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PAN AMERICAN SILVER

SECOND QUARTER REPORT TO SHAREHOLDERS

For the period ending June 30, 2020

www.panamericansilver.com

PAN AMERICAN SILVER

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.

Pan American Silver reports cash flow from operations of $62.8 million in Q2 2020 and updates 2020 guidance

Vancouver, B.C. - August 5, 2020 - Pan American Silver Corp. (NASDAQ: PAAS) (TSX: PAAS) ("Pan American" or the "Company") today reported unaudited results for the second quarter ended June 30, 2020 ("Q2 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 six months ended June 30, 2020, are available on Pan American’s website at panamericansilver.com and on SEDAR at www.sedar.com.

“The global COVID-19 pandemic had a significant impact on Q2 results, with all our Latin American operations placed in care and maintenance mode for periods of time during the quarter. Except for our two polymetallic underground mines in Peru, all operations are now back in production under comprehensive health and safety protocols," said Michael Steinmann, President and Chief Executive Officer. "Our ability to successfully navigate the extraordinary challenges over the first half of this year demonstrates the resilience of our business and the capability and efforts of our team. With the updated guidance for 2020 that we provided today and rising precious metal prices, we are looking forward to strong cash flow generation over the remainder of 2020."

Added Mr. Steinmann: "Despite the challenges, we further improved our financial position during Q2. We had the opportunity to crystallize value through the divestiture of some non-core assets, including portions of certain equity investment interests held within our diversified portfolio. As of June 30, 2020, our cash and short term investment balances increased to approximately $262 million, while the amount drawn on our Credit Facility was reduced to $200 million. In August, we repaid an additional $40 million on our Credit Facility."

Q2 2020 Highlights:

- Revenue was $249.5 million. Strong precious metal prices, with gold and silver averaging $1,708 per ounce and $16.58 per ounce, respectively, helped offset the impact of the COVID-19 related suspensions at our Latin American operations.
- Consolidated silver production of 2.8 million ounces and gold production of 96.6 thousand ounces primarily reflect the COVID-19 related suspensions.
- Net cash generated from operations was $62.8 million, which included $46.5 million of COVID-19 related mine care and maintenance costs. Working capital changes resulted in a $31.3 million source of cash, mainly driven by the draw-down in inventories from continued leaching at the Company's three heap leach operations during the COVID-19 related suspensions.
- Net income of $19.4 million ($0.10 basic income per share) reflects mine operating earnings of $48.4 million, with the impact of COVID-19 related suspensions reducing both revenue and cost of sales. Net income includes $47.5 million of investment income, primarily relating to gains on the sale and fair value measurements of certain equity investments owned by Pan American, offset by $52.2 million of mine care and maintenance costs, the vast majority incurred from the COVID-19 related suspensions.
- Adjusted earnings of $58.4 million ($0.28 basic adjusted earnings per share) excludes $46.5 million of COVID-19 related mine care and maintenance costs.
- Silver Segment Cash Costs and All-in Sustaining Costs ("AISC") were $6.23 and $12.54 per silver ounce sold, respectively. Due to the continuation of leaching activities, Dolores made up a significant portion of production in the quarter and materially benefited Silver segment Cash Costs. Silver Segment AISC reflects investment in critical projects and cost-increasing net realizable value ("NRV") inventory adjustments at Dolores, offset by cost-reducing NRV adjustments at Manantial Espejo.

- Gold Segment Cash Costs and AISC were $905 and $1,015 per gold ounce sold, respectively. Gold Segment Cash Costs were negatively impacted by mine sequencing at the La Arena operation, resulting in less ore tonnes at lower grades, and mining lower grade extensions to reserves at Timmins.
- Consolidated AISC, including gold by-product credits from the Gold Segment mines, were $(3.14) per silver ounce sold.
- Based on drilling completed over the six month period ended June 30, 2020, Pan American updated its inferred mineral resource estimate for the La Colorada skarn deposit in Mexico to 100.4 million tonnes, containing an estimated 141.0 million ounces of silver with 4.3 million tonnes of zinc, 1.8 million tonnes of lead and 0.2 million tonnes of copper; see our news release dated August 4, 2020 for further details.
- Through 200,000 metres of drilling from July 2019 to June 2020, we were able to add 22.1 million ounces of silver and 719 thousand ounces of gold to our proven and probable mineral reserves, replacing 76% of silver and 107% of the gold mined for the 12-month period ended June 30, 2020; see our news release dated August 5, 2020 for further details.
- Pan American realized cash proceeds totaling $81.1 million from the divestment of investment interests and non-core assets, primarily related to: the sale of 10.35 million common shares of Maverix Metals Inc. and a subsequent exercise of 8.25 million common share purchase warrants, resulting in a current undiluted interest of approximately 19.9%; the sale of 10.0 million shares in New Pacific Metals Corp., resulting in a current undiluted interest of approximately 9.96%; and, the sale of the Juby and Knight exploration properties in Ontario, Canada.
- Pan American repaid $140.0 million on its four-year, $500.0 million Credit Facility, reducing the amount drawn as at June 30, 2020, to $200.0 million. The $140.0 million repayment is comprised of $80.0 million that was drawn in April 2020 as a precautionary measure in response to COVID-19 and subsequently repaid, and a further repayment of $60.0 million. At June 30, 2020, the Company had cash and short-term investment balances of $261.6 million and working capital of $471.6 million. Total debt was $236.9 million (including $36.9 million of lease liabilities). In August, the Company made an additional repayment on the Credit Facility of $40.0 million.
- The Board of Directors has approved a cash dividend of $0.05 per common share, or approximately $10.5 million in aggregate cash dividends, payable on or about August 27, 2020, to holders of record of Pan American's common shares as of the close on August 17, 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.
- Pan American released its 2019 Sustainability Report in May 2020 and became a signatory of the United Nations Global Compact in July 2020.

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.

COVID-19 Impact on Operations

During Q2 2020, Pan American placed its operations in Mexico, Peru, Argentina and Bolivia in care and maintenance for various durations, depending on the government restrictions imposed in those regions in response to COVID-19. Company-wide, Pan American restricted international travel and enabled work-from-home arrangements where practical. The Company's Timmins operation in Canada continued to produce gold at modestly reduced capacity to comply with physical distancing restrictions. Limited production also continued at the Dolores, La Arena and Shahuindo open pit operations during their suspensions from circulation of process solutions on the heap leach pads. The Company incurred $46.5 million in care and maintenance costs in Q2 2020 for the COVID-19 related suspensions.

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By the end of Q2 2020, all of Pan American's suspended operations had resumed production; however, its Huaron and Morococha operations in Peru were returned to care and maintenance on July 20, 2020 after several workers at the mines tested positive for the COVID-19 virus. A reduced workforce will conduct care and maintenance activities at those mines until it is determined that normal operations can safely resume.

Pan American coordinated closely with government authorities, local communities and its workforce on the safe restart of operations and the implementation of comprehensive COVID-19 protocols to protect health and safety. These protocols include strict sanitary measures, return-to-work health screenings, and where applicable, testing for the COVID-19 virus, contact tracing and quarantining. For more information on these protocols, see panamericansilver.com. Pan American has been remobilizing the workforce gradually in order to provide greater physical distancing and to allow time to adopt as well as progressively assess and refine the pandemic related operating protocols. Overall, operations are producing modesty below design capacity to accommodate physical distancing restrictions.

Pan American sustained site care, maintenance and monitoring activities and continued the ventilation upgrade projects at La Colorada during the operating suspensions in Q2 2020. Development work on the underground mine at COSE was suspended on March 23, 2020 and resumed on May 4, 2020, and the Company expects to commence processing ore mined from COSE in the third quarter of 2020. The Company achieved 90% completion of the Timmins expansion project in Q2 2020; however, production capacity is expected to continue to be reduced by COVID-19 related restrictions.

We remain concerned about the humanitarian crisis that the COVID-19 pandemic has caused throughout much of Latin America. We are adapting our community outreach programs to best support the communities near our mines during this very difficult time. Our support is currently focused on donating food and sanitation supplies, conducting hygiene and sanitation campaigns, and working with local authorities to assist in delivering education and donations of healthcare equipment and supplies.

We also recognize the additional stress and challenges the COVID-19 pandemic present to our employees. We are introducing programs to support employee mental health and stress management at our operations. In addition, we are communicating with our employees, including those who have been demobilized or working from remote locations, to check on their physical and emotional health.

Second Quarter 2020 Unaudited Results Conference Call and Webcast

Date:	August 6, 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.

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CONSOLIDATED RESULTS

	Three months ended June 30, 2020	Twelve months ended December 31, 2019
Weighted average shares during period (millions)	**210.0**	201.4
Shares outstanding end of period (millions)	**210.1**	209.8

	Three months ended June 30,	
	2020	**2019**
FINANCIAL		
Revenue	**$ 249,509**	$ 340,494
Mine operating earnings	**$ 48,386**	$ 51,058
Net earnings	**$ 19,412**	$ 18,499
Basic earnings per share(1)	**$ 0.10**	$ 0.09
Adjusted earnings(2)	**$ 58,424**	$ 13,378
Basic adjusted earnings per share(1)	**$ 0.28**	$ 0.06
Net cash generated from operating activities	**$ 62,750**	$ 83,518
Net cash generated from operating activities before changes in working capital(2)	**$ 31,479**	$ 63,378
Sustaining capital expenditures(2)	**$ 23,479**	$ 55,911
Project capital expenditures(2)	**$ 9,836**	$ 13,688
Cash dividend per share	**$ 0.050**	$ 0.035
PRODUCTION		
Silver (thousand ounces)	**2,791**	6,474
Gold (thousand ounces)	**96.6**	154.6
Zinc (thousand tonnes)	**4.3**	17.4
Lead (thousand tonnes)	**1.7**	6.8
Copper (thousand tonnes)	**0.3**	2.1
CASH COSTS(2) ($/ounce)		
Silver Segment	**6.23**	6.67
Gold Segment	**905**	696
AISC(2) ($/ounce)		
Silver Segment	**12.54**	10.67
Gold Segment	**1,015**	977
Consolidated Silver Basis	**(3.14)**	6.06
AVERAGE REALIZED PRICES(3)		
Silver ($/ounce)	**16.58**	14.90
Gold ($/ounce)	**1,708**	1,312
Zinc ($/tonne)	**1,791**	2,783
Lead ($/tonne)	**1,643**	1,875
Copper ($/tonne)	**5,217**	6,100

(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 June 30,		Three months ended June 30,	
	2020	2019	2020	2019
Silver Segment:				
La Colorada	**801**	2,045	**0.6**	1.1
Dolores	**915**	1,226	**17.7**	28.5
Huaron	**211**	948	**0.1**	0.2
Morococha(1)	**47**	615	**—**	0.3
San Vicente(2)	**265**	940	**—**	0.1
Manantial Espejo	**503**	652	**3.5**	5.4
Gold Segment:				
Shahuindo	**40**	35	**26.8**	46.8
La Arena	**5**	6	**13.7**	28.4
Timmins	**4**	5	**34.2**	43.8
Total(3)	**2,791**	6,474	**96.6**	154.6

(1) Morococha data represents Pan American 92.3% interest in the mine's production.
(2) San Vicente data represents Pan American 95.0% interest in the mine's production.
(3) Totals may not add due to rounding.

	Cash Costs(1) ($ per ounce)		AISC(1) ($ per ounce)	
	Three months ended June 30,		Three months ended June 30,	
	2020	2019	2020	2019
La Colorada	**7.13**	2.82	**12.56**	5.07
Dolores	**2.23**	6.87	**12.95**	22.30
Huaron	**3.93**	1.64	**6.61**	4.45
Morococha	**12.90**	3.69	**17.42**	10.47
San Vicente	**2.61**	10.18	**4.52**	10.60
Manantial Espejo	**16.24**	18.35	**16.54**	14.01
Silver Segment Consolidated(2)	**6.23**	6.67	**12.54**	10.67
Shahuindo	**632**	546	**747**	719
La Arena	**1,082**	652	**1,259**	1,441
Timmins(3)	**1,092**	875	**1,171**	937
Gold Segment Consolidated(2)(3)	**905**	696	**1,015**	977
Consolidated metrics per silver ounce sold(3)(4):				
All Operations			**(3.14)**	6.06
Consolidated AISC before NRV inventory adjustments			**(3.62)**	6.40

(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 three months ended June 30, 2020 for a detailed description of these measures and where appropriate a reconciliation of the measure to the Q2 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) 2019 Timmins, Gold Segment, and Consolidated AISC were adjusted to reflect amounts recast, and presented, for the three months ended June 30, 2019 as if Timmins had not been classified as held for sale.

(4) 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.

2020 GUIDANCE

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 "Original 2020 Guidance"). The decision to withdraw the Original 2020 Guidance was based on the uncertainties regarding the impact of the COVID-19 pandemic on our operations.

