22,798</b>	<b>\$ 33,367</b>	<b>\$ 78,723</b>	
NRV inventory adjustments	—	—	—	—	
Sustaining capital	8,652	7,250	2,982	18,883	
Exploration and project development	216	36	764	1,016	
Reclamation cost accretion	290	447	38	775	
<b>All-in sustaining costs</b>	<b>\$ 31,717</b>	<b>\$ 30,531</b>	<b>\$ 37,151</b>	<b>\$ 99,398</b>	
<b>Gold segment gold ounces sold</b>	<b>40,904</b>	<b>30,886</b>	<b>36,200</b>	<b>107,990</b>	
<b>Cash cost per ounce sold</b>	<b>\$ 552</b>	<b>\$ 738</b>	<b>\$ 922</b>	<b>\$ 729</b>	
<b>AISC per ounce sold</b>	<b>\$ 775</b>	<b>\$ 988</b>	<b>\$ 1,026</b>	<b>\$ 920</b>	
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 775</b>	<b>\$ 988</b>	<b>\$ 1,026</b>	<b>\$ 920</b>	

**GOLD SEGMENT**
**Nine months ended September 30, 2020**

<b>(In thousands of USD, except as noted)</b>	<b>Shahuindo</b>	<b>La Arena</b>	<b>Timmins</b>	<b>Total</b>
Production Costs	\$ 74,481	\$ 48,879	\$ 110,542	\$ 233,902
Purchase Price Allocation Inventory Fair Value Adjustment	(2,437)	(312)	(1)	(2,750)
NRV inventory adjustments	—	—	—	—
<b>On-site direct operating costs</b>	<b>72,044</b>	<b>48,567</b>	<b>110,541</b>	<b>231,152</b>
Royalties	—	—	4,930	4,930
Smelting, refining & direct selling costs	—	—	108	108
<b>Cash Costs before by-product credits</b>	<b>72,044</b>	<b>48,567</b>	<b>115,579</b>	<b>236,190</b>
Gold segment by-product credits	(3,830)	(378)	(261)	(4,469)
<b>Cash Costs of Sales</b>	<b>\$ 68,214</b>	<b>\$ 48,189</b>	<b>\$ 115,318</b>	<b>\$ 231,721</b>
NRV inventory adjustments	—	—	—	—
Sustaining capital	15,786	24,294	11,174	51,253
Exploration and project development	(5)	—	2,568	2,563
Reclamation cost accretion	1,211	884	152	2,247
<b>All-in sustaining costs</b>	<b>\$ 85,206</b>	<b>\$ 73,366</b>	<b>\$ 129,212</b>	<b>\$ 287,784</b>
<b>Gold segment gold ounces sold</b>	<b>117,712</b>	<b>57,224</b>	<b>110,930</b>	<b>285,866</b>
<b>Cash cost per ounce sold</b>	<b>\$ 580</b>	<b>\$ 842</b>	<b>\$ 1,040</b>	<b>\$ 811</b>
<b>AISC per ounce sold</b>	<b>\$ 724</b>	<b>\$ 1,282</b>	<b>\$ 1,165</b>	<b>\$ 1,007</b>
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 724</b>	<b>\$ 1,282</b>	<b>\$ 1,165</b>	<b>\$ 1,007</b>

**GOLD SEGMENT**
**Nine months ended September 30, 2019**

<b>(In thousands of USD, except as noted)</b>	<b>Shahuindo</b>	<b>La Arena</b>	<b>Timmins</b>	<b>Total</b>
Production Costs	\$ 65,502	\$ 71,312	\$ 94,690	\$ 231,504
Purchase Price Allocation Inventory Fair Value Adjustment	(13,087)	(19,228)	(9,397)	(41,712)
NRV inventory adjustments	—	—	—	—
<b>On-site direct operating costs</b>	<b>52,415</b>	<b>52,084</b>	<b>85,293</b>	<b>189,792</b>
Royalties	—	—	3,396	3,396
Smelting, refining & direct selling costs	328	228	72	628
<b>Cash Costs before by-product credits</b>	<b>52,743</b>	<b>52,312</b>	<b>88,761</b>	<b>193,816</b>
Gold segment by-product credits	(903)	(186)	(188)	(1,277)
<b>Cash Costs of Sales</b>	<b>\$ 51,840</b>	<b>\$ 52,126</b>	<b>\$ 88,573</b>	<b>\$ 192,539</b>
NRV inventory adjustments	—	—	—	—
Sustaining capital	15,717	39,176	6,969	61,861
Exploration and project development	705	325	1,741	2,771
Reclamation cost accretion	693	1,068	99	1,860
<b>All-in sustaining costs</b>	<b>\$ 68,955</b>	<b>\$ 92,695</b>	<b>\$ 97,382</b>	<b>\$ 259,031</b>
<b>Gold segment gold ounces sold</b>	<b>93,449</b>	<b>76,145</b>	<b>96,900</b>	<b>266,494</b>
<b>Cash cost per ounce sold</b>	<b>\$ 555</b>	<b>\$ 685</b>	<b>\$ 914</b>	<b>\$ 722</b>
<b>AISC per ounce sold</b>	<b>\$ 738</b>	<b>\$ 1,217</b>	<b>\$ 1,005</b>	<b>\$ 972</b>
<b>AISC per ounce sold (excluding NRV inventory adjustments)</b>	<b>\$ 738</b>	<b>\$ 1,217</b>	<b>\$ 1,005</b>	<b>\$ 972</b>

## 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 nine months ended September 30, 2020 and 2019, to the net earnings for each period.

(In thousands of USD, except as noted)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
<b>Net earnings for the period</b>	\$ 65,260	\$ 37,719	\$ 7,437	\$ 59,538
<b>Adjust for:</b>				
Derivative losses (gains)	\$ 523	\$ —	\$ (113)	\$ 14
Write-down of other assets	—	—	2,013	1,882
Unrealized foreign exchange losses	2,712	5,888	7,855	7,452
Heap inventory net realizable value (recovery) charge	(10,165)	6,860	4,283	25,705
Unrealized (gains) losses on foreign currency and commodity contracts	(2,560)	1,182	650	400
Share of (income) loss from associate and dilution gain	(1,078)	(79)	1,811	(999)
(Gain) loss on sale of assets	(41)	669	1,910	(2,818)
COVID 19 mine care and maintenance	20,476	—	75,097	—
Transaction and integration costs	—	2,863	—	7,712
Depreciation not taken on assets held for sale	—	12,570	—	—
Effect of taxes on adjusting items	(1,392)	(2,447)	(18,818)	(9,753)
Effect of foreign exchange on taxes	(1,647)	5,977	40,769	(54)
<b>Total adjustments</b>	\$ 6,828	\$ 33,483	\$ 115,457	\$ 29,541
<b>Adjusted earnings for the period</b>	\$ 72,088	\$ 71,202	\$ 122,894	\$ 89,079
<b>Weighted average shares for the period</b>	\$ 210,160	\$ 209,535	\$ 210,049	\$ 198,609
<b>Adjusted earnings per share for the period</b>	\$ 0.34	\$ 0.34	\$ 0.59	\$ 0.45

## 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.

## RISKS AND UNCERTAINTIES

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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; 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 emerging risks relating to the spread of the novel coronavirus, 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](http://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 2019 Annual MD&A, and the 2019 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 Instruments 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 2019 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 September 30, 2020. 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. The Company recorded gains of \$0.5 million and \$1.2 million in Q3 2019 and YTD 2019, respectively, on certain outstanding collars made up of put and call contracts on base metal production to manage the Company's financial exposure to these metals. No such base metal contracts were entered into or were outstanding during Q3 2020.

During Q2 2020, the Company entered into diesel swap contracts designed to fix or limit the Company's exposure to higher fuel prices. At September 30, 2020, the Company had outstanding positions on its diesel exposure with a notional amount of 7.5 million gallons, with a weighted average fixed price of \$1.08 per gallon. The Company recorded a loss of \$0.5 million and a gain of \$0.8 million for the three and nine months ended September 30, 2020, respectively (Q3 2019 and YTD 2019: \$nil and \$nil, respectively).

### Trading Activities and Credit Risk

As at September 30, 2020, we had receivable balances associated with buyers of our concentrates of \$24.8 million (December 31, 2019 - \$48.8 million). The vast majority of the Company's concentrate is sold to a limited number of concentrate buyers.

As at September 30, 2020, we had approximately \$63.9 million contained in precious metal inventory at refineries (December 31, 2019 - \$58.2 million). Doré 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 September 30, 2020, the Company had made \$9.2 million of supplier advances (December 31, 2019 - \$3.4 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 September 30, 2020, 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 \$15.0 million USD, with weighted average USD put and call exchange rates of \$1.30 and \$1.36, respectively. The PEN positions are collars with an outstanding notional amount of \$22.5 million USD, with weighted average USD put and call exchange rates of \$3.36 and \$3.52, respectively. The MXN positions are collars with an outstanding notional amount of \$53.3 million USD, with weighted average USD put and call exchange rates of \$21.44 and \$31.68, respectively. The Company recorded a \$1.9 million gain and \$4.5 million loss on the foreign currency exchange contracts for the three and nine months ended September 30, 2020 (Q3 2019 and YTD 2019: loss of \$0.4 million and gain of \$0.5 million, respectively). At September 30, 2020, the Company held cash and short-term investments of \$92.3 million in Canadian dollars, \$20.5 million in Peruvian soles, \$4.2 million in Argentine pesos, \$4.2 million in Bolivian bolivianos, \$1.3 million in Mexican pesos, and \$0.4 million in Guatemalan quetzales.

### Taxation Risks

Pan American is exposed to tax related risks. The nature of these taxation risks and how the risks are managed are described in the Risks and Uncertainties section of the 2019 Annual MD&A, and in Note 29(c) to the Company's 2019 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 and nine months ended September 30, 2020.

### 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 2019 Annual MD&A, and in Note 23 to the Company's Q3 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 and nine months ended September 30, 2020.

## Foreign Operations and Government Regulations

Pan American currently conducts operations in Peru, Mexico, Argentina, Bolivia, Canada and Guatemala. Most of these jurisdictions are potentially subject to a number of political and economic risks, as well as civil and labour unrest, violence and the prevalence of criminal activity, including organized crime, theft and illegal mining. The nature of the foreign jurisdiction risks and the Company's exposures to and management of those risks are described in the Risks and Uncertainties section of the 2019 Annual MD&A. Other than the additional government regulations with respect to COVID-19, including those described in this MD&A, there were no significant changes to those risks or to the Company's management of exposure to those risks during the three and nine months ended September 30, 2020.