The Company has revised its annual production, Cash Costs, AISC and capital expenditure forecasts for 2020 (the "Revised 2020 Guidance"), which is provided below. The estimates comprising the Revised 2020 Guidance 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)	AISC ($ per ounce)(1)
Silver Segment:				
La Colorada	6.40 - 7.20	4.0	6.20 - 7.00	9.50 - 10.50
Dolores	4.00 - 4.80	99.0 - 104.0	(5.60) - (3.90)	3.90 - 7.40
Huaron	2.00 - 2.20	1.0	8.20 - 9.10	11.80 - 12.80
Morococha (92.3%)(2)	1.20 - 1.40	1.0	11.00 - 12.30	16.80 - 18.40
San Vicente (95.0%)(3)	2.20 - 2.60	—	14.30 - 16.20	16.10 - 18.20
Manantial Espejo, COSE, and Joaquin	3.00 - 3.50	24.0 - 27.0	13.80 - 15.90	15.30 - 17.70
Total (4,5)	**18.80 - 21.70**	**130.0 - 138.0**	**6.20 - 7.70**	**10.50 - 12.50**
Gold Segment:				
Shahuindo	0.20 - 0.30	147.0 - 164.0	590 - 660	860 - 960
La Arena	—	103.0 - 114.0	760 - 860	1,140 - 1,260
Timmins	—	145.0 - 159.0	1,030 - 1,060	1,175 - 1,240
Total (4,5)	**0.20 - 0.30**	**395.0 - 437.0**	**800 - 860**	**1,050 - 1,125**
Total Production (5)	**19.00 - 22.00**	**525.0 - 575.0**		
Consolidated Silver Basis (4)			**n/a (6)**	**(3.00) - 0.75**

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of the MD&A for the three months ended June 30, 2020 for further information on these measures. The Cash Costs and AISC forecasts assume realized prices and exchange rates for the six month period ended June 30, 2020 and the following price and exchange rate assumptions for the period July 1, 2020 to December 31, 2020: metal prices of $18.25/oz for silver, $1,850/oz for gold, $2,050/tonne ($0.93/lb) for zinc, $1,775/tonne ($0.81/lb) for lead, and $6,150/tonne ($2.79/lb) for copper; and for the period July 1, 2020 to December 31, 2020, average exchange rates relative to 1 USD of 22.50 for the Mexican peso ("MXN"), 3.50 for the Peruvian sol ("PEN"), 77.53 for the Argentine peso ("ARS"), 6.91 for the Bolivian boliviano ("BOB"), and $1.35 for the Canadian dollar ("CAD").
(2) Morococha data represents Pan American's 92.3% interest in the mine's production.
(3) San Vicente data represents Pan American's 95.0% interest in the mine's production.
(4) As shown in the detailed quantification of consolidated AISC, included in the "Alternative Performance (Non-GAAP) Measures" section of the MD&A for the three months ended June 30, 2020, corporate general and administrative costs, and exploration and project development expenses are included in Consolidated Silver Basis AISC, but are not allocated in calculating AISC for the Silver and Gold Segments.
(5) Totals may not add due to rounding.
(6) Pan American does not provide guidance for Cash Costs on a Consolidated Silver Basis, as AISC guidance better reflects costs on a Consolidated Silver Basis.

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

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.

Capital Expenditure Guidance

	2020 Capital Investment ($ millions)
La Colorada	19.0 - 19.5
Dolores	42.0 - 42.5
Huaron	5.5 - 6.0
Morococha	5.5 - 6.0
San Vicente	3.5 - 4.0
Manantial Espejo, COSE, and Joaquin	3.0
Shahuindo	44.5 - 45.5
La Arena	40.0 - 41.0
Timmins	23.0 - 24.0
Sustaining Capital Total	**185.0 - 189.0**
La Colorada skarn project	13.5 - 14.0
Timmins expansion	4.0 - 4.5
Other	7.5
Project Capital	**25.0 - 26.0**
Total Capital	**210.0 - 215.0**

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.

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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 Processing 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, 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 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 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, or to restart or ramp-up these operations efficiently or economically, or at all; the timing to commence processing of ore mined from COSE; 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 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; successful restart or ramp-up of our suspended operations efficiently or economically; continuation of our operations at Timmins West and Bell Creek; 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.

Cautionary Note to US Investors Regarding References to Mineral Reserves and Mineral Resources

This news release 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 mineral reserve and mineral resource estimates included in this news release have been disclosed in accordance with Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (‘‘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.

Canadian public disclosure standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission (the “SEC”), and information concerning mineralization, deposits, mineral reserve and mineral resource information contained or referred to herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, this news release uses the term ‘‘inferred mineral resources’’. U.S. investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. The requirements of NI 43-101 for identification of ‘‘reserves’’ are not the same as those of the SEC, and mineral reserves reported by Pan American in compliance with NI 43-101 may not qualify as ‘‘reserves’’ under SEC standards. Under U.S. standards, mineralization may not be classified as a ‘‘reserve’’ unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that any part of a “measured resource” or “indicated resource” will ever be converted into a “reserve”. U.S. investors should also understand that “inferred resources” have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of “inferred resources” exist, are economically or legally mineable or will ever be upgraded to a higher category. Under Canadian securities laws, estimated “inferred resources” may not form the basis of feasibility or pre-feasibility studies except in rare cases. Disclosure of “contained ounces” in a mineral resource is permitted disclosure under Canadian securities laws. However, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade, without reference to unit measures. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.

Management's Discussion and Analysis

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

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

August 5, 2020

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the significant factors that influence the performance of Pan American Silver Corp. and its subsidiaries (collectively "Pan American", "we", "us", "our" or the "Company") and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 (the "2019 Financial Statements"), and the related notes contained therein, and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020 (the "Q2 2020 Financial Statements"), and the related notes contained therein. All amounts in this MD&A, the 2019 Financial Statements, and the Q2 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 Q2 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

CORE BUSINESS AND STRATEGY

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

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

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

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

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

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 our employees, local communities and government; 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. Goals and performance against these goals 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.

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 annually report our progress beginning in 2021 on embedding 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") 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.

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.

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, 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 were 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 Q2 2020 we completed a physical risk scenario analysis for our mines in operation and post-closure. Results of the analysis are included in our Sustainability Report. Our Morococha and Shahuindo mines became the first mines in Peru to complete stage 1 of a new national government carbon footprint program called "Huella de Carbono" Peru.

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 Q2 2020 we progressively advanced the implementation of the Towards Sustainable Mining 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 Q2 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

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 these 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 the social audit of Manantial Espejo in Argentina.

During the COVID-19 pandemic, we engage with communities to understand the effects of the virus on the health and safety of the residents. To this date, we have donated over $1 million towards hygiene and sanitation practices and campaigns, education, food donations to vulnerable groups, medical equipment and personal protection equipment.

At the same time, we paused the implementation of our local economic development programs at the request of some of the communities. The majority of these programs are in the process of being reinitiated.

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 new 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 two Timmins mines in Canada and the Escobal mine in Guatemala. Mining operations at our Escobal mine in Guatemala, 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, identification of mutually beneficial opportunities, and fulfillment of our obligations under the Impact Benefit Agreements (IBAs) that we have with the First Nation communities near our Timmins operation.

Q2 2020 HIGHLIGHTS

Operations

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

Pan American's normal operations in Mexico, Peru, Argentina and Bolivia were suspended for various durations during Q2 2020 in order to comply with mandatory national quarantines imposed in response to the COVID-19 pandemic. The Company conducted care and maintenance activities at the suspended operations until the government restrictions were lifted and Pan American determined it was safe to resume operations. As well, limited production continued at the Shahuindo, La Arena and Dolores operations from the circulation of process solutions on the heap leach pads.

On June 1, 2020, the Company announced that operations had resumed at its Dolores and La Colorada mines in Mexico, which followed the restart of its Shahuindo and La Arena mines in Peru, its San Vicente mine in Bolivia, and its Manantial Espejo operations in Argentina. These mines are currently operating at reduced capacities to accommodate new protocols in response to COVID-19 (as described in the Company's news release dated July 20, 2020). While operations resumed at the Huaron and Morococha mines in Peru in June, both operations were moved back into care and maintenance on July 20, 2020 in response to several workers at the mines testing positive for COVID-19. Reduced workforces will conduct care and maintenance activities at Huaron and Morococha until it is determined that normal operations can safely resume. The Timmins West and Bell Creek mines in Canada have continued to operate at 90% of capacity since the start of the pandemic in mid-March 2020 in order to comply with physical distancing and operating protocol requirements.

Detailed protocols have been introduced at all mines to protect the health and safety of the workforce. These protocols include strict sanitary measures, return-to-work health screenings, in some cases testing for the COVID-19 virus, and where applicable, contact tracing and quarantining. Pan American has been remobilizing the workforces gradually in order to provide greater physical distancing and to allow time to adopt as well as progressively assess and refine the pandemic related operating protocols.

The COVID-19 pandemic has resulted in a humanitarian crisis in many of the communities where Pan American operates. The Company is supporting the people in its communities through donations of food and hygiene and medical supplies, providing health care support, assisting with sanitation efforts, and facilitating access to education.

Further discussion on the operational status of each mine is included in the "Q2 2020 Operating Performance" section of this MD&A under the sub-heading "Impact of COVID-19", while the impact on 2020 annual guidance is included in the "2020 Annual Operating Outlook" section of the MD&A.

- **Silver production of 2.79 million ounces**

Consolidated silver production for the three months ended June 30, 2020 (" Q2 2020") of 2.79 million ounces was 57% lower than the 6.47 million ounces produced in the three months ended June 30, 2019 ("Q2 2019"), primarily reflecting the suspensions related to COVID-19.

- **Gold production of 96.6 thousand ounces**

Consolidated gold production for Q2 2020 of 96.6 thousand ounces was 38% lower than the 154.6 thousand ounces produced in Q2 2019, primarily reflecting the suspensions related to COVID-19.

- **Base metal production**

Zinc production in Q2 2020 was 4.3 thousand tonnes, 75% less than Q2 2019 production. Lead production of 1.7 thousand tonnes was 75% less than Q2 2019 production. Copper production of 0.3 thousand tonnes was 86% less than Q2 2019 production, reflecting the COVID-19 related suspensions.

Financial

- **Revenue and net income**

Revenue in Q2 2020 of $249.5 million was 27% lower than in Q2 2019, primarily due to decreased quantities of metal sold on account of lower metal production, partially offset by higher realized precious metals prices.

Net income of $19.4 million ($0.10 basic income per share) was recorded for Q2 2020 compared with net income of $18.5 million ($0.09 basic income per share) in Q2 2019. The quarter-over-quarter increase in earnings mainly reflects a $45.0 million increase in investment income, reflecting gains recognized in Q2 2020 on the sale and fair-value measurements of certain equity investments owned by the Company; partially offset by a $46.4 million increase in care and maintenance costs, attributable to the temporary suspension of operations as a result of the COVID-19 pandemic. Mine operating earnings in Q2 2020 were comparable to those in Q2 2019 on account of a $91.0 million decrease in revenues being largely offset by an $88.3 million decrease in cost of sales, both reflective of the COVID-19 suspensions during Q2 2020.

Adjusted earnings: of $58.4 million, ($0.28 adjusted earnings per share) was recorded in Q2 2020 compared to the revised Q2 2019 adjusted earnings of $13.4 million ($0.06 basic adjusted earnings per share). Excluded in Q2 2020 were COVID-19 related care and maintenance costs of $46.5 million, amongst other items.

Cash flow from operations: in Q2 2020 totaled $62.8 million, $20.8 million less than the $83.5 million generated in Q2 2019.

- **Liquidity and working capital position**

As at June 30, 2020, the Company had cash and short-term investment balances of $261.6 million, working capital of $471.6 million, and $300.0 million available under its $500.0 million revolving credit facility (the "Credit Facility"). Total debt of $236.9 million was related to the drawn portion of the Credit Facility ($200.0 million) and to lease liabilities.

- **Q2 2020 Cash Costs per ounce sold**
    - Silver Segment Cash Costs were $6.23 per silver ounce sold.
    - Gold Segment Cash Costs were $905 per gold ounce sold.
- **Q2 2020 All-In Sustaining Costs per ounce sold ("AISC")**
    - Silver Segment AISC were $12.54 per silver ounce sold.
    - Gold Segment AISC were $1,015 per gold ounce sold.
    - Consolidated AISC per silver ounce sold, including by-product credits from the Gold Segment gold production, were negative $3.14 per silver ounce sold.

Cash Costs and AISC are non-GAAP measure, please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of these measure to the Q2 2020 Financial Statements.

OPERATING PERFORMANCE

Impact of COVID-19

- **Operational Status**

The following section describes the current operating status of our mines in each of the countries where we operate.

Argentina

On March 20, 2020, the federal government of Argentina imposed mandatory social distancing on its population. This national quarantine included a suspension order for non-essential businesses including mining; however, mining was subsequently deemed an essential business by the federal government on April 3, 2020. The Company temporarily suspended its Manantial Espejo operations and assigned a work-from-home directive for its administrative Argentine personnel on March 23, 2020 in order to comply with this mandatory social distancing measure. Underground mining at the Manantial Espejo mine resumed on April 26, 2020 at approximately 60% to 70% of capacity. The plant is operating at full throughput capacity with ore from the underground mines at Manantial Espejo and Joaquin, supplemented with available low-grade stockpile resources. Underground mining resumed at Joaquin on May 2, 2020 with high-grade stockpiled ore being hauled to the Manantial Espejo plant for processing. COSE and Joaquin underground works resumed on May 4, 2020. Pan American expects to begin hauling mined ores from COSE and Joaquin to the Manantial Espejo plant in the third quarter of 2020 while stockpiling ores on-site in the meantime.

Bolivia

On March 22, 2020, the Bolivian government announced a national quarantine. 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 in compliance with the national quarantine. On May 2, 2020, the government authorized the resumption of mining activities. Underground development activities at the San Vicente mine resumed on May 12, 2020, and underground mining resumed on May 18, 2020 at reduced capacity. Plant operations resumed on June 1, 2020 at modestly reduced capacity to comply with physical distancing restrictions.

Canada

The Timmins West and Bell Creek mines (together "Timmins") continued to operate throughout the six months ended June 30, 2020 ("H1 2020"). 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. The Company also adopted a work-from-home initiative for its Ontario, Canada administrative personnel and began to voluntarily reduce mine and plant throughput in order to further enhance physical distancing throughout the operations, offices, and personnel transport systems. The Timmins mines continue to operate at modestly reduced capacity to comply with physical distancing restrictions.

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 operational 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, leaving open the possibility to restart non-essential businesses later in May 2020 at reduced capacity in municipalities where active COVID-19 infections are considered to be low or non-existent. The Company suspended its La Colorada and Dolores operations in early April to comply with this National Agreement.

On May 24, 2020, underground mining and processing activities resumed at La Colorada at modestly reduced capacities to accommodate physical distancing restrictions. Work on advancing the two new mine ventilation raises continued throughout the suspension. The pre-grouting program for both raises is proceeding well, with completion and commissioning of the 345 to 528 level underground ventilation raise expected in the third quarter of 2020. The larger exhaust ventilation raise from surface to underground remains on schedule to be completed by year-end 2020.

At the Dolores mine, 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; whereas the underground mining recommenced in July 2020. During the suspension, circulation of process solutions on the heap leach pads continued, with gold and silver produced from pad inventory at reduced rates. Construction activity on the heap leach pad expansion will resume in the fourth quarter of 2020 once the rain season has passed.

Peru

On March 15, 2020, the government of Peru declared a National State of Emergency requiring a national quarantine. 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 in order to comply with the State of Emergency declaration.

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

During the suspensions at both Shahuindo and La Arena, circulation of process solutions on the heap leach pads continued, with gold produced from pad inventory at about 40% of the expected production rate.

While operations resumed at the Huaron and Morococha mines on June 7, 2020 and June 23, 2020, respectively, they were returned to care and maintenance on July 20, 2020 in response to several workers at the mines testing positive for COVID-19. Reduced workforces will conduct care and maintenance activities at Huaron and Morococha until it is determined that normal operations can safely resume.

- **2020 Annual Operating Outlook**

Given the uncertainties regarding the COVID-19 pandemic, on May 5, 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 (collectively the " Original 2020 Guidance"). The Company has provided revised 2020 annual guidance in the "2020 Annual Operating Outlook" section of this MD&A.

- **Financial Impact**

The financial impact of the COVID-19 pandemic on the Company is indeterminable at this time; however, as described in the "Liquidity and Capital Position" section of this MD&A, 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. To provide additional flexibility and liquidity, Pan American has deferred certain capital expenditures and exploration spending.

Financial and other COVID-19 related risks are further discussed in the "Risks and Uncertainties" section of this MD&A.

Silver and Gold Production

The following table provides silver and gold production at each of Pan American's operations for the three and six month periods ended June 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, 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 June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Operations:								
La Colorada	**801**	2,045	**2,394**	4,035	**0.6**	1.1	**1.7**	2.1
Dolores	**915**	1,226	**2,145**	2,339	**17.7**	28.5	**44.8**	58.5
Huaron	**211**	948	**982**	1,885	**0.1**	0.2	**0.2**	0.5
Morococha(1)	**47**	615	**504**	1,313	**—**	0.3	**0.3**	0.9
San Vicente(2)	**265**	940	**1,003**	1,790	**—**	0.1	**0.1**	0.2
Manantial Espejo	**503**	652	**1,198**	1,176	**3.5**	5.4	**9.9**	10.3
Shahuindo(3)	**40**	35	**104**	45	**26.8**	46.8	**75.7**	61.3
La Arena(3)	**5**	6	**13**	9	**13.7**	28.4	**42.4**	43.1
Timmins (3)	**4**	5	**9**	7	**34.2**	43.8	**77.5**	58.2
Total (4)	**2,791**	6,474	**8,352**	12,599	**96.6**	154.6	**252.7**	235.1

(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 Q2 2020 of 2.79 million ounces was 57% lower than the 6.47 million ounces produced in Q2 2019, primarily driven by the COVID-19 mine suspensions.

Gold Production

Consolidated gold production in Q2 2020 of 96.6 thousand ounces was 38% lower than the 154.6 thousand ounces produced in Q2 2019. The decrease was attributable to lower throughput at Dolores, Shahuindo and La Arena due to the COVID-19 mine suspensions, partially offset by drawing down heap inventories while continuing circulation of process solutions on the heap leach pads at these operations throughout the suspensions.

Base Metal Production

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

	Base Metal Production			
	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Zinc – kt	**4.3**	17.4	**17.4**	34.2
Lead – kt	**1.7**	6.8	**7.0**	13.4
Copper – kt	**0.3**	2.1	**2.2**	4.1

Zinc, lead and copper production in Q2 2020 were each lower than Q2 2019 production, largely the result of the COVID-19 mine suspensions.

Cash Cost and AISC

The quantification of both Cash Costs and AISC measures is described in detail, and where appropriate reconciled to the Q2 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 six month ended June 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(1) ($ per ounce)				AISC(1) ($ per ounce)			
	Three months ended June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
La Colorada	**7.13**	2.82	**7.20**	2.48	**12.56**	5.07	**10.70**	4.20
Dolores	**2.23**	6.87	**1.20**	5.24	**12.95**	22.30	**17.88**	24.21
Huaron	**3.93**	1.64	**6.69**	3.00	**6.61**	4.45	**9.32**	6.48
Morococha	**12.90**	3.69	**12.36**	1.11	**17.42**	10.47	**19.90**	5.92
San Vicente	**2.61**	10.18	**12.79**	10.21	**4.52**	10.60	**15.09**	10.90
Manantial Espejo	**16.24**	18.35	**14.76**	21.47	**16.54**	14.01	**15.55**	18.74
Silver Segment Consolidated (2)	**6.23**	6.67	**7.50**	6.08	**12.54**	10.67	**14.31**	10.75
Shahuindo	**632**	546	**623**	557	**747**	719	**764**	709
La Arena	**1,082**	652	**844**	648	**1,259**	1,441	**1,228**	1,374
Timmins(3)	**1,092**	875	**1,012**	910	**1,171**	937	**1,106**	992
Gold Segment Consolidated (2)(3)	**905**	696	**817**	718	**1,015**	977	**987**	1,007
Consolidated AISC per silver ounce sold(3)(4):					**(3.14)**	6.06	**1.15**	8.21
Consolidated AISC before NRV inventory adjustments					**(3.62)**	6.40	**(0.36)**	7.75

(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 Q2 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) 2019 Timmins, Gold Segment, and Consolidated AISC were adjusted to reflect amounts recast, and presented, for the three and six months ended June 30, 2019 as if Timmins had not been classified as held for sale.

(4) 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 Q2 2020 were $6.23, $0.44 lower than in Q2 2019. The decrease is largely due to lower costs at Dolores from: the devaluation of the Mexican Peso, higher gold prices more than offsetting the lower quantities of gold sold, and the continued production from the heap leach pad.

Gold Segment Cash Costs per ounce in Q2 2020 were $905, $209 higher than in Q2 2019. Gold Segment Cash Costs were negatively impacted by mine sequencing at the La Arena operation, resulting in less ore tonnes at lower grades with greater waste haulage rates and mine sequence changes, largely to extract lower grade ore extensions discovered adjacent to reserves at Timmins

AISC

Silver Segment AISC for Q2 2020 of $12.54 was $1.87 higher than Q2 2019 AISC. The increase is primarily the result of higher sustaining capital per ounce, as certain critical projects continued throughout the suspension of normal mining operations, and an increase in net realizable value ("NRV") inventory adjustments per ounce.

Gold Segment AISC for Q2 2020 of $1,015 was $38 higher than Q2 2019 AISC, largely reflecting the same factors impacting Gold Segment Cash Costs, as described above. The increase was partially offset by lower sustaining capital per ounce, primarily at La Arena, as well as a decrease in spending on other major earthwork projects at both La Arena and Shahuindo due to the COVID-19 related suspensions.

Consolidated AISC, based on total silver ounces sold net of by-product credits from all metals other than silver, was negative $3.14 per ounce in Q2 2020, a $9.20 decrease from Q2 2019. The quarter-over-quarter variance was largely the result of an increase in the weighting of gold relative to silver in revenues, thereby reducing consolidated silver basis AISC. The increased proportion of gold revenues was due to higher gold prices, the continued leaching of gold at the Dolores, Shahuindo and La Arena operations, and gold production from the Timmins operation.

Individual Mine Performance

An analysis of performance at each operation in Q2 2020 compared with Q2 2019 follows. The project capital amounts invested in Q2 2020 are further discussed in the "Project Development Update" section of this MD&A.

La Colorada mine

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Tonnes milled – kt	**85.0**	193.9	**259.2**	380.7
Average silver grade – grams per tonne	**320**	357	**315**	359
Average zinc grade - %	**3.03**	3.21	**2.81**	3.14
Average lead grade - %	**1.42**	1.68	**1.37**	1.64
Production:				
Silver – koz	**801**	2,045	**2,394**	4,035
Gold – koz	**0.58**	1.09	**1.66**	2.10
Zinc – kt	**2.22**	5.51	**6.31**	10.61
Lead – kt	**1.05**	2.86	**3.03**	5.49
Cash Costs - $ per ounce(1)	**7.13**	2.82	**7.20**	2.48
Sustaining capital - $ thousands(2)	**3,441**	3,631	**8,193**	5,843
Care and maintenance costs - $ thousands	**7,999**	—	**7,999**	—
AISC - $ per ounce(1)	**12.56**	5.07	**10.70**	4.20
Payable silver sold - koz	**716**	1,965	**2,555**	4,012

(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 $2.4 million and $6.1 million of investing activity cash outflows for Q2 2020 and H1 2020, respectively (Q2 2019 and the six months ended June 30, 2019 ("H1 2019"): $2.8 million and $4.4 million, respectively) related to investment capital incurred on the La Colorada projects, as disclosed in the “Project Development Update” section of this MD&A.

Q2 2020 vs. Q2 2019

Production:

- Silver: 61% decrease, primarily due to the COVID-19 related mine suspension. The Company expects to complete an underground ventilation raise and install an underground booster fan in the third quarter of 2020. When completed, the mine will be able to ramp up production from the high-grade sulfide veins in the eastern part of the mine. Operations were suspended in early April, 2020 and resumed May 24, 2020, at modestly reduced capacity.
- By-products: 60% and 64% decreases in zinc and lead production, respectively, due to the mine suspension described above.

Cash Costs: increased $4.31 per ounce as a result of the mine suspension and mine sequencing into lower silver grades, resulting in higher unit operating costs per ounce, as well as lower by-product credits from lower base metal grades and prices, and higher concentrate treatment and refining charges. Cash costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

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

AISC: the $7.49 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, which continued during the suspension. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

Dolores mine

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Tonnes placed – kt	**685.0**	1,593.5	**2,590.1**	3,433.9
Average silver grade – grams per tonne	**29**	32	**35**	30
Average gold grade – grams per tonne	**0.46**	0.52	**0.56**	0.51
Production:				
Silver – koz	**915**	1,226	**2,145**	2,339
Gold – koz	**17.7**	28.5	**44.8**	58.5
Cash Costs - $ per ounce(1)	**2.23**	6.87	**1.20**	5.24
Sustaining capital - $ thousands(2)	**9,550**	14,965	**24,675**	28,032
Care and maintenances costs - $ thousands	**10,175**	—	**10,175**	—
AISC - $ per ounce(1)	**12.95**	22.30	**17.88**	24.21
Payable silver sold - koz	**1,260**	1,183	**2,410**	2,194

(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 Q2 2020 and H1 2020, respectively (Q2 2019 and H1 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.

Q2 2020 vs. Q2 2019

Production:

- Silver: 25% lower primarily due to the COVID-19 related mine suspension, partially offset by an increase in the ratio of ounces recovered to stacked from the circulation of process solutions on the heap leach pad, which continued throughout the mine suspension drawing down the recoverable silver and gold inventories in the heap. Operations were suspended in early April 2020 and resumed June 1, 2020, at modestly reduced capacity.
- Gold: 38% lower for the same reasons described for silver production.