## Community Action

In recent years communities and NGOs have become more vocal and active with respect to mining activities at or near their communities. Some communities and NGOs have taken actions that could have a material adverse effect on our operations, such as setting up road closures and commencing lawsuits. The nature of risks relating to such actions are described in the Risks and Uncertainties section of the 2019 Annual MD&A. There were no significant changes to those risks or to the Company's management of exposure to those risks during the three and nine months ended September 30, 2020.

## Title to Assets

In many jurisdictions in which we operate, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands. Accordingly, title holders of mining concessions in many jurisdictions must agree with surface landowners on compensation in respect of mining activities conducted on such land. We do not hold title to all of the surface lands at many of our operations and we rely on contracts or other similar rights to conduct surface activities. Related examples of such matters with regards to the Company's assets is described the Risks and Uncertainties section of the 2019 Annual MD&A. There have been no additional material examples nor were there significant changes to the examples, related risks, or to the Company's management of exposure to those risks, during the three and nine months ended September 30, 2020.

## General Economic Conditions

General economic conditions may adversely affect our growth, profitability and ability to obtain financing. Events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the silver and gold mining industry, have been and continue to be impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market confidence and liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth, profitability and ability to obtain financing. A number of issues related to economic conditions could have a material adverse effect on our business, financial condition and results of operations, including:

- contraction in credit markets could impact the cost and availability of financing and our overall liquidity;
- the volatility of silver, gold and other metal prices would impact our revenues, profits, losses and cash flow;
- recessionary pressures could adversely impact demand for our production;
- volatile energy, commodity and consumables prices and currency exchange rates could impact our production costs; and
- the devaluation and volatility of global stock markets could impact the valuation of our equity and other securities.

## Coronavirus (COVID-19)

Since the outbreak of COVID 19 in late 2019, it has spread into areas where we have operations and where our offices are located. Government efforts to curtail the spread of the coronavirus 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 the coronavirus 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 the coronavirus has already had significant, direct impacts on our operations, our business, our workforce, and our production, the extent to which the coronavirus 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 the coronavirus, and the actions taken to contain the coronavirus or treat it. 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, beyond 2020, 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 spread of the coronavirus globally could also have a material adverse effect on the regional economies in which we operate, and continue to 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. Any of these developments, and others, could have a material adverse effect on our business and results of operations.

Please refer to "Impact of COVID-19" discussion included in the "Operating Performance" section of this MD&A, as well as Pan American's new releases for further information and updates related to the impact of COVID-19 on our operations.

## SIGNIFICANT JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY IN THE APPLICATION OF ACCOUNTING POLICIES

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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 2019 Financial Statements, for the Company's summary of significant accounting policies.

## CHANGES IN ACCOUNTING STANDARDS

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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, 2019.

### Changes in accounting standards not yet effective

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 in the current or future reporting periods. The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

## DISCLOSURE CONTROLS AND PROCEDURES

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### Management's Report on Internal Control over Financial Reporting

Management of Pan American is 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. It includes those policies and procedures that:

- a. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Pan American,
- b. are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of Pan American are being made only in accordance with authorizations of Management and Pan American's directors, and
- c. are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Pan American's assets that could have a material effect on the annual financial statements or interim financial reports.

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 September 30, 2020 that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting.

## TECHNICAL INFORMATION

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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 is a Qualified Persons, as the term is defined in Canadian National Instrument 43-101 - *Standards of Disclosure of Mineral Projects* ("NI 43-101").

For more detailed information regarding the Company's material mineral properties as at December 31, 2019 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 March 12, 2020, filed at [www.sedar.com](http://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 Company and its operations. All statements, other than statements of historical fact, are forward-looking statements. When used in this MD&A, the words, “will”, “believes”, “expects”, “intents”, “plans”, “forecast”, “objective”, “guidance”, “outlook”, “potential”, “anticipated”, “budget”, and other similar words and expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things: the effect that any such reductions or suspensions may have on our operations and our financial and operational results; the ability of Pan American to continue with any operations in Canada, or to successfully maintain our other operations on care and maintenance, or to restart or ramp-up these operations efficiently or economically, or at all; 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; future production of silver, gold and other metals produced by the Company; future Cash Costs and AISC; the sufficiency of the Company's current working capital, anticipated operating cash flow or its ability to raise necessary funds; the anticipated amount and timing of production at each of the Company's properties and in the aggregate; our expectations with respect to future metal prices and exchange rates; 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 completion thereof; the estimated cost of and availability of funding necessary for sustaining capital; forecast capital and non-operating spending; and the Company's plans and expectations for its properties and operations.

These forward-looking statements and information reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic, competitive, political, regulatory, and social uncertainties and contingencies. These assumptions include: 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.

The Company cautions the reader that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this MD&A and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, 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 the Company's business; changes in national and local government, legislation, taxation, controls or regulations and political, legal or economic developments in Canada, the United States, Mexico, Peru, Argentina, Bolivia, Guatemala or other countries where the Company 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 the Company does business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; employee relations; relationships with and claims by the local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour; the Company's ability to secure our mine sites or maintain access to our mine sites due to criminal activity, violence, or civil and labour unrest; the speculative nature of mineral exploration and development, including the risk of obtaining or retaining necessary licenses and permits 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; diminishing quantities or grades of mineral reserves as properties are mined; global financial conditions; the Company's ability to complete and successfully integrate acquisitions and to mitigate other business combination risks; challenges to, or difficulty in maintaining, the Company's 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 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 attributing undue certainty or reliance on forward-looking statements or information. Forward-looking statements and information are designed to help readers understand Management's current views of our near and longer term prospects and may not be appropriate for other purposes. The Company does not intend, and does not assume any obligation, to update or revise forward-looking statements or information to reflect changes in assumptions or in circumstances or any other events affecting such statements or information, other than as required by applicable law.

#### **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.



PAN AMERICAN  
— SILVER —

# Unaudited Condensed Interim Consolidated Financial Statements and Notes

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FOR THE THREE AND NINE MONTHS ENDING SEPTEMBER 30, 2020



	September 30, 2020	December 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 21)	\$ 150,329	\$ 120,564
Short-term investments (Note 5)	81,302	117,776
Trade and other receivables	121,491	168,753
Income taxes receivable	30,039	17,209
Inventories (Note 6)	358,972	346,507
Derivative financial instruments (Note 4a)	1,364	1,272
Prepaid expenses and other current assets	8,968	16,838
	<b>752,465</b>	<b>788,919</b>
<b>Non-current assets</b>		
Mineral properties, plant and equipment (Note 7)	2,422,478	2,504,901
Inventories (Note 6)	24,554	24,209
Long-term refundable tax	9,815	17,900
Deferred tax assets	31,462	36,447
Investment in associates (Note 9)	59,239	84,319
Goodwill and other assets (Note 10)	4,456	4,987
<b>Total Assets</b>	<b>\$ 3,304,469</b>	<b>\$ 3,461,682</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 237,917	\$ 225,330
Derivative financial instruments (Note 4a)	630	—
Current portion of provisions (Note 12)	4,960	7,372
Current portion of lease obligations (Note 13)	12,243	14,198
Income tax payable	31,106	24,770
	<b>286,856</b>	<b>271,670</b>
<b>Non-current liabilities</b>		
Long-term portion of provisions (Note 12)	207,359	188,012
Deferred tax liabilities	203,665	176,808
Long-term portion of lease obligations (Note 13)	22,023	27,010
Debt (Note 14)	95,560	275,000
Deferred revenue (Note 9)	13,297	12,542
Other long-term liabilities (Note 15)	26,823	27,754
Share purchase warrants (Note 9)	—	15,040
<b>Total Liabilities</b>	<b>855,583</b>	<b>993,836</b>
<b>Equity</b>		
<b>Capital and reserves (Note 16)</b>		
Issued capital	3,129,531	3,123,514
Reserves	93,371	94,274
Deficit	(777,203)	(754,689)
<b>Total Equity attributable to equity holders of the Company</b>	<b>2,445,699</b>	<b>2,463,099</b>
Non-controlling interests	3,187	4,747
<b>Total Equity</b>	<b>2,448,886</b>	<b>2,467,846</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,304,469</b>	<b>\$ 3,461,682</b>

See accompanying notes to the condensed interim consolidated financial statements  
 APPROVED BY THE BOARD ON NOVEMBER 4, 2020

"signed" Ross Beaty, Director

"signed" Michael Steinmann, Director

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 <sup>(1)</sup>	2020	2019 <sup>(1)</sup>
Revenue (Note 22)	\$ 300,414	\$ 352,187	\$ 908,351	\$ 946,380
Cost of sales (Note 22)				
Production costs (Note 17)	(117,220)	(204,628)	(489,970)	(611,703)
Depreciation and amortization	(50,700)	(78,267)	(177,005)	(185,214)
Royalties	(7,933)	(5,442)	(18,371)	(18,785)
	(175,853)	(288,337)	(685,346)	(815,702)
<b>Mine operating earnings (Note 22)</b>	<b>124,561</b>	<b>63,850</b>	<b>223,005</b>	<b>130,678</b>
General and administrative	(10,367)	(8,237)	(25,694)	(21,743)
Exploration and project development	(1,839)	(2,066)	(6,005)	(9,122)
Mine care and maintenance (Note 18)	(27,123)	(6,365)	(95,350)	(15,654)
Foreign exchange losses	(2,362)	(6,012)	(4,268)	(7,973)
Gains (losses) on commodity and foreign currency contracts (Note 4d)	1,465	170	(3,746)	1,751
Gains (losses) on sale of mineral properties, plant and equipment	41	(673)	(1,910)	2,818
Share of income (loss) from associate and dilution gain (Note 9)	1,078	79	(1,811)	999
Transaction and integration costs	—	(2,863)	—	(7,712)
Other (expense) income	(730)	1,042	(8,519)	818
<b>Earnings from operations</b>	<b>84,724</b>	<b>38,925</b>	<b>75,702</b>	<b>74,860</b>
(Loss) gain on derivatives (Note 4d)	(523)	—	113	(14)
Investment income (Note 4b)	13,055	36,139	32,315	50,963
Interest and finance expense (Note 19)	(4,367)	(8,256)	(15,621)	(20,955)
Earnings before income taxes	92,889	66,808	92,509	104,854
Income tax expense (Note 23)	(27,629)	(29,089)	(85,072)	(45,316)
<b>Net earnings for the period</b>	<b>\$ 65,260</b>	<b>\$ 37,719</b>	<b>\$ 7,437</b>	<b>\$ 59,538</b>
<b>Attributable to:</b>				
Equity holders of the Company	\$ 65,741	\$ 37,657	\$ 8,997	\$ 58,811
Non-controlling interests	(481)	62	(1,560)	727
	\$ 65,260	\$ 37,719	\$ 7,437	\$ 59,538
<b>Earnings per share attributable to common shareholders (Note 20)</b>				
Basic earnings per share	\$ 0.31	\$ 0.18	\$ 0.04	\$ 0.30
Diluted earnings per share	\$ 0.31	\$ 0.18	\$ 0.04	\$ 0.30
Weighted average shares outstanding (in 000's) Basic	210,160	209,535	210,049	198,609
Weighted average shares outstanding (in 000's) Diluted	210,355	209,730	210,267	198,757

See accompanying notes to the condensed interim consolidated financial statements.