Cash Costs: decreased $4.64 per ounce, primarily due to lower operating costs from the devaluation of the MXN and the decrease in activities during the ramp-down to suspend operations and subsequent ramp-up, as well as increased by-product credits from higher gold prices, which more than offset the lower gold production. Cash Costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

Sustaining Capital: Q2 2020 expenditures related primarily to pre-stripping expenditures, leach pad expansions, and mine equipment replacements.

AISC: the decrease was due to the same factors affecting Cash Costs, in addition to lower sustaining capital. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

Huaron mine

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Tonnes milled - kt	**53.6**	250.2	**256.8**	490.2
Average silver grade – grams per tonne	**148**	139	**144**	141
Average zinc grade - %	**2.59**	2.54	**2.55**	2.41
Average lead grade - %	**1.40**	1.19	**1.30**	1.18
Average copper grade - %	**0.57**	0.79	**0.82**	0.76
Production:				
Silver – koz	**211**	948	**982**	1,885
Gold – koz	**0.06**	0.24	**0.22**	0.48
Zinc – kt	**1.11**	4.89	**4.95**	9.02
Lead – kt	**0.54**	2.31	**2.50**	4.40
Copper – kt	**0.18**	1.50	**1.55**	2.79
Cash Costs - $ per ounce(1)	**3.93**	1.64	**6.69**	3.00
Sustaining capital - $ thousands	**581**	2,144	**1,994**	5,362
Care and maintenance costs - $ thousands	**8,503**	—	**10,758**	—
AISC-$ per ounce(1)	**6.61**	4.45	**9.32**	6.48
Payable silver sold – koz	**271**	829	**868**	1,648

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

Q2 2020 vs. Q2 2019

<u>Production:</u>

- Silver: 78% lower, primarily due to the COVID-19 related mine suspension. Operations were suspended on March 15, 2020 and resumed June 7, 2020, although subsequently suspended again as disclosed in the Company's July 20, 2020 news release.
- By-products: zinc, lead and copper production were 77%, 76% and 88% lower, respectively, primarily as a result of the COVID-19 related mine suspension.

<u>Cash Costs:</u> increased $2.29 per ounce primarily due to decreased base metal prices and higher treatment and refining charges, which were only partially offset by lower operating costs per ounce due to certain one-time accruals related to vacation pay and mining concessions benefiting costs in the current period. Cash Costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

<u>Sustaining Capital:</u> comprised mainly of equipment and facility leases, and final payments for the mine deepening project.

<u>AISC:</u> increased by $2.16 per ounce as a result of the same factors that caused the increase in Cash Costs. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

Morococha mine(1)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Tonnes milled – kt	**15.8**	170.3	**154.7**	339.7
Average silver grade – grams per tonne	**118**	127	**117**	136
Average zinc grade - %	**3.21**	3.66	**3.37**	3.83
Average lead grade - %	**1.15**	1.15	**1.19**	1.24
Average copper grade - %	**0.37**	0.37	**0.41**	0.44
Production:				
Silver – koz	**47**	615	**504**	1,313
Gold – koz	**0.03**	0.27	**0.31**	0.90
Zinc – kt	**0.43**	5.48	**4.54**	11.26
Lead – kt	**0.14**	1.57	**1.46**	3.34
Copper – kt	**0.03**	0.34	**0.40**	0.91
Cash Costs - $ per ounce(2)	**12.90**	3.69	**12.36**	1.11
Sustaining capital (100%) - $ thousands(3)	**830**	3,715	**3,066**	5,649
Care and maintenance costs - $ thousands	**7,900**	—	**10,103**	—
AISC - $ per ounce(2)	**17.42**	10.47	**19.90**	5.92
Payable silver sold (100%) - koz	**55**	565	**463**	1,257

(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 $0.6 million of investing activity cash outflows for Q2 2020 and H1 2020, respectively (Q2 2019 and H1 2019: $0.5 million and $0.7 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.

Q2 2020 vs. Q2 2019

Production:

- Silver: 92% lower due to the COVID-19 related mine suspension. Operations were suspended on March 15, 2020 and resumed June 23, 2020, although subsequently being suspended again as disclosed in the July 20th, 2020 press release.
- By-products: zinc, lead and copper production decreased by 92%, 91% and 91%, respectively, for the same reason described above.

Cash Costs: were $9.21 per ounce higher, primarily due to lower zinc grades and lower base metal prices, which resulted in higher unit costs per ounce, which was only partially offset by lower operating costs per ounce due to certain one-time accruals related to vacation pay and mining concessions benefiting costs in the current period. 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: $6.95 per ounce higher due to the same factors affecting quarter-over-quarter Cash Costs and an increase in sustaining capital per ounce, partially offset by an increase in cost-reducing NRV adjustments. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

San Vicente mine[1]

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Tonnes milled – kt	**30.8**	87.2	**113.5**	170.5
Average silver grade – grams per tonne	**297**	371	**301**	363
Average zinc grade - %	**2.15**	2.22	**1.74**	2.42
Average lead grade - %	**—**	0.13	**—**	0.10
Average copper grade - %	**0.35**	0.31	**0.28**	0.32
Production:				
Silver – koz	**265**	940	**1,003**	1,790
Gold – koz	**0.04**	0.13	**0.15**	0.22
Zinc – kt	**0.51**	1.50	**1.56**	3.30
Lead – kt	**0.02**	0.08	**0.02**	0.12
Copper – kt	**0.09**	0.22	**0.26**	0.40
Cash Costs - $ per ounce [2]	**2.61**	10.18	**12.79**	10.21
Sustaining capital (100%) - $ thousands	**232**	414	**2,157**	1,404
Care and maintenance costs - $ thousands	**2,890**	—	**2,890**	—
AISC - $ per ounce[2]	**4.52**	10.60	**15.09**	10.90
Payable silver sold (100%) - koz	**158**	1,152	**998**	2,273

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

Q2 2020 vs. Q2 2019

Production:

- Silver: 72% lower primarily due to the COVID-19 related mine suspension. Operations were suspended on March 25, 2020 and resumed May 12, 2020, at a modestly reduced capacity.
- By-products: the 66% and 61% decrease in zinc and copper production, respectively, was the result of the mine suspension described above.

Cash Costs: were $7.57 per ounce lower due to lower treatment and refining charges from a reclassification of Q1 2020 charges, partially offset by decreased by-product credits due to lower base metal prices. Cash Costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

Sustaining Capital: Q2 2020 expenditures primarily related to mine infrastructure investments, near-mine exploration, and tailings storage facility investments.

AISC: the $6.08 per ounce decrease was due primarily to the same factors that decreased Cash Costs, partially offset by higher sustaining capital per ounce in the period. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

Manantial Espejo mine

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Tonnes milled - kt	**122.3**	152.6	**283.4**	341.2
Average silver grade – grams per tonne	**137**	139	**146**	119
Average gold grade – grams per tonne	**0.95**	1.19	**1.16**	1.04
Production:				
Silver – koz	**503**	652	**1,198**	1,176
Gold – koz	**3.49**	5.37	**9.95**	10.30
Cash Costs - $ per ounce(1)	**16.24**	18.35	**14.76**	21.47
Sustaining capital - $ thousands(2)	**1,059**	664	**1,776**	1,385
Care and maintenance costs - $ thousands	**3,644**	—	**5,617**	—
AISC - $ per ounce(1)	**16.54**	14.01	**15.55**	18.74
Payable silver sold - koz	**522**	782	**1,253**	1,184

(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 $1.7 million and $5.2 million of investing activity cash outflows for Q2 2020 and H1 2020, respectively (Q2 2019 and H1 2019: $7.0 million and $12.9 million, respectively) related to the development of the Joaquin and COSE projects as disclosed in the "Project Development Update" section of this MD&A.

Q2 2020 vs. Q2 2019

Production:

- Silver and Gold: decreased 23% and 35%, respectively, primarily due to the COVID-19 related mine suspension, as well as lower gold grades due to the processing of low-grade stockpile resources to supplement the underground ore mined at Manantial Espejo and Joaquin, which are operating at reduced capacity due to COVID-19 restrictions and particularly severe winter weather conditions. Operations at Manantial Espejo were suspended on March 20, 2020 and resumed April 26, 2020 while underground mining at Joaquin resumed May 2, 2020.

Cash Costs: were $2.11 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. Cash Costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

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

AISC: the $2.53 per ounce increase was due primarily to a decrease in cost reducing non-cash NRV inventory adjustments and higher sustaining capital expenditures, which more than offset the factors resulting in lower quarter-over-quarter Cash Costs. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

Shahuindo mine

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019[1]
Tonnes milled - kt	**1,722.4**	3,212.7	**4,654.5**	4,450.6
Average silver grade – grams per tonne	**9**	7	**9**	7
Average gold grade – grams per tonne	**0.57**	0.59	**0.60**	0.61
Production:				
Silver – koz	**40**	35	**104**	45
Gold – koz	**26.83**	46.83	**75.75**	61.29
Cash Costs - $ per ounce[2]	**632**	546	**623**	557
Sustaining capital - $ thousands[3]	**3,473**	6,835	**11,317**	7,065
Care and maintenance costs - $ thousands	**2,890**	—	**3,748**	—
AISC $ per ounce[2]	**747**	719	**764**	709
Payable gold sold	**33,737**	43,946	**85,739**	52,546

(1) The Shahuindo mine was acquired on February 22, 2019, and as such, the six months ended June 30 2019 financial and operating results of the mine has 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 $nil and $0.1 million of investing activity cash outflows for Q2 2020 and H1 2020, respectively (Q2 2019 and H1 2019: $1.8 million and $1.8 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.

Q2 2020 vs. Q2 2019

Production:

- Gold: 43% lower, primarily due to the COVID-19 related mine suspension, partially offset by production from the circulation of process solutions on the heap leach pads, which continued throughout the mine suspension. Operations were suspended on March 15, 2020 and resumed May 15, 2020, at a modestly reduced capacity.

Cash Costs: were $86 per ounce higher, primarily due to higher operating costs per ounce, partially offset by higher by-product credits due to higher silver sales. Cash Costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

Sustaining Capital: Q2 2020 expenditures primarily related to leach pad expansions, site infrastructure improvements, and payments for leased mining equipment.

AISC: increased by $28 per ounce due to the same factors that caused the increase in Cash Costs, partially offset by lower sustaining capital expenditures. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

La Arena mine

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019[1]
Tonnes milled - kt	**1,627.3**	2,296.7	**2,675.7**	2,915.9
Average silver grade – grams per tonne	**1**	—	**1**	—
Average gold grade – grams per tonne	**0.26**	0.42	**0.29**	0.43
Production:				
Silver – koz	**5**	6	**13**	9
Gold – koz	**13.66**	28.42	**42.36**	43.13
Cash Costs - $ per ounce[2]	**1,082**	652	**844**	648
Sustaining capital - $ thousands	**2,086**	21,470	**14,783**	31,926
Care and maintenance costs - $ thousands	**2,509**		**3,332**	—
AISC - $ per ounce[2]	**1,259**	1,441	**1,228**	1,374
Payable gold sold	**13,430**	28,124	**40,092**	45,258

(1) The La Arena mine was acquired on February 22, 2019, and as such, the six months ended June 30 2019 financial and operating results of the mine has 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.

Q2 2020 vs. Q2 2019

Production:

- Gold: 52% decrease, primarily due to the COVID-19 related mine suspension, as well as expected lower ore tonnes and gold grades during the current phase of the open pit mine, partially offset by production from the circulation of process solutions on the heap leach pads, which continued throughout the mine suspension. Operations were suspended on March 15, 2020 and resumed May 15, 2020, at a modestly reduced capacity.

Cash Costs: increased by $430 per ounce from higher operating costs related to a lower capitalization rate of waste mining on account of mine sequencing, as well as lower gold grades. Cash Costs exclude care and maintenance costs incurred during the COVID-19 related suspension.

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

AISC: decreased by $182 per ounce, as the factors that resulted in higher Cash Costs were more than offset by lower sustaining capital per ounce, primarily from the decrease in capitalized waste mining and the completion of leach pad expansions in 2019. AISC exclude care and maintenance costs incurred during the COVID-19 related suspension.

Timmins mines

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019[1]
Tonnes milled - kt	**381.2**	411.3	**825.8**	593.0
Average silver grade – grams per tonne	**—**	—	**—**	—
Average gold grade – grams per tonne	**2.81**	3.28	**2.91**	3.13
Production:				
Silver – koz	**4**	5	**9**	7
Gold – koz	**34.20**	43.78	**77.51**	58.17
Cash Costs - $ per ounce[2]	**1,092**	875	**1,012**	910
Sustaining capital - $ thousands[3]	**2,227**	2,074	**5,725**	3,987
Care and maintenance costs - $ thousands			**—**	—
AISC - $ per ounce[2]	**1,171**	937	**1,106**	992
Payable gold sold	**36,700**	44,000	**80,180**	60,700

(1) The Timmins mines were acquired on February 22, 2019, and as such, the six months June 30 2019 financial and operating results of these mines 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. 2019 Cash Costs and AISC were adjusted to reflect amounts recast, and presented, for the three and six months ended June 30, 2019 as if Timmins had not been classified as held for sale.

(3) Sustaining capital expenditures exclude $0.2 million and $1.2 million of investing activity cash outflows for Q2 2020 and H1 2020, respectively (Q2 2019 and H1 2019: $0.9 million and $2.2 million, respectively) related to investment capital incurred on the Timmins projects, as disclosed in the "Project Development Update" section of this MD&A.

Q2 2020 vs. Q2 2019

Production:

- Gold: a 22% decrease due to the mines operating at approximately 90% of planned capacity in order to accommodate new protocols related to COVID-19, as well as lower grades that are partially attributable to encountering more ore but at lower grades in the mined areas at the Bell Creek mine and to mine sequencing at the Timmins West mine.

Cash Costs: an increase of $217 per ounce, primarily as a result of the lower production.

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

AISC: the $234 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 has revised its 2020 annual production, Cash Costs, AISC and capital expenditure forecasts, which has been included 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.

2020 Silver and Gold Production, Cash Costs and AISC Forecasts:

	Silver Production (million ounces)	Gold Production (thousand ounces)	Cash Costs ($ per ounce)	AISC ($ per ounce)[1]
Silver Segment:				
La Colorada	6.40 - 7.20	4	6.20 - 7.00	9.50 - 10.50
Dolores	4.00 - 4.80	99.0 - 104.0	(5.60) - (3.90)	3.90 - 7.40
Huaron	2.00 - 2.20	1.00	8.20 - 9.10	11.80 - 12.80
Morococha (92.3%)[2]	1.20 - 1.40	1.0	11.00 - 12.30	16.80 - 18.40
San Vicente (95.0%)[3]	2.20 - 2.60	—	14.30 - 16.20	16.10 - 18.20
Manantial Espejo, COSE, and Joaquin	3.00 - 3.50	24.0 - 27.0	13.80 - 15.90	15.30 - 17.70
Total [4,5]	**18.80 - 21.70**	**130.0 - 138.0**	**6.20 - 7.70**	**10.50 - 12.50**
Gold Segment:				
Shahuindo	0.20 - 0.30	147.0 - 164.0	590 - 660	860 - 960
La Arena	—	103.0 - 114.0	760 - 860	1,140 - 1,260
Timmins	—	145.0 - 159.0	1,030 - 1,060	1,175 - 1,240
Total [4,5]	**0.20 - 0.30**	**395.0 - 437.0**	**800 - 860**	**1,050 - 1,125**
Total Production [5]	**19.00 - 22.00**	**525.0 - 575.0**		
Consolidated Silver Basis [4]			**n/a [6]**	**(3.00) - 0.75**

(1) Cash costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for further information on these measures. The cash costs and AISC forecasts assume realized prices and exchange rates for H1 2020 and the following price and exchange rate assumptions for H2 2020: metal prices of $18.25/oz for silver, $1,850/oz for gold, $2,050/tonne ($0.93/lb) for zinc, $1,775/tonne ($0.81/lb) for lead, and $6,150/tonne ($2.79/lb) for copper; and H2 2020 average exchange rates relative to 1 USD of 22.50 for the Mexican peso ("MXN"), 3.50 for the Peruvian sol ("PEN"), 77.53 for the Argentine peso ("ARS"), 6.91 for the Bolivian boliviano ("BOB"), and $1.35 for the Canadian dollar ("CAD").
(2) Morococha data represents Pan American's 92.3% interest in the mine's production.
(3) San Vicente data represents Pan American's 95.0% interest in the mine's production.
(4) 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 costs, and exploration and project development expenses are included in Consolidated Silver Basis AISC, but are not allocated in calculating AISC for the Silver and Gold Segments
(5) Totals may not add due to rounding.
(6) Pan American does not provide guidance for cash costs on a Consolidated Silver Basis, as AISC guidance better reflects costs on a Consolidated Silver Basis.

2020 Consolidated Base Metal Production Forecasts

	Zinc (kt)	Lead (kt)	Copper (kt)
Consolidated Production	**40.0 - 43.0**	**17.0 - 18.0**	**4.3 - 4.9**

2020 Capital Expenditure Forecasts:

	2020 Capital Investment ($ millions)
La Colorada	19.0 - 19.5
Dolores	42.0 - 42.5
Huaron	5.5 - 6.0
Morococha	5.5 - 6.0
San Vicente	3.5 - 4.0
Manantial Espejo, COSE, and Joaquin	3.0
Shahuindo	44.5 - 45.5
La Arena	40.0 - 41.0
Timmins	23.0 - 24.0
Sustaining Capital Total	**185.0 - 189.0**
La Colorada Skarn project	13.5 - 14.0
Timmins expansion	4.0 - 4.5
Other	7.5
Project Capital	**25.0 - 26.0**
Total Capital	**210.0 - 215.0**

PROJECT DEVELOPMENT UPDATE

The following table reflects the amounts spent at each of Pan American's major projects in Q2 2020 compared with Q2 2019:

Project Development Capital [1] (thousands of USD)	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Mexico projects	**2,410**	2,754	**$ 6,052**	$ 4,756
Joaquin and COSE projects	**1,702**	7,047	**5,247**	12,901
Timmins projects	**218**	911	**1,226**	2,172
Other	**247**	2,743	**724**	3,500
Total	**4,577**	13,455	**$ 13,249**	$ 23,329

(1) Categorization of the Q2 2019 amounts have been changed from those reported in the Q2 2019 MD&A to conform to the current period categorizations.

During Q2 2020, the Company achieved the following progress on its projects:

Mexico Projects:

The Company spent $2.4 million on exploration drilling activities relating to the La Colorada skarn deposit.

Joaquin and COSE Projects:

The Company spent $1.7 million on COSE project development during Q2 2020, directed mainly at advancing development of the underground mine. This development work was suspended on March 23, 2020 in response to COVID-19 related measures, and resumed on May 4, 2020. It is expected that processing of ore mined from COSE at the Manantial Espejo plant will commence in the third quarter of 2020. Development of the Joaquin and COSE projects was substantially completed in 2019.

Timmins Projects:

The Company spent $0.2 million on projects at Timmins in Q2 2020, primarily related to purchasing equipment and materials for an expansion of operations, which has been delayed due to the COVID-19 pandemic.

OVERVIEW OF Q2 2020 FINANCIAL RESULTS

Selected Annual and Quarterly Information

The following tables set out selected quarterly results for the past ten quarters as well as selected annual results for the past two years. The dominant factors affecting results in the quarters and years presented below are the volatility of realized metal prices and the timing of sales, which vary with the timing of shipments and impairment charges. The fourth quarter of both 2019 and 2018 included impairment charges to the Manantial Espejo mine and the COSE and Joaquin projects.

2020	Quarter Ended	
(In thousands of USD, other than per share amounts)	March 31	June 30
Revenue	$ 358,428	$ 249,509
Mine operating earnings	$ 50,058	$ 48,386
Earnings for the period attributable to equity holders	$ (76,807)	$ 20,063
Basic earnings per share	$ (0.37)	$ 0.10
Diluted earnings per share	$ (0.37)	$ 0.10
Cash flow from operating activities	$ 114,051	$ 62,750
Cash dividends paid per share	$ 0.050	$ 0.050
Other financial information		
Total assets		**$ 3,295,833**
Total long-term financial liabilities(1)		**$ 455,358**
Total attributable shareholders' equity		**$ 2,390,027**

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

2019	Quarter Ended				Year Ended
(In thousands of USD, other than per share amounts)	March 31(1)	June 30(1)	Sept 30(1)	Dec 31	Dec 31
Revenue(2)	$ 253,699	$ 340,494	$ 352,187	$ 404,379	**$ 1,350,759**
Mine operating earnings(2)	$ 15,770	$ 37,740	$ 77,168	$ 98,610	**$ 229,288**
Earnings for the period attributable to equity holders	$ 2,783	$ 5,053	$ 50,975	$ 51,927	**$ 110,738**
Basic earnings per share	$ 0.02	$ 0.02	$ 0.26	$ 0.25	**$ 0.55**
Diluted earnings per share	$ 0.02	$ 0.02	$ 0.26	$ 0.25	**$ 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**
Other financial information					
Total assets					**$ 3,461,682**
Total long-term financial liabilities(3)					**$ 517,776**
Total attributable shareholders' equity					**$ 2,463,099**

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

(2) Concurrent with the acquisition of Tahoe, the Company classified the Timmins mines as a discontinued operation held for sale and, in the third quarter of 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	Quarter Ended				Year Ended
(In thousands of USD, other than per share amounts)	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**
Other financial information					
Total assets					**$ 1,937,476**
Total long-term financial liabilities[(1)]					**$ 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: Q2 2020 vs. Q2 2019

Net earnings of $19.4 million was recorded in Q2 2020 compared to net earnings of $18.5 million in Q2 2019, which corresponds to basic earnings per share of $0.10 and $0.09, respectively.

The following table highlights the differences between net earnings in Q2 2020 compared with Q2 2019:

Net earnings, three months ended June 30, 2019 (in thousands of USD)			**$ 18,499**	**Note**
Revenue:				
Increased realized metal prices	$	46,070		
Lower quantities of metal sold		(154,481)		
Decreased direct selling costs		12,799		
Decreased negative settlement adjustments		4,627		
Total decrease in revenue			**(90,985)**	**(1)**
Cost of sales:				
Decreased production costs and decreased royalty charges	$	78,856		**(2)**
Decreased depreciation and amortization		9,457		**(3)**
Total decrease in cost of sales			**88,313**	
Total decrease in mine operating earnings			**(2,672)**	
Increased care and maintenance costs			(46,361)	**(4)**
Increased investment income			45,001	**(5)**
Increased other expense			(6,155)	**(6)**
Decreased income tax expense			4,214	**(7)**
Decreased exploration and project development expense			3,467	**(8)**
Decreased transaction and integration costs			3,446	**(9)**
Decreased interest and finance expense			3,112	**(10)**
Increased foreign exchange loss			(1,062)	
Increased general and administrative expense			(1,168)	
Increased net loss on commodity contracts, derivatives and asset sales			(640)	
Decreased dilution gain, net of share of income from associate			(269)	
Net earnings, three months ended June 30, 2020			**$ 19,412**	

1. ***Revenue*** for Q2 2020 was $91.0 million lower than in Q2 2019, as a result of decreased quantities of metal sold, partially offset by higher realized prices, lower treatment and refining charges and negative concentrate settlement adjustments. The lower quantities of metal sold reflect the lower production as a result of the previously discussed COVID-19 related mine suspensions. The lower quantities sold were partially offset by higher precious metal prices with realized gold and silver prices being 30% and 11% higher than those in Q2 2019, respectively, though this in-turn was partially offset by lower realized base metal prices.

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

	Realized Metal Prices (1)		Quantities of Metal Sold (2)	
	Three months ended June 30,		Three months ended June 30,	
	2020	2019	2020	2019
Silver	$ 16.58	$ 14.90	3,074	6,509
Gold	$ 1,708	$ 1,312	112.8	152.5
Zinc	$ 1,791	$ 2,783	3.0	15.3
Lead	$ 1,643	$ 1,875	1.6	6.6
Copper	$ 5,217	$ 6,100	0.5	1.7

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

2. ***Production and Royalty costs*** in Q2 2020 were $78.9 million lower than in Q2 2019. The decrease was driven by a $76.7 million, or 34%, decline in production costs and by a $2.1 million decrease in royalty costs. The lower production costs reflect the lower sales volumes, primarily gold and silver which were down from Q2 2019 levels 26% and 53%, respectively, in addition to lower based metals sales volumes, all due primarily to the COVID-19 related mine suspensions in Q2 2020. Approximately $62.8 million of the quarter-over-quarter production cost decrease was attributable to the underground mines having no production during the suspensions (excluding the Timmins mines, which continued operating throughout Q2 2020). Partially offsetting these decreases was a $3.7 million increase in negative (cost adding) NRV adjustments.
3. ***Depreciation and amortization ("D&A") expense*** was $9.5 million lower than in Q2 2019, reflecting: (i) lower D&A due to lower sales volumes as a result of the COVID-19 related mine suspensions; (ii) $11.5 million of D&A on certain assets at the suspended mines being included in care and maintenance costs; partially offset by, (iii) a $12.5 million increase in D&A at the Timmins mine due to the accounting rule that D&A not be taken on that asset in Q2 2019 while it was classified as held-for-sale.
4. ***Care and maintenance costs*** were $52.2 million in Q2 2020, a $46.4 million increase from Q2 2019, reflecting the COVID-19 related mine suspensions during Q2 2020.
5. ***Investment income*** was $47.5 million in Q2 2020, $45.0 million higher than in Q2 2019. Investment income in Q2 2020 was largely driven by gains recognized in relation to the partial disposition of the Company's investment in Maverix Metals Inc. ("Maverix"). During Q2 2020, the Company sold 10.4 million shares in Maverix, recording a $22.1 million gain on the sale. The remainder of the quarter-over-quarter increase in investment income largely reflects fair value "mark-to-market" adjustments and realized gains on the Company's equity investments in New Pacific Metals Corp.
6. ***Other expense*** was $6.2 million higher in Q2 2020 compared to Q2 2019, driven largely by $3.1 million of commissions and transactions costs associated with the sale of Maverix and New Pacific Metals Corp. shares during the quarter, and the settlement of certain claims by former contractors of the Company.
7. ***Income tax expense*** of $4.7 million in Q2 2020 was $4.2 million lower than the $8.9 million in Q2 2019. The decreased expense was primarily due to the fact that much of the income for the quarter was generated by the gains on sales of various equity investments, which were sheltered by accumulated tax losses not previous recognized.
8. ***Exploration and project development expense*** was $3.5 million lower in Q2 2020 compared to Q2 2019 as a result of exploration activities being curtailed during the COVID-19 related mine suspensions.
9. ***Transaction and integration costs*** were $3.4 million lower in Q2 2020 because no such costs were recorded whereas in Q2 2019, $3.5 million of such costs were incurred in relation to the Tahoe acquisition.
10. ***Interest and finance costs*** were $3.1 million lower in Q2 2020, reflecting both a lower amount drawn on the Company's Credit Facility and lower interest rates compared to Q2 2019.