(1) The bargain purchase gain recognized on the Tahoe Acquisition date was eliminated in the fourth quarter of 2019 and retrospectively adjusted from the Company's results, for the three and nine months ended September 30, 2019, as a result of changes in the assessed fair values of assets acquired.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 <sup>(1)</sup>	2020	2019 <sup>(1)</sup>
Net earnings for the period	\$ 65,260	\$ 37,719	\$ 7,437	\$ 59,538
Items that may be reclassified subsequently to net earnings:				
Unrealized net losses on short-term investments	—	(1)	—	—
Reclassification adjustment for realized gains on short-term investments to earnings	—	—	—	(208)
<b>Total comprehensive earnings for the period (Note 4c)</b>	<b>\$ 65,260</b>	<b>\$ 37,718</b>	<b>\$ 7,437</b>	<b>\$ 59,330</b>
<b>Total comprehensive earnings attributable to:</b>				
Equity holders of the Company	\$ 65,741	\$ 37,656	\$ 8,997	\$ 58,603
Non-controlling interests	(481)	62	(1,560)	727
	<b>\$ 65,260</b>	<b>\$ 37,718</b>	<b>\$ 7,437</b>	<b>\$ 59,330</b>

See accompanying notes to the condensed interim consolidated financial statements.

- (1) The bargain purchase gain recognized on the Tahoe Acquisition date was eliminated in the fourth quarter of 2019 and retrospectively adjusted from the Company's results, for the three and nine months ended September 30, 2019, as a result of changes in the assessed fair values of assets acquired.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 <sup>(1)</sup>	2020	2019 <sup>(1)</sup>
<b>Cash flow from operating activities</b>				
Net earnings for the period	\$ 65,260	\$ 37,719	\$ 7,437	\$ 59,538
Current income tax expense (Note 23)	24,923	23,309	53,293	55,696
Deferred income tax expense (recovery) (Note 23)	2,706	5,780	31,779	(10,380)
Interest expense (Note 19)	1,711	5,179	7,520	12,117
Depreciation and amortization	54,305	78,267	193,779	185,214
Accretion on closure and decommissioning provision (Note 12)	2,065	2,718	6,199	7,320
Unrealized losses on foreign exchange	2,712	5,888	7,855	7,452
(Gain) loss on sale of mineral properties, plant and equipment	(41)	669	1,910	(2,818)
Other operating activities (Note 21)	(36,347)	(41,606)	(28,831)	(48,647)
Changes in non-cash operating working capital (Note 21)	8,984	(14,894)	78,406	(32,690)
<b>Operating cash flows before interest and income taxes</b>	\$ 126,278	\$ 103,029	\$ 359,347	\$ 232,802
Interest paid	(1,841)	(4,951)	(8,714)	(12,906)
Interest received	35	96	234	701
Income taxes paid	(9,529)	(16,226)	(59,123)	(68,042)
<b>Net cash generated from operating activities</b>	\$ 114,943	\$ 81,948	\$ 291,744	\$ 152,555
<b>Cash flow from investing activities</b>				
Payments for mineral properties, plant and equipment	\$ (38,832)	\$ (49,891)	\$ (124,920)	\$ (155,488)
Tahoe Resources Inc. ("Tahoe") acquisition ("Tahoe Acquisition")	—	—	—	(247,479)
Acquisition of mineral interests	—	—	—	(1,545)
Net proceeds from (purchase of) short-term investments and other securities	5,219	(2)	89,411	41,576
Proceeds from sale of mineral properties, plant and equipment	75	1,026	10,446	10,164
Exercise of warrants (Note 9)	—	—	(15,626)	—
Net (payments) proceeds from commodity, diesel fuel swaps, and foreign currency contracts	(1,095)	1,352	(3,096)	2,151
<b>Net cash used in investing activities</b>	\$ (34,633)	\$ (47,515)	\$ (43,785)	\$ (350,621)
<b>Cash flow from financing activities</b>				
Proceeds from issue of equity shares	\$ 387	\$ 1,416	\$ 4,728	\$ 1,610
Distributions to non-controlling interests	—	(653)	—	(914)
Dividends paid	(10,508)	(7,334)	(31,511)	(21,995)
Repayment of credit facility (Note 14)	(110,000)	(20,000)	(265,000)	(145,000)
Proceeds from credit facility (Note 14)	—	—	80,000	335,000
Proceeds from Loans (Note 14)	5,616	—	5,616	—
Payment of equipment leases	(2,880)	(4,674)	(9,921)	(13,544)
<b>Net cash (used in) generated from financing activities</b>	\$ (117,385)	\$ (31,245)	\$ (216,088)	\$ 155,157
Effects of exchange rate changes on cash and cash equivalents	(713)	(696)	(2,106)	(888)
Net (decrease) increase in cash and cash equivalents	(37,788)	2,492	29,765	(43,797)
Cash and cash equivalents at the beginning of the period	188,117	92,221	120,564	138,510
<b>Cash and cash equivalents at the end of the period</b>	\$ 150,329	\$ 94,713	\$ 150,329	\$ 94,713

Supplemental cash flow information (Note 21).

See accompanying notes to the condensed interim consolidated financial statements.

(1) The bargain purchase gain recognized on the Tahoe Acquisition date was eliminated in the fourth quarter of 2019 and retrospectively adjusted from the Company's results, for the three and nine months ended September 30, 2019, as a result of changes in the assessed fair values of assets acquired.

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Issued shares	Issued capital	Reserves	Investment revaluation reserve	Deficit	Total		
<b>Balance, December 31, 2018</b>	<b>153,448,356</b>	<b>\$ 2,321,498</b>	<b>\$ 22,573</b>	<b>\$ 208</b>	<b>\$ (836,067)</b>	<b>\$ 1,508,212</b>	<b>\$ 5,137</b>	<b>\$ 1,513,349</b>
Total comprehensive earnings								
Net earnings for the year	—	—	—	—	110,738	110,738	506	111,244
Other comprehensive loss	—	—	—	(208)	—	(208)	—	(208)
	—	—	—	(208)	110,738	110,530	506	111,036
Shares issued on the exercise of stock options	244,299	3,697	(916)	—	—	2,781	—	2,781
Shares issued as compensation	152,391	2,693	—	—	—	2,693	—	2,693
Share-based compensation on option grants	—	—	577	—	—	577	—	577
Tahoe Acquisition consideration	55,990,512	795,626	72,040	—	—	867,666	—	867,666
Distributions by subsidiaries to non-controlling interests	—	—	—	—	(28)	(28)	(896)	(924)
Dividends paid	—	—	—	—	(29,332)	(29,332)	—	(29,332)
<b>Balance, December 31, 2019</b>	<b>209,835,558</b>	<b>\$ 3,123,514</b>	<b>\$ 94,274</b>	<b>\$ —</b>	<b>\$ (754,689)</b>	<b>\$ 2,463,099</b>	<b>\$ 4,747</b>	<b>\$ 2,467,846</b>
Total comprehensive earnings								
Net earnings for the period	—	—	—	—	8,997	8,997	(1,560)	7,437
Other comprehensive loss	—	—	—	—	—	—	—	—
	—	—	—	—	8,997	8,997	(1,560)	7,437
Shares issued on the exercise of stock options	329,062	5,790	(1,062)	—	—	4,728	—	4,728
Shares issued as compensation	9,456	227	—	—	—	227	—	227
Share-based compensation on option grants	—	—	159	—	—	159	—	159
Dividends paid	—	—	—	—	(31,511)	(31,511)	—	(31,511)
<b>Balance, September 30, 2020</b>	<b>210,174,076</b>	<b>\$ 3,129,531</b>	<b>\$ 93,371</b>	<b>\$ —</b>	<b>\$ (777,203)</b>	<b>\$ 2,445,699</b>	<b>\$ 3,187</b>	<b>\$ 2,448,886</b>

See accompanying notes to the condensed interim consolidated financial statements.

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Issued shares	Issued capital	Reserves	Investment revaluation reserve	Deficit <sup>(1)</sup>	Total		
<b>Balance, December 31, 2018</b>	<b>153,448,356</b>	<b>\$ 2,321,498</b>	<b>\$ 22,573</b>	<b>\$ 208</b>	<b>\$ (836,067)</b>	<b>\$ 1,508,212</b>	<b>\$ 5,137</b>	<b>\$ 1,513,349</b>
Total comprehensive earnings								
Net earnings for the period <sup>(1)</sup>	—	—	—	—	58,811	58,811	727	59,538
Other comprehensive loss	—	—	—	(208)	—	(208)	—	(208)
	—	—	—	(208)	58,811	58,603	727	59,330
Shares issued on the exercise of stock options	148,652	2,105	(495)	—	—	1,610	—	1,610
Shares issued as compensation	22,335	243	—	—	—	243	—	243
Share-based compensation on option grants	—	—	450	—	—	450	—	450
Tahoe Acquisition consideration	55,990,512	795,626	72,040	—	—	867,666	—	867,666
Distributions by subsidiaries to non-controlling interests	—	—	—	—	(18)	(18)	(896)	(914)
Dividends paid	—	—	—	—	(21,995)	(21,995)	—	(21,995)
<b>Balance, September 30, 2019</b>	<b>209,609,855</b>	<b>\$ 3,119,472</b>	<b>\$ 94,568</b>	<b>\$ —</b>	<b>\$ (799,269)</b>	<b>\$ 2,414,771</b>	<b>\$ 4,968</b>	<b>\$ 2,419,739</b>

See accompanying notes to the condensed interim consolidated financial statements.