Statement of Cash Flows: Q2 2020 vs. Q2 2019

Cash flow from operations in Q2 2020 totaled $62.8 million, $20.8 million less than the $83.5 million generated in Q2 2019. The decrease was mainly attributable to the suspension of our Latin American operations during Q2 2020, which resulted in a considerable increase in mine care and maintenance costs relative to Q2 2019. Care and maintenance costs in Q2 2020 were only partially offset by an $11.1 million increase in cash from changes in non-cash operating working capital and a $4.9 million decrease in tax payments.

Working capital changes in Q2 2020 resulted in a $31.3 million source of cash compared with a $20.1 million source of cash in Q2 2019. The Q2 2020 source of cash was mainly driven by a $33.7 million draw-down in inventories, largely a result of continued leaching at the Company's three heap leach operations. The Q2 2019 source of cash from working capital changes was likewise largely the result of a drawdown of inventories, as a result of timing of sales.

Investing activities generated $49.3 million in Q2 2020, which was the result of a $71.0 million inflow from the sale of short-term investments primarily in New Pacific Metals and the disposition of a portion of our equity investment in Maverix, net of the payment for the exercise of warrants associated with the Maverix disposition, and $10.2 million in proceeds from the sale of non-core exploration properties. The combined proceeds more than offset the $30.3 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. In Q2 2019, investing activities utilized $69.3 million inclusive of $12.5 million for the net purchase of short-term investments. The balance related primarily to the $64.7 million spent on mineral properties, plant and equipment, partially offset by $9.1 million sourced from the disposition of mineral properties.

Financing activities in Q2 2020 used $72.1 million compared to $12.3 million used in Q2 2019. Cash used in Q2 2020 primarily consisted of a net $60.0 million repayment of the Credit Facility, $10.5 million in dividends, and $3.0 million of lease repayments, partially offset by $1.4 million of proceeds from the exercise of stock options. The net cash used in Q2 2019 consisted primarily of $7.3 million paid as dividends to shareholders and $4.9 million of lease payments.

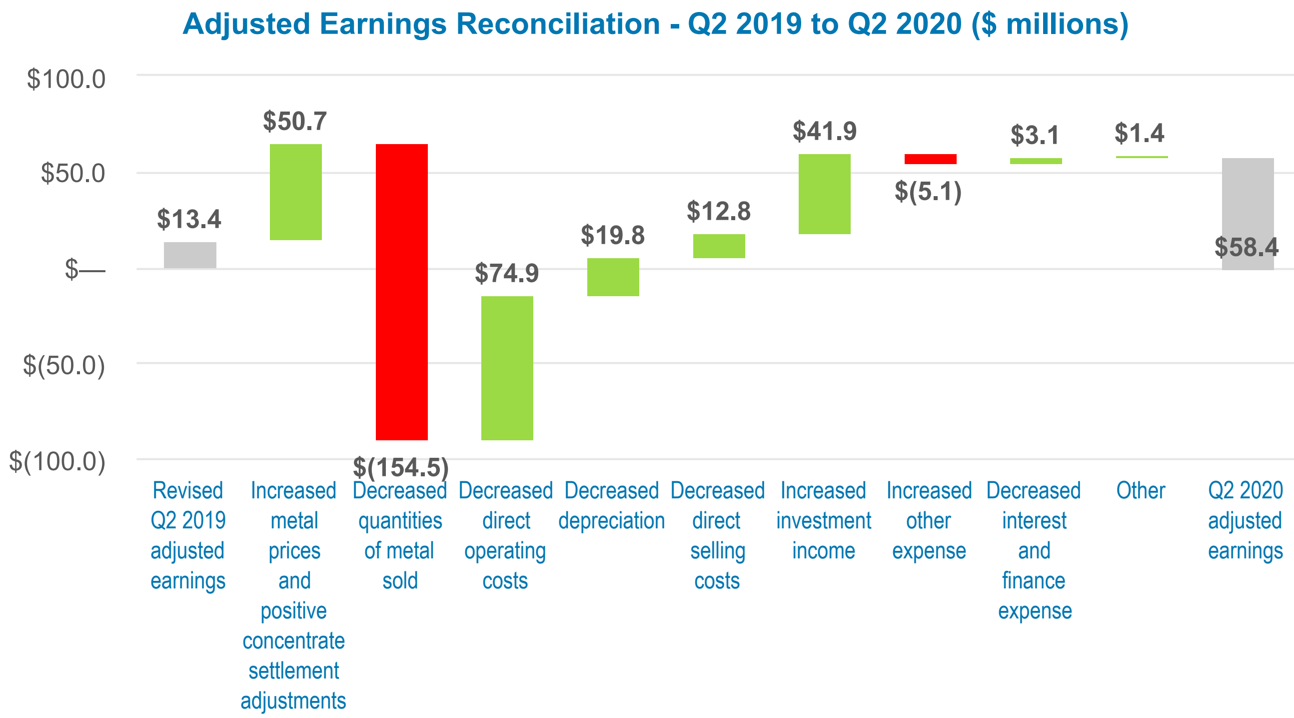
Adjusted Earnings: Q2 2020 vs Q2 2019

Adjusted earnings is a non-GAAP measure. Please refer to the section of this MD&A entitled "Alternative Performance (Non-GAAP) Measures" for a detailed description of "adjusted earnings", and a reconciliation of these measures to the Q1 2020 Financial Statements.

Adjusted Earnings in Q2 2020 was $58.4 million, representing basic adjusted earnings per share of $0.28, compared to the revised Q2 2019 adjusted earnings of $13.4 million, and basic adjusted earnings per share of $0.06. Q2 2020 adjusted earnings included investment income of $47.5 million and excluded COVID-19 related care and maintenance expenses of $46.5 million, among other adjustments.

The Q2 2019 adjusted earnings has been revised from that originally reported in the Q2 2019 to retrospectively include earnings 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 Q2 2019 to Q2 2020:



Income Statement: H1 2020 vs. H1 2019

A net loss of $57.8 million was recorded in H1 2020 compared to net earnings of $21.8 million in H1 2019, which corresponds to basic (loss) earnings per share of $(0.27) and $0.11, respectively.

The following table highlights the difference between net earnings in H1 2020 compared with H1 2019:

Net earnings, six months ended June 30, 2019 (in thousands of USD)					Note
			$	21,819	
Revenue:					
Increased realized metal prices	$	86,729			
Lower quantities of metal sold		(77,107)			
Decreased direct selling costs		9,211			
Increased negative settlement adjustments		(5,089)			
Total increase in revenue				**13,744**	**(1)**
Cost of sales:					
Decreased production costs and decreased royalty charges	$	37,230			**(2)**
Increased depreciation and amortization		(19,358)			**(3)**
Total decrease in cost of sales				**17,872**	
Total increase in mine operating earnings				**31,616**	
Increased care and maintenance costs				(58,938)	**(4)**
Increased income tax expense				(41,216)	**(5)**
Decreased net gain on asset sales, commodity contracts and derivatives				(11,584)	**(6)**
Increased other expense				(7,565)	**(7)**
Decreased transaction and integration costs				4,849	
Increased investment income				4,436	
Decreased dilution gain, net of share of loss from associate				(3,809)	
Decreased exploration and project development expense				2,890	
Increased general and administrative expense				(1,821)	
Decreased interest and finance expense				1,445	
Decreased foreign exchange loss				55	
Net loss, six months ended June 30, 2020			**$**	**(57,823)**	

1. ***Revenue*** for H1 2020 was $13.7 million higher than in H1 2019 as a result of the increased realized precious metal prices being only partially offset by decreased quantities of metal sold. Realized gold and silver prices in H1 2020 were 25% and 9% higher, respectively, than those in H1 2019, though this in-turn was partially offset by lower realized base metal prices. The lower quantities of metal sold were due to lower metal production and sales volumes for all metals except gold, reflecting the previously discussed COVID-19 related mine suspensions. Gold quantities sold in H1 2020 were 16% higher than in H1 2019, due to a full six months of production recorded for the gold segment operations in H1 2020 compared to production recorded only from the February 22, 2019 closing date of the Tahoe acquisition in H1 2019.

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

	Realized Metal Prices (1)		Quantities of Metal Sold (2)	
	Six months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	**2019**
Silver	**$ 16.53**	$ 15.20	**8,721**	12,601
Gold	**$ 1,634**	$ 1,309	**269.2**	233.0
Zinc	**$ 2,056**	$ 2,767	**14.5**	30.1
Lead	**$ 1,812**	$ 1,958	**7.4**	13.4
Copper	**$ 5,652**	$ 6,156	**1.9**	3.6

(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*** in H1 2020 were $37.2 million lower than in H1 2019. The decrease was mainly attributable to production costs being $34.3 million lower due largely to: (i) production costs from the silver segment operations being approximately $58.0 million lower, reflecting the COVID-19 related mine suspensions; (ii) negative NRV inventory adjustments being $6.2 million lower; partially offset by (iii) approximately $30.4 million higher production costs from the gold segment mines, reflecting a full six months of production (including limited heap leach production at La Arena and Shahuindo during the suspensions) compared to H1 2019 which only included production and sales from the February 22, 2019 closing date of the Tahoe acquisition to June 30, 2019. Royalty charges in H1 2020 were $2.9 million lower, due primarily to lower royalty charges at the San Vicente mine due to lower production and sales volumes because of the COVID-19 related mine suspension.

3. ***D&A expense*** was $19.4 million higher than in H1 2019, largely due to: $39.3 million additional depreciation expense at the gold segment mines, $26.3 million of which related to the Timmins operation (no D&A was recorded for Timmins in H1 2019 because it was classified as an asset held-for-sale); partially offset by lower D&A due to lower sales volumes from the COVID-19 related mine suspensions; and (iii) $13.2 million of D&A on certain assets at the suspended mines being included in care and maintenance costs in H1 2020.

4. ***Care and maintenance costs*** totaled $68.2 million in H1 2020, which was a $58.9 million increase from H1 2019, and reflects the COVID-19 related mine suspensions that began in the latter part of Q1 2020.

5. ***Income tax expense*** of $57.4 million in H1 2020 was $41.2 million higher than the $16.2 million in H1 2019. The higher taxes were largely attributable to the significant devaluation of the Mexican peso, and to a lesser extent, the Peruvian sol in H1 2020, which resulted in a decrease to the deductible tax attributes in Mexico and Peru.

6. ***Net gain on asset sales, commodity contracts and derivatives*** was $11.6 million lower in H1 2020 compared to H1 2019, the result of a $5.2 million loss being recognized on foreign currency and diesel contracts in H1 2020, due largely to the devaluation of the Mexican peso, Canadian dollar, and Peruvian sol relative to the US dollar during 2020, compared to $1.6 million of gains in H1 2019; and, a $2.0 million loss recognized on the sale of mineral properties in H1 2020 compared to gains of $3.5 million in H1 2019.

7. ***Other expense*** was $7.6 million higher in H1 2020, largely reflecting the same items described in the previous quarter-over-quarter discussion regarding other expense.

Statement of Cash Flows: H1 2020 vs. H1 2019

Cash flow from operations in H1 2020 was $176.8 million, $106.2 million more than the $70.6 million generated in H1 2019. The increase was mostly related to an $87.2 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 H1 2020 resulted in a $69.4 million source of cash, primarily reflecting a $42.7 million and a $42.1 million draw-down of inventories and accounts receivables, respectively; partially offset by a settlement of accounts payables. These working capital movements compared to the $17.8 million use of cash in H1 2019, which was driven primarily by the settlement of accounts payables and accrued liabilities related to the Tahoe transaction, partially offset by a release of inventories.

Investing activities utilized $9.2 million in H1 2020, as the $86.1 million spent on mineral properties, plant and equipment at the Company's mines and projects, was mostly offset by the $68.6 million received from the sale of short-term investments primarily in a partial disposition of the Company's interest in New Pacific Metals and the disposition of a portion of the Company's equity investment in Maverix, 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 H1 2019, investing activities utilized $303.1 million, primarily related to the $247.5 million investment (net of cash acquired) related to the acquisition of Tahoe and $105.6 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 $9.1 million from the sale of mineral interests.