- (1) The bargain purchase gain recognized on the Tahoe Acquisition date was eliminated in the fourth quarter of 2019 and retrospectively adjusted from the Company's results, for the three and nine months ended September 30, 2019, as a result of changes in the assessed fair values of assets acquired.

## 1. NATURE OF OPERATIONS

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

The Company is engaged in the production and sale of silver, gold, zinc, lead and copper as well as other related activities, including exploration, extraction, processing, refining and reclamation. The Company’s major products are produced from mines in Canada, Peru, Mexico, Argentina and Bolivia. Additionally, the Company has project development activities in Canada, Peru, Mexico and Argentina, and exploration activities throughout South America, Canada and Mexico. As at September 30, 2020, 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 September 30, 2020 were as follows:

Subsidiary	Location	Ownership Interest	Accounting	Operations and Development Projects Owned
Lake Shore Gold Corp.	Canada	100 %	Consolidated	Bell Creek and Timmins 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
Minera San Rafael S.A.	Guatemala	100 %	Consolidated	Escobal mine
Minera Tritón Argentina S.A.	Argentina	100 %	Consolidated	Manantial Espejo mine & Cap-Oeste Sur Este ("COSE") project
Minera Joaquin S.R.L.	Argentina	100 %	Consolidated	Joaquin project
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, 2019.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS

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#### 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, 2019.

#### b) Changes in accounting policies not yet effective

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 in the current or future reporting periods.

#### c) Significant Judgements in Applying Accounting Policies

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus ("COVID-19"). The outbreak and subsequent measures intended to limit the pandemic contributed to significant declines and volatility in financial markets. The pandemic adversely impacted global commercial activity. The full extent of the impact of COVID-19 on operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact.

IFRS requires management to make estimates and assumptions that affect reported amounts and disclosures. These estimates and assumptions take into account historical and forward looking factors that the Company believes are reasonable, including but not limited to the potential impacts arising from COVID-19 and public and private sector policies and initiatives aimed at reducing its transmission. As the extent and duration of the impacts from COVID-19 remain unclear, the Company's estimates and assumptions may evolve as conditions change. Actual results could differ significantly from those estimates.



## 4. FINANCIAL INSTRUMENTS

### a) Financial assets and liabilities by categories

September 30, 2020	Amortized cost	FVTPL	FVTOCI	Total
<b>Financial Assets:</b>				
Cash and cash equivalents	\$ 150,329	\$ —	\$ —	\$ 150,329
Trade receivables from provisional concentrates sales <sup>(1)</sup>	—	24,793	—	24,793
Receivable not arising from sale of metal concentrates <sup>(1)</sup>	87,479	—	—	87,479
Short-term investments, equity securities	—	81,302	—	81,302
Derivative financial assets	—	1,364	—	1,364
	\$ 237,808	\$ 107,459	\$ —	\$ 345,267
<b>Financial Liabilities:</b>				
Derivative financial liabilities	\$ —	\$ 630	\$ —	\$ 630
	\$ —	\$ 630	\$ —	\$ 630

(1) Included in Trade and other receivables.

December 31, 2019	Amortized cost	FVTPL	FVTOCI	Total
<b>Financial Assets:</b>				
Cash and cash equivalents	\$ 120,564	\$ —	\$ —	\$ 120,564
Trade receivables from provisional concentrates sales <sup>(1)</sup>	—	48,767	—	48,767
Receivable not arising from sale of metal concentrates <sup>(1)</sup>	116,596	—	—	116,596
Short-term investments, equity securities	—	117,776	—	117,776
Derivative financial assets	—	1,272	—	1,272
	\$ 237,160	\$ 167,815	\$ —	\$ 404,975

(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 from short-term investments in equity securities for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Unrealized gains (losses) on short-term investments, equity securities	\$ 12,144	\$ 35,713	\$ (20,159)	\$ 50,087
Realized gains on short-term investments, equity securities	911	426	52,474	876
	\$ 13,055	\$ 36,139	\$ 32,315	\$ 50,963

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

The Company's short-term investments other than equity securities are recorded at fair value through other comprehensive income. The unrealized gains (losses) from short-term investments other than equity securities for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Unrealized net losses on short-term investments, other than equity securities	\$ —	\$ (1)	\$ —	\$ —
Reclassification adjustment for realized gains on short-term investments, other than equity securities	—	—	—	(208)
	\$ —	\$ (1)	\$ —	\$ (208)

### d) Derivative instruments

The Company's derivative financial instruments are comprised of foreign currency and commodity contracts. The gains (losses) on commodity contracts and (loss) gain on derivatives for the three and nine months ended September 30, 2020 and 2019 were comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Gains (losses) on foreign currency and commodity contracts:				
Realized (losses) gains on foreign currency and commodity contracts	\$ (1,095)	\$ 1,351	\$ (3,096)	\$ 2,150
Unrealized gains (losses) on foreign currency and commodity contracts	2,560	(1,181)	(650)	(399)
	\$ 1,465	\$ 170	\$ (3,746)	\$ 1,751
(Loss) gain on derivatives:				
(Loss) gain on warrants	\$ (523)	\$ —	\$ 113	\$ (14)
	\$ (523)	\$ —	\$ 113	\$ (14)

### e) Fair value information

#### i) Fair Value Measurement

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

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

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

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

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

	At September 30, 2020		At December 31, 2019	
	Level 1	Level 2	Level 1	Level 2
Assets and Liabilities:				
Short-term investments	\$ 81,302	\$ —	\$ 117,776	\$ —
Trade receivables from provisional concentrate sales	—	24,793	—	48,767
Derivative financial assets	—	1,364	—	1,272
Derivative financial liabilities	—	(630)	—	—
	\$ 81,302	\$ 25,527	\$ 117,776	\$ 50,039

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, 2019.

## **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 investments in warrants, commodity swaps and foreign currency contracts. The fair value of the warrants is calculated using an option pricing model which utilizes a combination of quoted prices and market-derived inputs. The Company's commodity swaps and foreign currency contracts are valued using observable market prices. Warrants are classified within Level 2 of the fair value hierarchy.

### **Receivables from Provisional Concentrate Sales**

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

## **f) Financial Instruments and related risks**

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

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

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

### **i) Credit Risk**

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

The Company has long-term 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 supply arrangements, or should any of them become insolvent, the Company may incur losses for products already shipped and be forced to sell its concentrates on the spot market or it may not have a market for its concentrates and therefore its future operating results may be materially adversely impacted. At September 30, 2020, the Company had receivable balances associated with buyers of its concentrates of \$24.8 million (December 31, 2019 - \$48.8 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 September 30, 2020, the Company had approximately \$63.9 million (December 31, 2019 - \$58.2 million) of value contained in precious metal inventory at refineries. The Company did not have any value contained in precious metal inventory at major commercial banks as at September 30, 2020 and December 31, 2019. 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 minimizes this risk by ensuring there is no excessive concentration of credit risk with any single counterparty, by active credit management and monitoring.

Refined silver and gold is 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 nine months ended September 30, 2020.

## iii) Market Risk

### 1. Currency Risk

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

At September 30, 2020, the Company had outstanding positions on its foreign currency exposure of Mexican peso ("MXN"), Peruvian peso ("SOL") and Canadian dollar ("CAD") purchases. The Company recorded gains of \$1.8 million, losses of \$0.1 million, and gains of \$0.3 million, respectively, on MXN, SOL and CAD derivative contracts for the three months ended September 30, 2020 (2019 - losses of \$0.4 million on MXN derivative contracts). The Company recorded losses of \$1.9 million, \$1.9 million, and \$0.7 million, respectively, on MXN, SOL and CAD derivative contracts for the nine months ended September 30, 2020 (2019 - gains of \$0.5 million on MXN derivative contracts).

### 2. Interest Rate Risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The average interest rate earned by the Company during the three and nine months ended September 30, 2020 on its cash and short-term investments was 1.27% and 0.89%, respectively (2019 - 0.66% and 0.94%, respectively).

At September 30, 2020, the Company had \$90 million in amounts drawn on its secured revolving credit facility (the "Credit Facility") at an average interest rate of 2.6% for the nine months ended September 30, 2020. At December 31, 2019, the Company had \$275 million in amounts drawn on its secured revolving credit facility (the "Credit Facility") at an average interest rate of 4.3% for the year ended December 31, 2019.

In July and September 2020, the Company borrowed \$2.8 million and \$2.8 million, respectively, in Loans under a Peruvian government COVID-19 pandemic program ("Loans"). At September 30, 2020, the Company had \$5.6 million in Loans outstanding that incur an average interest rate of 1.3% and is deferred and payable after July and September 2021, respectively.

At September 30, 2020, the Company had \$34.3 million in lease obligations (December 31, 2019 - \$41.2 million) that are subject to an annualized interest rate of 9.4% (2019 - 9.7%).

### 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. At September 30, 2020, the Company had no outstanding contracts to sell base metal production.

During the three and nine months ended September 30, 2020, the Company entered into diesel swap contracts designated to fix or limit the Company's exposure to higher fuel prices (the "Diesel fuel swaps"). The Company did not enter into any Diesel fuel swaps in 2019. The Company recorded losses of \$0.5 million and gains of \$0.8 million on the Diesel fuel swaps in the three and nine months ended September 30, 2020.

## 5. SHORT-TERM INVESTMENTS

	September 30, 2020			December 31, 2019		
	Fair Value	Cost	Accumulated unrealized holding gains	Fair Value	Cost	Accumulated unrealized holding gains
Short-term investments	\$ 81,302	\$ 21,899	\$ 59,403	\$ 117,776	\$ 36,826	\$ 80,950

## 6. INVENTORIES

Inventories consist of:

	September 30, 2020	December 31, 2019
Concentrate inventory	\$ 13,244	\$ 17,433
Stockpile ore <sup>(1)</sup>	24,177	27,708
Heap leach inventory and in process <sup>(2)</sup>	183,532	169,751
Doré and finished inventory <sup>(3)</sup>	70,831	67,820
Materials and supplies	91,742	88,004
<b>Total inventories</b>	<b>\$ 383,526</b>	<b>\$ 370,716</b>
Less: current portion of inventories	\$ (358,972)	\$ (346,507)
<b>Non-current portion of inventories <sup>(4)</sup></b>	<b>\$ 24,554</b>	<b>\$ 24,209</b>

- (1) Includes an impairment charge of \$2.6 million to reduce the cost basis of inventory to net realizable value ("NRV") at Manantial Espejo mine at September 30, 2020 (December 31, 2019 – \$5.0 million at Manantial Espejo and Dolores mines).
- (2) Includes an impairment charge of \$31.4 million to reduce the cost basis of inventory to NRV at Dolores mine at September 30, 2020 (December 31, 2019 - \$39.3 million at Manantial Espejo and Dolores mines).
- (3) Includes an impairment charge of \$3.8 million to reduce the cost basis of inventory to NRV at Dolores mine at September 30, 2020 (December 31, 2019 - \$2.9 million at Manantial Espejo and Dolores mines).
- (4) Inventories at Escobal mine, which include \$17.3 million (December 31, 2019 - \$16.9 million) in supplies with the remainder attributable to metals, have been classified as non-current pending the restart of operations.

## 7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment consist of:

	September 30, 2020			December 31, 2019		
	Cost	Accumulated Depreciation and Impairment	Carrying Value	Cost	Accumulated Depreciation and Impairment	Carrying Value
Huaron, Peru	\$ 217,524	\$ (133,747)	\$ 83,777	\$ 215,109	\$ (126,301)	\$ 88,808
Morococha, Peru	265,047	(172,969)	92,078	258,862	(164,501)	94,361
Shahuindo, Peru	528,600	(67,787)	460,813	498,960	(39,668)	459,292
La Arena, Peru	139,095	(37,115)	101,980	112,014	(22,853)	89,161
Alamo Dorado, Mexico	71,724	(71,724)	—	71,724	(71,724)	—
La Colorada, Mexico	318,945	(159,233)	159,712	305,357	(143,232)	162,125
Dolores, Mexico	1,636,985	(1,170,946)	466,039	1,608,334	(1,091,862)	516,472
Manantial Espejo, Argentina <sup>(1)</sup>	473,658	(442,389)	31,269	371,677	(367,901)	3,776
San Vicente, Bolivia	145,590	(101,072)	44,518	143,251	(95,360)	47,891
Timmins, Canada	307,864	(73,594)	234,270	292,986	(42,672)	250,314
Other	27,739	(18,060)	9,679	27,711	(17,485)	10,226
<b>Total</b>	<b>\$ 4,132,771</b>	<b>\$ (2,448,636)</b>	<b>\$ 1,684,135</b>	<b>\$ 3,905,985</b>	<b>\$ (2,183,559)</b>	<b>\$ 1,722,426</b>
Land and Non-Producing Properties:						
Land	\$ 5,683	\$ (1,254)	\$ 4,429	\$ 5,528	\$ (1,267)	\$ 4,261
Navidad, Argentina	566,577	(376,101)	190,476	566,577	(376,101)	190,476
Escobal, Guatemala	258,644	(1,035)	257,609	249,353	—	249,353
Timmins, Canada	73,656	—	73,656	87,747	—	87,747
Shahuindo, Peru	6,079	—	6,079	15,586	—	15,586
La Arena, Peru	117,000	—	117,000	117,000	—	117,000
Minefinders, Mexico	79,714	(36,975)	42,739	83,079	(36,975)	46,104
La Colorada, Mexico	20,698	—	20,698	15,544	—	15,544
Morococha, Peru	5,054	—	5,054	7,213	—	7,213
COSE Project, Argentina	—	—	—	95,851	(66,859)	28,992
Other	32,479	(11,876)	20,603	31,866	(11,667)	20,199
<b>Total non-producing properties</b>	<b>\$ 1,165,584</b>	<b>\$ (427,241)</b>	<b>\$ 738,343</b>	<b>\$ 1,275,344</b>	<b>\$ (492,869)</b>	<b>\$ 782,475</b>
<b>Total mineral properties, plant and equipment</b>	<b>\$ 5,298,355</b>	<b>\$ (2,875,877)</b>	<b>\$ 2,422,478</b>	<b>\$ 5,181,329</b>	<b>\$ (2,676,428)</b>	<b>\$ 2,504,901</b>

(1) Includes COSE and Joaquin projects, which entered commercial production during the three and nine months ended September 30, 2020.

(2) COSE project entered commercial production and was transferred to Manantial Espejo producing property during the three and nine months ended September 30, 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 September 30, 2020, 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 pandemic may have material impacts on our anticipated operating results and the recoverable amount of our CGUs.

## 9. INVESTMENT IN ASSOCIATES

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

	2020
Balance of investment, December 31, 2019	\$ 84,319
Disposal of investment in associate	(23,467)
Dilution losses	(142)
Adjustment for change in ownership interest	1,252
Dividends	(1,054)
Loss from associate	(1,669)
Balance of investment, September 30, 2020	\$ 59,239

### *Investment in Maverix:*

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. This warrant liability was \$15.0 million as at December 31, 2019.

The Company's share of Maverix income or loss was recorded, based on its 26% interest from January 1, 2020 to June 5, 2020, and 18% from June 6, 2020 to September 30, 2020 (26% for the year ended December 31, 2019), 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 September 30, 2020, the deferred revenue liability was \$13.3 million (December 31, 2019 - \$12.5 million).

### *Income Statement Impacts:*

The Company recorded a gain of \$nil and \$23.5 million, respectively, during the three and nine months ended September 30, 2020 as a result of the disposition of shares pursuant to the Secondary Offering.

The Company recognized \$nil and \$0.1 million, respectively, in dilution losses during the three and nine months ended September 30, 2020 (2019 - \$0.1 million and \$0.1 million, respectively). Dilution gains and losses are recorded in share of income from associate and dilution gain.

For the three and nine months ended September 30, 2020, the Company also recognized \$1.1 million share of income from associate and \$1.7 million share of loss from associate (2019 - \$0.1 million and \$1.1 million share of



income from associate, respectively), which represents the Company's proportionate share of Maverix's earnings during the periods.

## 10. GOODWILL AND OTHER ASSETS

Other assets consist of:

	September 30, 2020	December 31, 2019
Goodwill	\$ 3,057	\$ 3,057
Other assets	1,399	1,930
	<b>\$ 4,456</b>	<b>\$ 4,987</b>

## 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	September 30, 2020	December 31, 2019
Trade accounts payable <sup>(1)</sup>	\$ 60,516	\$ 66,924
Royalties payable	16,223	16,108
Other accounts payable and trade related accruals	71,069	59,295
Payroll and related benefits	52,066	47,221
Severance accruals	2,748	994
Refundable tax payable	8,962	9,844
Other taxes payable	26,333	24,944
	<b>\$ 237,917</b>	<b>\$ 225,330</b>

(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, 2019	\$ 188,455	\$ 6,929	\$ 195,384
Revisions in estimates and obligations incurred	11,941	—	11,941
Charged (credited) to earnings:			
-new provisions	—	2,130	2,130
-change in estimate	—	(1,031)	(1,031)
-exchange gains on provisions	—	(535)	(535)
Charged in the year	—	(86)	(86)
Reclamation expenditures	(1,683)	—	(1,683)
Accretion expense (Note 19)	6,199	—	6,199
<b>September 30, 2020</b>	<b>\$ 204,912</b>	<b>\$ 7,407</b>	<b>\$ 212,319</b>

### Maturity analysis of total provisions:

	September 30, 2020	December 31, 2019
Current	\$ 4,960	\$ 7,372
Non-Current	207,359	188,012
	<b>\$ 212,319</b>	<b>\$ 195,384</b>

## 13. LEASES

### a. ROU Assets

The following table summarizes changes in ROU Assets for the nine months ended September 30, 2020 which have been recorded in mineral properties, plant and equipment on the Condensed Interim Consolidated Statements of Financial Position:

	September 30, 2020		December 31, 2019
<b>Cost</b>		<b>Cost</b>	
Balance, January 1, 2020	\$ 60,779	Balance, January 1, 2019	\$ 34,983
Additions	2,921	Additions <sup>(1)</sup>	42,415
Transfer out	(9,300)	Transfer out	(16,619)
Balance, September 30, 2020	54,400	Balance, December 31, 2019	60,779
<b>Accumulated Depreciation</b>		<b>Accumulated Depreciation</b>	
Balance at January 1, 2020	(17,418)	Balance at January 1, 2019	(4,780)
Amortization	(11,086)	Amortization <sup>(2)</sup>	(20,103)
Transfer out	7,192	Transfer out	7,465
Balance, September 30, 2020	(21,312)	Balance, December 31, 2019	(17,418)
<b>Carrying Amounts</b>		<b>Carrying Amounts</b>	
At January 1, 2020	43,361	At January 1, 2019	30,203
At September 30, 2020	\$ 33,088	At December 31, 2019	\$ 43,361

(1) Includes \$8.5 million in assets acquired from Tahoe Acquisition.

(2) Includes an impairment charge of \$2.4 million related to the Manantial Espejo mineral property, and the COSE and Joaquin projects.

### b. Lease obligations

The following table presents a reconciliation of the Company's undiscounted cash flows at September 30, 2020 and December 31, 2019 to their present value for the Company's lease obligations:

	September 30, 2020	December 31, 2019
Within one year	\$ 13,047	\$ 16,221
Between one and five years	18,811	23,099
Beyond five years	19,789	21,675
Total undiscounted lease obligations	51,647	60,995
Less future interest charges	(17,381)	(19,787)
Total discounted lease obligations	34,266	41,208
Less: current portion of lease obligations	(12,243)	(14,198)
Non-current portion of lease obligations	\$ 22,023	\$ 27,010

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied is 9.4% (December 31, 2019 - 9.7%).