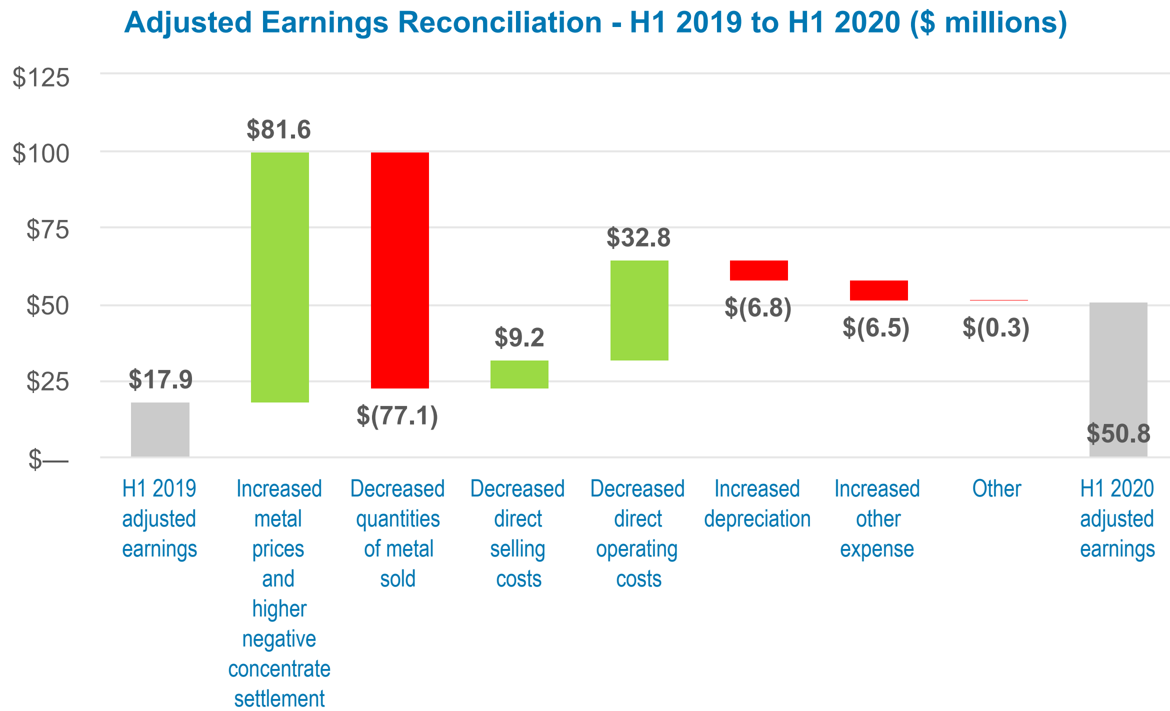
Financing activities in H1 2020 utilized a net $98.7 million compared to a $186.4 million net source of cash in H1 2019. Financing activities in H1 2020 were primarily related to the net repayment of $75.0 million of the Company's Credit Facility, $21.0 million in dividends to shareholders, and $7.0 million of lease repayments. Financing activities in H1 2019 primarily consisted of the Credit Facility draw for the Tahoe acquisition and the repayment of Tahoe's facility, as well as $14.7 million paid as dividends to shareholders and $8.9 million of lease repayments.

Adjusted Earnings: H1 2020 vs H1 2019

Adjusted earnings is a non-GAAP measure. Please refer to the section of this MD&A entitled "Alternative Performance (Non-GAAP) Measures" for a detailed description of "adjusted earnings", and a reconciliation of these measures to the Q1 2020 Financial Statements.

Adjusted Earnings in H1 2020 were $50.8 million, representing basic adjusted earnings per share of $0.24, which was $32.9 million, or $0.15 per share, higher than H1 2019 adjusted earnings of $17.9 million, and basic adjusted earnings per share of $0.09.

The following chart illustrates the key factors leading to the change in adjusted earnings from H1 2019 to H1 2020:



LIQUIDITY AND CAPITAL POSITION

Liquidity and Capital Measures (in $000s)	June 30, 2020	March 31, 2020	Dec. 31, 2019	Q2 2020 Change	YTD 2020 Change
Cash and cash equivalents ("Cash")	$ **188,117**	$ 147,827	$ 120,564	$ 40,290	$ 67,553
Short-term Investments	$ **73,449**	$ 91,346	$ 117,776	$ (17,897)	$ (44,327)
Cash and Short-term investments	$ **261,566**	$ 239,173	$ 238,340	$ 22,393	$ 23,226
Working Capital	$ **471,552**	$ 487,969	$ 517,249	$ (16,417)	$ (45,697)
Credit Facility committed amount	$ **500,000**	$ 500,000	$ 500,000	$ —	$ —
Credit Facility amounts drawn	$ **200,000**	$ 260,000	$ 275,000	$ (60,000)	$ (75,000)
Shareholders' equity	$ **2,393,695**	$ 2,383,095	$ 2,467,846	$ 10,600	$ (74,151)
Total debt (1)	$ **236,946**	$ 299,230	$ 316,208	$ (62,284)	$ (79,262)
Capital (2)	$ **2,369,075**	$ 2,443,152	$ 2,545,714	$ (74,077)	$ (176,639)

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

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

Liquidity and Capital Resources

The Company's cash and short term investments increased by $22.4 million during Q2 2020. The increase was essentially due to the disposition of a portion of the Company's investment in Maverix (net of the warrants exercised), while the operating cash flows generated were utilized to pay down the balance outstanding on the Company's Credit Facility.

Operating cash flows of $62.8 million, which included a $31.3 million source of cash from working capital changes and tax payments of $13.1 million, as well as the sale of certain exploration stage assets, more than funded the Company's investments in mineral properties, plant and equipment and its dividend and allowed for a $60.0

million repayment of the Credit Facility during Q2 2020. The working capital changes primarily reflect the release of inventories from heap leach pads during the quarter, partially offset by a decrease in accounts payable balances.

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 $471.6 million at June 30, 2020 was $16.4 million lower than working capital of $488.0 million at March 31, 2020. The decrease is primarily the result of the release of working capital of $31.3 million, being used in part to pay the Company's long term debt.

In April 2020, the Company increased its cash and cash equivalents holdings with an $80.0 million draw on the Credit Facility as a precautionary measure to increase liquidity considering the uncertain economic impacts of the COVID-19 pandemic. In Q2 2020, the Company repaid the $80.0 million draw, and made a further repayment of $60.0 million on its four-year, $500.0 million Credit Facility, reducing the drawn amount at June 30, 2020 to $200.0 million. In August 2020, the Company made an additional $40.0 million repayment on the Credit Facility. As of June 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 COVID-19 crisis, together with other dynamics in the marketplace, have significantly increased borrowing costs and, in certain cases, restricted the ability of borrowers to access the capital markets and other sources of financing. The borrowing costs under the Company's Credit Facility have not changed and 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 June 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 during the crisis. 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 June 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 47 months. Approximately 0.3 million of the stock options were vested and exercisable at June 30, 2020, with an average weighted exercise price of CAD $17.50 per share.

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

	Outstanding as at August 5, 2020
Common shares	210,157,824
Options	328,297
Total	**210,486,121**

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

CLOSURE AND DECOMMISSIONING COST PROVISION

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

The total inflated and undiscounted amount of estimated cash flows required to settle the Company's estimated future closure and decommissioning costs as of June 30, 2020 was $291.1 million (December 31, 2019 - $290.4 million) using inflation rates of between 0% and 5% (December 31, 2019 - between 0% and 5%). The inflated and discounted provision on the statement of financial position as at March 31, 2020 was $204.3 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 2043, or later if the mine lives are extended. Revisions made to the reclamation obligations in Q2 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 at Alamo Dorado, and revisions to the estimates based on periodic reviews of closure plans and related costs, actual expenditures incurred, and closure activities completed. These obligations will be funded from operating cash flows, reclamation deposits, and cash on hand.

The accretion of the discount charged in Q2 2020 and H1 2020 as finance expense was $2.1 million and $4.1 million, respectively (Q2 2019 and H1 2019, $2.6 million and $4.6 million, respectively). Reclamation expenditures incurred during Q2 2020 and H1 2020 were $0.2 million and $0.9 million, respectively (Q2 2019 and H1 2019, $0.6 million and $1.5 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 Q2 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:

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

(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:

Allocation of consideration:		
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)
	$	**1,142,674**

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 indust041545254ry 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 June 30, 2019.

	Three months ended June 30, 2020				Three months ended June 30, 2019			
(In thousands of USD, except as noted)	**Silver Segment**	**Gold Segment**	**Corporate**	**Consolidated (silver basis)[1]**	Silver Segment	Gold Segment[4,5]	Corporate	Consolidated (silver basis)[1,4]
Production costs	**$ 71,730**	**$ 76,703**		**$ 148,433**	**$ 131,215**	**$ 93,930**		**$ 225,145**
Purchase Price Allocation Inventory Fair Value Adjustment	—	(870)		(870)		(14,425)		(14,425)
NRV inventory adjustments	(1,489)	—		(1,489)	2,254	—		2,254
On-site direct operating costs	**70,241**	**75,833**		**146,074**	**133,469**	**79,504**		**212,974**
Royalties	3,056	1,477		4,534	5,191	1,487		6,678
Smelting, refining and direct selling charges[2]	5,252	44		5,296	17,776	315		18,091
Cash cost of sales before by-product credits [3]	**78,549**	**77,354**		**155,904**	**156,436**	**81,307**		**237,743**
Silver segment by-product credits[2]	(59,974)	—		—	(113,249)	—		—
Gold segment by-product credits[2]	—	(1,445)		—	—	(483)		—
Consolidated silver basis by-product credits[1][2]	—	—		(203,057)	—	—		(265,424)
Cash Costs[3]	**$ 18,575**	**$ 75,909**		**$ (47,153)**	**$ 43,187**	**$ 80,824**		**$ (27,682)**
NRV inventory adjustments	1,489	—		1,489	(2,254)	—		(2,254)
Sustaining capital	15,694	7,785		23,479	25,532	30,379		55,911
Exploration and project development[6]	418	655	666	1,739	1,008	1,359	958	3,325
Reclamation cost accretion	1,229	750	88	2,068	1,651	788	121	2,560
General and administrative expense	—	—	8,739	8,739	—	—	7,571	7,571
All-in sustaining costs[3]	**$ 37,405**	**$ 85,099**	**$ 9,493**	**$ (9,639)**	**$ 69,124**	**$ 113,350**	**$ 8,650**	**$ 39,432**
Silver segment silver ounces sold (koz)	2,982	—		—	6,476	—		—
Gold segment gold ounces sold (koz)	—	84		—	—	116		—
Total silver ounces sold (koz)[1]	—	—		3,074	—	—		6,509
Cash costs per ounce sold	**$ 6.23**	**$ 905**			**$ 6.67**	**$ 696**		
AISC per ounce sold	**$ 12.54**	**$ 1,015**		**$ (3.14)**	**$ 10.67**	**$ 977**		**$ 6.06**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 12.04**	**$ 1,015**		**$ (3.62)**	**$ 11.02**	**$ 977**		**$ 6.40**

(In thousands of USD, except as noted)	Six months ended June 30, 2020 Silver Segment	Gold Segment	Corporate	Consolidated (silver basis)(1)	Six months ended June 30, 2019 Silver Segment	Gold Segment(4,5)	Corporate	Consolidated (silver basis)(1,4)
Production costs	$ 202,725	$ 170,025		$ 372,750	$ 266,062	$ 141,013		$ 407,075
Purchase Price Allocation Inventory Fair Value Adjustment		(2,193)		(2,193)		(28,930)		(28,930)
NRV inventory adjustments	(13,209)	—		(13,209)	(5,881)	—		(5,881)
On-site direct operating costs	**189,516**	**167,832**		**357,348**	**260,181**	**112,083**		**372,264**
Royalties	7,150	3,287		10,438	11,453	1,890		13,343
Smelting, refining and direct selling charges(2)	25,265	79		25,344	34,230	325		34,555
Cash cost of sales before by-product credits (3)	**221,931**	**171,198**		**393,130**	**305,864**	**114,298**		**420,162**
Silver segment by-product credits(2)	(157,872)	—		—	(229,426)	—		—
Gold segment by-product credits(2)	—	(2,804)		—	—	(483)		—
Consolidated silver basis by-product credits(1)(2)	—	—		(493,586)	—	—		(436,497)
Cash Costs(3)	**$ 64,060**	**$ 168,394**		**$ (100,456)**	**$ 76,438**	**$ 113,815**		**$ (16,335)**
NRV inventory adjustments	13,209	—		13,209	5,881	—		5,881
Sustaining capital	41,861	31,825		73,685	47,675	42,978		90,653
Exploration and project development(6)	693	1,686	1,787	4,166	1,771	1,755	1,649	5,175
Reclamation cost accretion	2,456	1,498	180	4,134	3,303	1,085	214	4,602
General and administrative expense			15,327	15,327			13,506	13,506
All-in sustaining costs(3)	**$ 122,278**	**$ 203,403**	**$ 17,294**	**$ 10,065**	**$ 135,068**	**$ 159,633**	**$ 15,369**	**$ 103,482**
Silver segment silver ounces sold (koz)	8,546	—		—	12,568	—		—
Gold segment gold ounces sold (koz)	—	206		—	—	159		—
Total silver ounces sold (koz)(1)	—	—		8,721	—	—		12,601
Cash costs per ounce sold	**$ 7.50**	**$ 817**			**$ 6.08**	**$ 718**		
AISC per ounce sold	**$ 14.31**	**$ 987**		**$ 1.15**	**$ 10.75**	**$ 1,007**		**$ 8.21**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 12.76**	**$ 987**		**$ (0.36)**	**$ 10.28**	**$ 1,007**		**$ 7.75**