## 14. DEBT

	September 30, 2020	December 31, 2019
Credit Facility	\$ 90,000	\$ 275,000
Loans	5,560	—
Non-current portion of debt	\$ 95,560	\$ 275,000

The Company's four-year, \$300.0 million secured revolving credit facility, which was due to mature on April 15, 2020, was increased to \$400.0 million on February 1, 2019, and increased to \$500.0 million on February 22, 2019,

with maturity on February 1, 2023, and resulted in additional upfront costs of \$2.0 million. These amendments were made as part of the Tahoe Acquisition.

The upfront costs have been recorded as an asset under the classification "Prepaid expenses and other current assets" and are being amortized over the life of the Credit Facility. 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 required the Company to maintain a tangible net worth (exclusive of any prospective write-downs of certain assets) of greater than \$1,036.4 million plus 50% of the positive net income from and including the fiscal quarter ended March 31, 2016. As part of the amendment, after March 31, 2019, the financial covenants require the Company to maintain a minimum tangible net worth (exclusive of any prospective write-downs of certain assets) 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 September 30, 2020, the Company was in compliance with all covenants required by the Credit Facility.

At Pan American's option, amounts can be drawn under the revolving facility and will incur interest based on the Company's leverage ratio at either (i) LIBOR plus 1.875% to 2.750% or; (ii) The Bank of Nova Scotia's Base Rate on U.S. dollar denominated commercial loans plus 0.875% to 1.750%. Undrawn amounts under the revolving facility are subject to a stand-by fee of 0.4219% to 0.6188% per annum, dependent on the Company's leverage ratio. During the nine months ended September 30, 2020, the Company drew down \$80 million and repaid \$265 million of the Credit Facility (2019 - The Company drew down \$335 million, under the Credit Facility, under LIBOR-based interest rates, to fund, in part, the cash purchase price under the Tahoe arrangement and to repay, in full, and cancel Tahoe's second amended and restated revolving facility, under which \$125 million had been drawn).

During the nine months ended September 30, 2020, the average interest rate incurred by the Company on the Credit Facility was 2.6% (2019 - 4.3%). During the three and nine months ended September 30, 2020, the Company incurred \$0.6 million and \$1.1 million, respectively, (2019 - \$0.5 million and \$1.0 million, respectively) in standby charges on undrawn amounts and \$0.9 million and \$5.6 million, respectively, (2019 - \$3.1 million and \$8.5 million, respectively) in interest on drawn amounts under this Facility.

In April 2020, the Company increased its cash and cash equivalents holdings with an \$80 million draw on the Credit Facility as a precautionary measure to increase liquidity considering the uncertain economic impacts of the COVID-19 pandemic. During the three and nine months ended September 30, 2020, the Company repaid \$110 million and \$265 million, respectively, of the Credit Facility, reducing the drawn amount at September 30, 2020 to \$90 million.

In July and September 2020, the Company borrowed \$2.8 million and \$2.8 million, respectively, in Loans under a Peruvian government COVID-19 pandemic program. These loans incur an average interest rate of 1.3% which is deferred and payable after July and September 2021, respectively. At September 30, 2020, the Company had \$5.6 million of these Loans outstanding.

## 15. OTHER LONG TERM LIABILITIES

Other long term liabilities consist of:

	September 30, 2020	December 31, 2019
Deferred credit <sup>(1)</sup>	\$ 20,788	\$ 20,788
Other income tax payable	92	118
Severance accruals	5,943	6,848
	<b>\$ 26,823</b>	<b>\$ 27,754</b>

(1) As part of the 2009 Aquiline transaction, the Company issued a replacement convertible debenture that allowed the holder to convert the debenture into either 363,854 Pan American Shares or a Silver Stream contract related to certain production from the Navidad project. Regarding the replacement

convertible debenture, it was concluded that the deferred credit presentation was the most appropriate and best representation of the economics underlying the contract as of the date the Company assumed the obligation as part of the Aquiline acquisition. Subsequent to the acquisition, the counterparty to the replacement debenture selected the Silver Stream alternative. The Company continues to classify the fair value calculated at the acquisition as a deferred credit of this alternative.

## 16. SHARE CAPITAL AND EMPLOYEE COMPENSATION PLANS

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

For the three and nine months ended September 30, 2020, the total share-based compensation expense relating to stock options and Compensation Shares was \$1.0 million and \$3.2 million, respectively, (2019 - \$1.1 million and \$3.1 million, respectively) and is presented as a component of general and administrative expense.

#### i. Stock options

The Company did not grant any stock options during the three and nine months ended September 30, 2020 or the comparative periods in 2019.

During the three and nine months ended September 30, 2020, the Company issued 33,231 and 329,062 common shares, respectively, in connection with the exercise of 33,563 and 329,394 options, respectively (2019 – 128,010 and 148,652 common shares and options, respectively).

#### ii. Compensation shares

During the three and nine months ended September 30, 2020, 9,456 shares were issued to Directors in lieu of Directors' fees of \$0.2 million (2019 – 22,335 common shares in lieu of fees of \$0.2 million).

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

	Stock Options	
	Options	Weighted Average Exercise Price CAD\$
<b>As at December 31, 2018</b>	698,387	\$ 15.00
Granted	22,788	26.54
Granted pursuant to the Tahoe Acquisition	835,874	48.47
Exercised	(244,299)	15.10
Expired	(141,604)	58.45
Forfeited	(27,798)	34.00
<b>As at December 31, 2019</b>	1,143,348	\$ 33.84
Exercised	<b>(329,394)</b>	<b>19.22</b>
Expired	<b>(481,698)</b>	<b>53.44</b>
Forfeited	<b>(21,387)</b>	<b>43.08</b>
<b>As at September 30, 2020</b>	<b>310,869</b>	<b>\$ 18.32</b>

The following table summarizes information about the Company's stock options outstanding at September 30, 2020:

Range of Exercise Prices CAD\$	Options Outstanding			Options Exercisable	
	Number Outstanding as at September 30, 2020	Weighted Average Remaining Contractual Life (months)	Weighted Average Exercise Price CAD\$	Number Outstanding as at September 30, 2020	Weighted Average Exercise Price CAD\$
\$9.76 - \$23.61	269,727	44.51	\$ 15.75	198,111	\$ 15.11
\$23.62 - \$35.21	23,845	70.95	\$ 26.82	1,057	\$ 32.92
\$35.22 - \$46.53	14,414	16.50	\$ 42.85	14,414	\$ 42.85
\$46.54 - \$65.71	2,883	13.11	\$ 65.71	2,883	\$ 65.71
	310,869	44.95	\$ 18.32	216,465	\$ 17.72

#### b. PSUs

Compensation expense for PSUs was \$1.7 million and \$3.6 million, respectively, for the three and nine months ended September 30, 2020 (2019 - \$0.5 million and \$0.9 million, respectively) and is presented as a component of general and administrative expense.

At September 30, 2020, the following PSUs were outstanding:

PSU	Number Outstanding	Fair Value
<b>As at December 31, 2018</b>	210,409	\$ 3,091
Granted	75,311	1,784
Paid out	(38,119)	(903)
Change in value	—	1,924
<b>As at December 31, 2019</b>	247,601	\$ 5,896
Change in value	—	2,119
<b>As at September 30, 2020</b>	247,601	\$ 8,015

#### c. RSUs

Compensation expense for RSUs was \$0.7 million and \$2.0 million, respectively, for the three and nine months ended September 30, 2020 (2019 – \$0.6 million and \$1.5 million, respectively) and is presented as a component of general and administrative expense.

At September 30, 2020, the following RSUs were outstanding:

RSU	Number Outstanding	Fair Value
<b>As at December 31, 2018</b>	328,823	\$ 3,624
Granted	146,594	3,891
Paid out	(157,584)	(3,140)
Forfeited	(18,617)	(441)
Change in value	—	3,173
<b>As at December 31, 2019</b>	299,216	\$ 7,107
Forfeited	(15,242)	(489)
Change in value	—	2,558
<b>As at September 30, 2020</b>	283,974	\$ 9,176

#### 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 nine months ended September 30, 2020 and 2019:

Declaration Date	Record Date	Dividend per common share
November 4, 2020 <sup>(1)</sup>	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
November 6, 2019	November 18, 2019	\$ 0.035
August 7, 2019	August 19, 2019	\$ 0.035
May 8, 2019	May 21, 2019	\$ 0.035
February 20, 2019	March 4, 2019	\$ 0.035

(1) These dividends were declared subsequent to the quarter ended September 30, 2020 and have not been recognized as distributions to owners during the period presented.

#### f. CVRs

On February 22, 2019, the Company issued 313,887,490 CVRs as part of the Tahoe Acquisition, which were convertible into 15,600,208 common shares following the First Shipment upon the restart of operations at the Escobal mine. As of September 30, 2020, there were 313,883,990 CVRs outstanding which were convertible into 15,600,034 common shares (December 31, 2019 - 313,887,490 CVRs convertible into 15,600,208 common shares).

## 17. PRODUCTION COSTS

Production costs are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 <sup>(3)</sup>	2020	2019 <sup>(3)</sup>
Consumption of raw materials and consumables	\$ 76,799	\$ 77,757	\$ 208,530	\$ 223,138
Employee compensation and benefits expense	77,492	78,998	220,063	196,913
Contractors and outside services	31,144	20,941	80,845	79,795
Utilities	9,082	12,128	28,509	30,550
Other expenses	1,962	15,498	11,854	42,220
Changes in inventories <sup>(1)(2)</sup>	(79,259)	(694)	(59,831)	39,087
	\$ 117,220	\$ 204,628	\$ 489,970	\$ 611,703

- (1) Includes NRV adjustments to inventory to reduce production costs by \$22.6 million and \$9.4 million, respectively, for the three and nine months ended September 30, 2020 (2019 - \$6.7 million and \$0.8 million, respectively).
- (2) Includes fair value increases recognized on the Tahoe Acquisition of select Tahoe inventories of \$0.6 million and \$3.9 million, respectively, for the three and nine months ended September 30, 2020 (2019 - \$4.9 million and \$41.7 million, respectively).
- (3) Includes amounts previously included in discontinued operations which have been recast, and presented, for the three months ended September 30, 2019 in continuing operations as a result of Timmins no longer being classified as held for sale.

## 18. MINE CARE AND MAINTENANCE

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
COVID 19 mine care and maintenance expenses	\$ 16,871	\$ —	\$ 58,323	\$ —
COVID 19 mine care and maintenance depreciation	3,605	—	16,774	—
Total COVID 19 mine care and maintenance	20,476	—	75,097	—
Mine care and maintenance expenses	6,647	6,365	20,253	15,654
	\$ 27,123	\$ 6,365	\$ 95,350	\$ 15,654

## 19. INTEREST AND FINANCE EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 <sup>(1)</sup>	2020	2019 <sup>(1)</sup>
Interest expense	\$ 1,711	\$ 5,179	\$ 7,520	\$ 12,117
Finance fees	591	298	1,902	1,518
Accretion expense (Note 12)	2,065	2,779	6,199	7,320
	\$ 4,367	\$ 8,256	\$ 15,621	\$ 20,955

- (1) Includes amounts previously included in discontinued operations which have been recast, and presented, for the three and nine months ended September 30, 2019 in continuing operations as a result of Timmins no longer being classified as held for sale.

## 20. EARNINGS PER SHARE (BASIC AND DILUTED)

	For the three months ended September 30, 2020			2019 <sup>(2)</sup>		
	Earnings <sup>(1)</sup> (Numerator)	Shares (000's) (Denominator)	Per-Share Amount	Earnings <sup>(1)</sup> (Numerator)	Shares (000's) (Denominator)	Per-Share Amount
Net earnings for the period	\$ 65,741			\$ 37,657		
Basic earnings per share	\$ 65,741	210,160	\$ 0.31	\$ 37,657	209,535	\$ 0.18
Effect of Dilutive Securities:						
Stock Options	—	195		—	195	
Diluted earnings per share	\$ 65,741	210,355	\$ 0.31	\$ 37,657	209,730	\$ 0.18

- (1) Net earnings attributable to equity holders of the Company.  
 (2) The bargain purchase gain recognized on the Tahoe Acquisition date was eliminated in the fourth quarter of 2019 and retrospectively adjusted from the Company's results, for the three months ended September 30, 2019, as a result of changes in the assessed fair values of assets acquired.

	For the nine months ended September 30, 2020			2019 <sup>(2)</sup>		
	Earnings <sup>(1)</sup> (Numerator)	Shares (000's) (Denominator)	Per-Share Amount	Earnings <sup>(1)</sup> (Numerator)	Shares (000's) (Denominator)	Per-Share Amount
Net earnings for the period	\$ 8,997			\$ 58,811		
Basic earnings per share	\$ 8,997	210,049	\$ 0.04	\$ 58,811	198,609	\$ 0.30
Effect of Dilutive Securities:						
Stock Options	—	218		—	148	
Diluted earnings per share	\$ 8,997	210,267	\$ 0.04	\$ 58,811	198,757	\$ 0.30

- (1) Net earnings attributable to equity holders of the Company.  
 (2) The bargain purchase gain recognized on the Tahoe Acquisition date was eliminated in the fourth quarter of 2019 and retrospectively adjusted from the Company's results, for the nine months ended September 30, 2019, as a result of changes in the assessed fair values of assets acquired.

Potentially dilutive securities excluded in the diluted earnings per share calculation for the three and nine months ended September 30, 2020 were 17,297 out-of-the-money options and CVRs potentially convertible into

15,600,034 common shares (2019 – 716,931 out-of-the-money options and CVRs potentially convertible into 15,600,208 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:

Other operating activities	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Adjustments for non-cash income statement items:				
Share-based compensation expense	\$ 1,002	\$ 1,079	\$ 3,236	\$ 3,136
Gains on securities held	(12,686)	(35,713)	(28,077)	(50,087)
(Gains) losses on commodity and foreign currency contracts (Note 4d)	(1,465)	(170)	3,746	(1,751)
Loss (gain) on derivatives (Note 4d)	523	—	(113)	14
Share of (income) loss from associate and dilution gain (Note 9)	(1,078)	(79)	1,811	(999)
Net realizable value adjustment for inventories	(22,643)	(6,723)	(9,434)	(842)
Project development write-down	—	—	—	1,882
	\$ (36,347)	\$ (41,606)	\$ (28,831)	\$ (48,647)

Changes in non-cash operating working capital items:	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Trade and other receivables	\$ 20,967	\$ (20,201)	\$ 63,067	\$ (19,112)
Inventories	(37,246)	(4,356)	5,408	32,482
Prepaid expenses	1,956	680	7,870	3,679
Accounts payable and accrued liabilities	23,907	9,225	4,242	(47,118)
Provisions	(600)	(242)	(2,181)	(2,621)
	\$ 8,984	\$ (14,894)	\$ 78,406	\$ (32,690)

Cash and Cash Equivalents	September 30, 2020	December 31, 2019
Cash in banks	\$ 150,329	\$ 120,564

## 22. SEGMENTED INFORMATION

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

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



**For the three months ended September 30, 2020**

Segment/ Country	Operation	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Mine care and maintenance	Capital expenditures <sup>(1)</sup>
<b>Silver Segment:</b>							
Mexico	Dolores	\$ 49,061	\$ 8,112	\$ 17,484	\$ 23,465	\$ —	7,409
	La Colorada	37,835	17,938	5,371	14,526	(26)	7,736
Peru	Huaron	12,501	4,114	636	7,751	10,092	1,730
	Morococha	6,145	2,838	520	2,787	9,923	1,365
Bolivia	San Vicente	18,382	12,381	2,125	3,876	—	1,330
Argentina	Manantial Espejo	22,159	14,255	2,299	5,605	—	1,836
Guatemala	Escobal	—	—	—	—	4,935	10
<b>Total Silver Segment</b>		<b>146,083</b>	<b>59,638</b>	<b>28,435</b>	<b>58,010</b>	<b>24,924</b>	<b>21,416</b>
<b>Gold Segment:</b>							
Peru	Shahuindo	63,043	16,875	7,988	38,180	107	4,839
	La Arena	32,173	14,420	4,300	13,453	380	9,511
Canada	Timmins	59,115	34,220	9,599	15,296	—	5,729
<b>Total Gold Segment</b>		<b>154,331</b>	<b>65,515</b>	<b>21,887</b>	<b>66,929</b>	<b>487</b>	<b>20,079</b>
<b>Other segment:</b>							
Canada	Pas Corp	—	—	121	(121)	—	75
Argentina	Navidad	—	—	—	—	1,712	—
Other	Other	—	—	257	(257)	—	142
<b>Total</b>		<b>\$ 300,414</b>	<b>\$ 125,153</b>	<b>\$ 50,700</b>	<b>\$ 124,561</b>	<b>\$ 27,123</b>	<b>\$ 41,712</b>

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

**For the three months ended September 30, 2019**

Segment/ Country	Operation	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Mine care and maintenance	Capital expenditures <sup>(1)</sup>
<b>Silver Segment:</b>							
Mexico	Dolores	\$ 69,746	\$ 42,555	\$ 26,416	\$ 775	\$ —	13,522
	La Colorada	43,808	17,566	5,484	20,758	—	5,780
Peru	Huaron	30,773	19,792	3,590	7,391	—	2,739
	Morococha	24,434	18,148	3,925	2,361	—	3,966
Bolivia	San Vicente	14,388	10,597	2,569	1,222	—	1,508
Argentina	Manantial Espejo	9,123	9,416	1,937	(2,230)	—	5,909
Guatemala	Escobal	—	—	—	—	4,558	37
<b>Total Silver Segment</b>		<b>192,272</b>	<b>118,074</b>	<b>43,921</b>	<b>30,277</b>	<b>4,558</b>	<b>33,461</b>
<b>Gold Segment:</b>							
	Shahuindo	60,859	24,878	3,408	32,573	—	10,126
	La Arena	45,302	34,140	1,905	9,257	—	7,250
Canada	Timmins <sup>(2)</sup>	53,754	32,978	28,673	(7,897)	—	3,378
<b>Total Gold Segment</b>		<b>159,915</b>	<b>91,996</b>	<b>33,986</b>	<b>33,933</b>	<b>—</b>	<b>20,754</b>
<b>Other segment:</b>							
Canada	Pas Corp	—	—	29	(29)	—	147
Argentina	Navidad	—	—	(3)	3	1,807	1
Other	Other	—	—	334	(334)	—	202
<b>Total</b>		<b>\$ 352,187</b>	<b>\$ 210,070</b>	<b>\$ 78,267</b>	<b>\$ 63,850</b>	<b>\$ 6,365</b>	<b>\$ 54,565</b>

(1) Includes payments for mineral properties, plant and equipment and amounts have been recast, and presented, for the three months ended September 30, 2019 to include payment of equipment leases.

(2) Includes amounts previously included in discontinued operations which have been recast, and presented, for the three months ended September 30, 2019 in continuing operations as a result of Timmins no longer being classified as held for sale.

**For the nine months ended September 30, 2020**

Segment/ Country	Operation	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Mine care and maintenance	Capital expenditures <sup>(1)</sup>
<b>Silver Segment:</b>							
Mexico	Dolores	\$ 172,208	\$ 108,122	\$ 60,273	\$ 3,813	\$ 10,175	\$ 32,084
	La Colorada	89,461	47,410	13,801	28,250	7,973	21,982
Peru	Huaron	37,967	23,155	4,180	10,632	20,850	3,724
	Morococha	22,205	18,562	3,860	(217)	20,025	6,075
Bolivia	San Vicente	34,825	25,650	5,033	4,142	2,890	3,487
Argentina	Manantial Espejo	57,873	46,612	5,686	5,575	5,617	8,859
Guatemala	Escobal	—	—	—	—	15,047	4,734
<b>Total Silver Segment</b>		<b>414,539</b>	<b>269,511</b>	<b>92,833</b>	<b>52,195</b>	<b>82,577</b>	<b>80,945</b>
<b>Gold Segment:</b>							
Peru	Shahuindo	205,151	74,480	30,772	99,899	3,855	16,244
	La Arena	96,504	48,879	16,322	31,303	3,712	24,294
Canada	Timmins	192,157	115,471	35,908	40,778	—	12,680
<b>Total Gold Segment</b>		<b>493,812</b>	<b>238,830</b>	<b>83,002</b>	<b>171,980</b>	<b>7,567</b>	<b>53,218</b>
<b>Other segment:</b>							
Canada	Pas Corp	—	—	373	(373)	—	220
Argentina	Navidad	—	—	—	—	5,206	8
Other	Other	—	—	797	(797)	—	450
<b>Total</b>		<b>\$ 908,351</b>	<b>\$ 508,341</b>	<b>\$ 177,005</b>	<b>\$ 223,005</b>	<b>\$ 95,350</b>	<b>\$ 134,841</b>

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

**For the nine months ended September 30, 2019**

Segment/ Country	Operation	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Mine care and maintenance	Capital expenditures <sup>(1)</sup>
<b>Silver Segment:</b>							
Mexico	Dolores	\$ 183,452	\$ 146,248	\$ 78,092	\$ (40,888)	\$ —	\$ 41,935
	La Colorada	135,364	56,911	17,736	60,717	—	15,998
Peru	Huaron	88,452	57,282	10,375	20,795	—	8,101
	Morococha	78,380	53,608	11,410	13,362	—	10,434
Bolivia	San Vicente	56,404	41,974	7,181	7,249	—	2,912
Argentina	Manantial Espejo	37,810	39,566	3,645	(5,401)	—	20,194
Guatemala	Escobal	—	—	—	—	11,814	1,033
<b>Total Silver Segment</b>		<b>579,862</b>	<b>395,589</b>	<b>128,439</b>	<b>55,834</b>	<b>11,814</b>	<b>100,607</b>
<b>Gold Segment:</b>							
	Shahuindo	130,071	65,501	16,954	47,616	—	19,041
	La Arena	104,091	71,312	10,198	22,581	—	39,176
Canada	Timmins <sup>(2)</sup>	132,356	98,086	28,673	5,597	—	9,537
<b>Total Gold Segment</b>		<b>366,518</b>	<b>234,899</b>	<b>55,825</b>	<b>75,794</b>	<b>—</b>	<b>67,754</b>
<b>Other segment:</b>							
Canada	Pas Corp	—	—	365	(365)	—	326
Argentina	Navidad	—	—	—	—	3,840	9
Other	Other	—	—	585	(585)	—	336
<b>Total</b>		<b>\$ 946,380</b>	<b>\$ 630,488</b>	<b>\$ 185,214</b>	<b>\$ 130,678</b>	<b>\$ 15,654</b>	<b>\$ 169,032</b>

(1) Includes payments for mineral properties, plant and equipment and amounts have been recast, and presented, for the nine months ended September 30, 2019 to include payment of equipment leases.

(2) Includes amounts previously included in discontinued operations which have been recast, and presented, for the nine months ended September 30, 2019 in continuing operations as a result of Timmins no longer being classified as held for sale.

A reconciliation of segment mine operating earnings to the Company's earnings before income taxes per the Condensed Interim Consolidated Income Statements is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 <sup>(1)(2)</sup>	2020	2019 <sup>(1)</sup>
<b>Mine operating earnings (Note 22)</b>	\$ 124,561	\$ 63,850	\$ 223,005	\$ 130,678
General and administrative	(10,367)	(8,237)	(25,694)	(21,743)
Exploration and project development	(1,839)	(2,066)	(6,005)	(9,122)
Mine care and maintenance (Note 18)	(27,123)	(6,365)	(95,350)	(15,654)
Foreign exchange losses	(2,362)	(6,012)	(4,268)	(7,973)
Gains (losses) on commodity and foreign currency contracts (Note 4d)	1,465	170	(3,746)	1,751
Gains (losses) on sale of mineral properties, plant and equipment	41	(673)	(1,910)	2,818
Share of income (loss) from associate and dilution gain (Note 9)	1,078	79	(1,811)	999
Transaction and integration costs	—	(2,863)	—	(7,712)
Other (expense) income	(730)	1,042	(8,519)	818
<b>Earnings from operations</b>	<b>84,724</b>	<b>38,925</b>	<b>75,702</b>	<b>74,860</b>
(Loss) gain on derivatives (Note 4d)	(523)	—	113	(14)
Investment income (Note 4b)	13,055	36,139	32,315	50,963
Interest and finance expense (Note 19)	(4,367)	(8,256)	(15,621)	(20,955)
<b>Earnings before income taxes</b>	<b>\$ 92,889</b>	<b>\$ 66,808</b>	<b>\$ 92,509</b>	<b>\$ 104,854</b>

(1) The bargain purchase gain recognized on the Tahoe Acquisition date was eliminated in the fourth quarter of 2019 and retrospectively adjusted from the Company's results, for the three and nine months ended September 30, 2019, as a result of changes in the assessed fair values of assets acquired.

#### At September 30, 2020

Segment/Country	Operation	Assets	Liabilities	Net assets
<b>Silver Segment:</b>				
Mexico	Dolores	\$ 736,458	\$ 154,873	\$ 581,585
	La Colorada	238,922	59,432	179,490
Peru	Huaron	98,310	33,135	65,175
	Morococha	109,936	28,805	81,131
Bolivia	San Vicente	74,506	32,194	42,312
Argentina	Manantial Espejo	76,508	24,923	51,585
Guatemala	Escobal	294,014	23,632	270,382
<b>Total Silver Segment</b>		<b>1,628,654</b>	<b>356,994</b>	<b>1,271,660</b>
<b>Gold Segment:</b>				
Peru	Shahuindo	560,762	184,377	376,385
	La Arena	274,558	103,297	171,261
Canada	Timmins	384,088	57,489	326,599
<b>Total Gold Segment</b>		<b>1,219,408</b>	<b>345,163</b>	<b>874,245</b>
<b>Other segment:</b>				
Canada	Pas Corp	181,925	110,369	71,556
Argentina	Navidad	193,011		193,011
	Other	81,471	43,057	38,414
<b>Total</b>		<b>\$ 3,304,469</b>	<b>\$ 855,583</b>	<b>\$ 2,448,886</b>

**At December 31, 2019**

Segment/Country	Operation	Assets	Liabilities	Net assets
<b>Silver Segment:</b>				
Mexico	Dolores	\$ 763,301	\$ 137,396	\$ 625,905
	La Colorada	223,416	46,476	176,940
Peru	Huaron	110,642	39,962	70,680
	Morococha	128,280	36,754	91,526
Bolivia	San Vicente	76,418	35,331	41,087
Argentina	Manantial Espejo	77,635	27,455	50,180
Guatemala	Escobal	293,178	19,340	273,838
<b>Total Silver Segment</b>		<b>1,672,870</b>	<b>342,714</b>	<b>1,330,156</b>
<b>Gold Segment:</b>				
Peru	Shahuindo	600,096	162,821	437,275
	La Arena	282,978	90,472	192,506
Canada	Timmins	429,060	50,171	378,889
<b>Total Gold Segment</b>		<b>1,312,134</b>	<b>303,464</b>	<b>1,008,670</b>
<b>Other segment:</b>				
Canada	Pas Corp	229,814	304,184	(74,370)
Argentina	Navidad	193,034	—	193,034
	Other	53,830	43,474	10,356
<b>Total</b>		<b>\$ 3,461,682</b>	<b>\$ 993,836</b>	<b>\$ 2,467,846</b>

Product Revenue	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 <sup>(1)</sup>	2020	2019 <sup>(1)</sup>
Refined silver and gold	\$ 220,416	\$ 242,981	\$ 724,261	\$ 600,602
Zinc concentrate	16,317	27,306	39,088	102,192
Lead concentrate	39,439	47,123	88,396	138,474
Copper concentrate	5,809	21,972	21,750	59,431
Silver concentrate	18,433	12,805	34,856	45,681
<b>Total</b>	<b>\$ 300,414</b>	<b>\$ 352,187</b>	<b>\$ 908,351</b>	<b>\$ 946,380</b>

(1) Includes amounts previously included in discontinued operations which have been recast, and presented, for the three months ended September 30, 2019 in continuing operations as a result of Timmins no longer being classified as held for sale.

## 23. INCOME TAXES

### Components of Income Tax Expense

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Current income tax expense	\$ 24,923	\$ 23,309	\$ 53,293	\$ 55,696
Deferred income tax expense (recovery)	2,706	5,780	31,779	(10,380)
Income tax expense	<b>\$ 27,629</b>	<b>\$ 29,089</b>	<b>\$ 85,072</b>	<b>\$ 45,316</b>

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 factor that impacted the effective tax rate for the nine months ended September 30, 2020 was the devaluation of the Mexican Peso and the Peruvian Sol, which caused a significant decrease in the deductible tax attributes for operations in these countries. Other factors that impacted the effective tax rate for the three and nine months ended September 30, 2020 and the comparable periods for 2019 were changes in the recognition of certain

deferred tax assets, changes in the non-deductible portion of reclamation liabilities, mining taxes paid, and withholding taxes remitted on payments from foreign subsidiaries. The Company continues to expect that these and other factors will continue to cause volatility in effective tax rates in the future.

### Reconciliation of Effective Income Tax Rate

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019 <sup>(1)</sup>
Earnings before taxes and non-controlling interests	\$ 92,889	\$ 66,808	\$ 92,509	\$ 104,854
Statutory Canadian income tax rate	27.00 %	27.00 %	27.00 %	27.00 %
Income tax expense based on above rates	\$ 25,080	\$ 18,038	\$ 24,977	\$ 28,311
Increase (decrease) due to:				
Non-deductible expenditures	2,885	1,453	8,045	3,548
Foreign tax rate differences	4,961	3,028	10,795	3,202
Change in net deferred tax assets not recognized:				
- Argentina exploration expenditures	722	613	2,094	2,189
- Other deferred tax assets	(8,236)	(4,656)	(761)	(19,368)
Effect of other taxes paid (mining and withholding)	3,422	6,156	10,269	16,188
Effect of foreign exchange on tax expense	(1,647)	5,977	40,769	(54)
Non-taxable impact of foreign exchange	2,495	(1,953)	(12,803)	728
Change in non-deductible portion of reclamation liabilities	(337)	2,069	3,663	9,401
Other	(1,716)	(1,636)	(1,976)	1,171
Income tax expense	\$ 27,629	\$ 29,089	\$ 85,072	\$ 45,316

(1) The bargain purchase gain recognized on the Tahoe Acquisition date was eliminated in the fourth quarter of 2019 and retrospectively adjusted from the Company's results, for the three months ended September 30, 2019, as a result of changes in the assessed fair values of assets acquired.

## 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, 2019, 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. 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 these condensed interim consolidated 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.



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