(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) 2019 Gold Segment and Consolidated Cash Costs and AISC were adjusted to reflect amounts recast, and presented, for the three months ended June 30, 2019 as if Timmins had not been classified as held for sale.
(5) All operating results from the Gold Segment Mines, are only from the Closing Date to June 30, 2019, and do not represent a full three months or six months of 2019 operations.
(6) The amounts for the three and six months ended June 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	**Three months ended June 30,**		**Six months ended June 30,**	
(in thousands of USD)	**2020**	2019	**2020**	2019
Payments for mineral properties, plant and equipment[1]	**$ 30,338**	$ 64,719	**$ 86,088**	$ 105,597
Add/(Subtract)				
Lease Payments[1]	**2,977**	4,880	**7,041**	8,870
Investment (non-sustaining) capital	**(9,836)**	(13,688)	**(19,444)**	(23,814)
Sustaining Capital[2]	**$ 23,479**	$ 55,911	**$ 73,685**	$ 90,653

(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:

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

SILVER SEGMENT	Three Months Ended June 30, 2019						
(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 19,614	$ 46,180	$ 18,661	$ 16,916	$ 13,178	$ 16,666	$ 131,215
NRV inventory adjustments	—	(2,417)	—	—	—	4,671	2,254
On-site direct operating costs	**19,614**	**43,763**	**18,661**	**16,916**	**13,178**	**21,337**	**133,469**
Royalties	161	1,835	—	—	2,855	340	5,191
Smelting, refining & direct selling costs	3,734	24	5,748	4,017	2,620	1,633	17,776
Cash Costs before by-product credits	**23,509**	**45,622**	**24,409**	**20,933**	**18,653**	**23,310**	**156,436**
Silver segment by-product credits	(17,975)	(37,495)	(23,046)	(18,847)	(6,929)	(8,957)	(113,249)
Cash Costs	**$ 5,534**	**$ 8,127**	**$ 1,363**	**$ 2,086**	**$ 11,724**	**$ 14,353**	**$ 43,187**
NRV inventory adjustments	—	2,417	—	—	—	(4,671)	(2,254)
Sustaining capital	3,631	14,965	2,144	3,715	414	664	25,532
Exploration and project development	662	301	—	10	—	35	1,008
Reclamation cost accretion	144	560	180	109	78	580	1,651
All-in sustaining costs	**$ 9,971**	**$ 26,370**	**$ 3,687**	**$ 5,920**	**$ 12,216**	**$ 10,961**	**$ 69,124**
Silver segment silver ounces sold (koz)	**1,965**	**1,183**	**829**	**565**	**1,152**	**782**	**6,476**
Cash cost per ounce sold	**$ 2.82**	**$ 6.87**	**$ 1.64**	**$ 3.69**	**$ 10.18**	**$ 18.35**	**$ 6.67**
AISC per ounce sold	**$ 5.07**	**$ 22.30**	**$ 4.45**	**$ 10.47**	**$ 10.60**	**$ 14.01**	**$ 10.67**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 5.07**	**$ 20.26**	**$ 4.45**	**$ 10.47**	**$ 10.60**	**$ 19.98**	**$ 11.02**

SILVER SEGMENT	Six months ended June 30, 2020						
(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 29,185	$ 95,467	$ 19,021	$ 15,724	$ 11,652	$ 31,675	$ 202,725
NRV inventory adjustments	—	(14,041)	—	(189)	—	1,021	(13,209)
On-site direct operating costs	**29,185**	**81,426**	**19,021**	**15,535**	**11,652**	**32,696**	**189,516**
Royalties	287	4,544	20	—	1,617	682	7,150
Smelting, refining & direct selling costs	8,052	35	7,644	4,522	2,276	2,736	25,265
Cash Costs before by-product credits	**37,524**	**86,005**	**26,685**	**20,057**	**15,545**	**36,114**	**221,931**
Silver segment by-product credits	(19,123)	(83,122)	(20,878)	(14,337)	(2,779)	(17,631)	(157,872)
Cash Costs	**$ 18,401**	**$ 2,883**	**$ 5,807**	**$ 5,721**	**$ 12,766**	**$ 18,483**	**$ 64,060**
NRV inventory adjustments	—	14,041	—	189	—	(1,021)	13,209
Sustaining capital	8,193	24,675	1,994	3,066	2,157	1,776	41,861
Exploration and project development	462	166	—	65	—	—	693
Reclamation cost accretion	285	1,327	288	168	142	246	2,456
All-in sustaining costs	**$ 27,341**	**$ 43,092**	**$ 8,089**	**$ 9,208**	**$ 15,064**	**$ 19,483**	**$ 122,278**
Silver segment silver ounces sold (koz)	**2,555**	**2,410**	**868**	**463**	**998**	**1,253**	**8,546**
Cash cost per ounce sold	**$ 7.20**	**$ 1.20**	**$ 6.69**	**$ 12.36**	**$ 12.79**	**$ 14.76**	**$ 7.50**
AISC per ounce sold	**$ 10.70**	**$ 17.88**	**$ 9.32**	**$ 19.90**	**$ 15.09**	**$ 15.55**	**$ 14.31**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 10.70**	**$ 12.06**	**$ 9.32**	**$ 19.49**	**$ 15.09**	**$ 16.37**	**$ 12.76**

SILVER SEGMENT	Six months ended June 30, 2019						
(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 39,105	$ 99,868	$ 37,490	$ 35,460	$ 24,593	$ 29,546	$ 266,062
NRV inventory adjustments	—	(11,872)	—	—	—	5,992	(5,881)
On-site direct operating costs	**39,105**	**87,996**	**37,490**	**35,460**	**24,593**	**35,538**	**260,181**
Royalties	240	3,825	—	—	6,784	604	11,453
Smelting, refining & direct selling costs	7,543	48	10,093	7,544	5,644	3,358	34,230
Cash Costs before by-product credits	**46,888**	**91,869**	**47,583**	**43,004**	**37,021**	**39,500**	**305,864**
Silver segment by-product credits	(36,925)	(80,365)	(42,634)	(41,615)	(13,811)	(14,077)	(229,426)
Cash Costs	**$ 9,963**	**$ 11,504**	**$ 4,949**	**$ 1,389**	**$ 23,210**	**$ 25,423**	**$ 76,438**
NRV inventory adjustments	—	11,872	—	—	—	(5,992)	5,881
Sustaining capital	5,843	28,032	5,362	5,649	1,404	1,385	47,675
Exploration and project development	768	593	8	182	—	220	1,771
Reclamation cost accretion	288	1,120	361	218	156	1,160	3,303
All-in sustaining costs	**$ 16,862**	**$ 53,121**	**$ 10,680**	**$ 7,438**	**$ 24,770**	**$ 22,196**	**$ 135,068**
Silver segment silver ounces sold (koz)	**4,012**	**2,194**	**1,648**	**1,257**	**2,273**	**1,184**	**12,568**
Cash cost per ounce sold	**$ 2.48**	**$ 5.24**	**$ 3.00**	**$ 1.11**	**$ 10.21**	**$ 21.47**	**$ 6.08**
AISC per ounce sold	**$ 4.20**	**$ 24.21**	**$ 6.48**	**$ 5.92**	**$ 10.90**	**$ 18.74**	**$ 10.75**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 4.20**	**$ 18.80**	**$ 6.48**	**$ 5.92**	**$ 10.90**	**$ 23.80**	**$ 10.28**

Gold Segment Cash Costs and AISC by mine:

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

GOLD SEGMENT	Three Months Ended June 30, 2019			
(In thousands of USD, except as noted)	Shahuindo	La Arena	Timmins(1)	Total(1)
Production Costs	$ 29,564	$ 23,225	$ 41,141	$ 93,930
Purchase Price Allocation Inventory Fair Value Adjustment	(5,429)	(4,964)	(4,033)	(14,425)
NRV inventory adjustments	—	—		—
On-site direct operating costs	**24,135**	**18,261**	**37,108**	**79,504**
Royalties	—	—	1,487	1,487
Smelting, refining & direct selling costs	134	152	29	315
Cash Costs before by-product credits	**24,269**	**18,413**	**38,624**	**81,307**
Gold segment by-product credits	(289)	(90)	(103)	(483)
Cash Costs of Sales	**$ 23,980**	**$ 18,323**	**$ 38,521**	**$ 80,824**
NRV inventory adjustments	—	—	—	—
Sustaining capital	6,835	21,470	2,074	30,379
Exploration and project development	489	289	581	1,359
Reclamation cost accretion	286	441	61	788
All-in sustaining costs	**$ 31,590**	**$ 40,523**	**$ 41,237**	**$ 113,350**
Gold segment gold ounces sold	**43,946**	**28,124**	**44,000**	**116,070**
Cash cost per ounce sold	**$ 546**	**$ 652**	**$ 875**	**$ 696**
AISC per ounce sold	**$ 719**	**$ 1,441**	**$ 937**	**$ 977**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 719**	**$ 1,441**	**$ 937**	**$ 977**

(1) 2019 Timmins and Gold Segment Cash Costs and AISC were adjusted to reflect amounts recast, and presented, for the three months ended June 30, 2019 as if Timmins had not been classified as held for sale.

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

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

GOLD SEGMENT — **Six months ended June 30, 2019**

(In thousands of USD, except as noted)	Shahuindo	La Arena	Timmins(1)	Total(1)
Production Costs	$ 37,127	$ 40,668	$ 63,218	$ 141,013
Purchase Price Allocation Inventory Fair Value Adjustment	(7,691)	(11,402)	(9,837)	(28,930)
NRV inventory adjustments	—	—	—	—
On-site direct operating costs	**29,436**	**29,266**	**53,381**	**112,083**
Royalties	—	—	1,890	1,890
Smelting, refining & direct selling costs	134	152	39	325
Cash Costs before by-product credits	**29,570**	**29,418**	**55,310**	**114,298**
Gold segment by-product credits	(289)	(90)	(103)	(483)
Cash Costs of Sales	**$ 29,281**	**$ 29,328**	**$ 55,207**	**$ 113,815**
NRV inventory adjustments	—	—	—	—
Sustaining capital	7,065	31,926	3,987	42,978
Exploration and project development	489	289	977	1,755
Reclamation cost accretion	403	621	61	1,085
All-in sustaining costs	**$ 37,238**	**$ 62,164**	**$ 60,232**	**$ 159,633**
Gold segment gold ounces sold	**52,546**	**45,258**	**60,700**	**158,504**
Cash cost per ounce sold	**$ 557**	**$ 648**	**$ 910**	**$ 718**
AISC per ounce sold	**$ 709**	**$ 1,374**	**$ 992**	**$ 1,007**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 709**	**$ 1,374**	**$ 992**	**$ 1,007**

(1) 2019 Timmins and Gold Segment Cash Costs and AISC were adjusted to reflect amounts recast, and presented, for the six months ended June 30, 2019 as if Timmins had not been classified as held for sale.

Adjusted Earnings and Basic Adjusted Earnings Per Share

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

The following table shows a reconciliation of adjusted earnings for the three and six months ended June 30, 2020 and 2019, to the net earnings for each period.

	Three months ended June 30,		Six months ended June 30,	
(In thousands of USD, except as noted)	**2020**	2019	**2020**	2019
Net earnings (loss) for the period	**$ 19,412**	$ 18,499	**$ (57,823)**	$ 21,819
Adjust for:				
Derivative (gains) losses	**$ (636)**	$ 1,785	**$ (636)**	$ 14
Write-down of other assets	**2,013**	1,882	**2,013**	1,882
Unrealized foreign exchange losses (gains)	**1,616**	(931)	**5,143**	1,564
Net realizable value adjustment of heap inventory	**5,477**	9,446	**14,448**	18,845
Unrealized (gains) losses on foreign currency and commodity contracts	**(5,072)**	(441)	**3,210**	(782)
Share of (income) loss from associate and dilution gain	**(40)**	(309)	**2,889**	(920)
Loss (gain) on sale of assets	**1,986**	(3,447)	**1,951**	(3,487)
COVID 19 mine care and maintenance	**46,510**	—	**54,621**	—
Transaction and integration costs	**—**	3,446	**—**	4,849
Depreciation not taken on assets held for sale	**—**	(10,293)	**—**	(12,570)
Effect of taxes on adjusting items	**(14,287)**	(4,008)	**(17,426)**	(7,306)
Effect of foreign exchange on taxes	**1,445**	(2,251)	**42,416**	(6,031)
Total adjustments	**$ 39,012**	$ (5,121)	**$ 108,629**	$ (3,942)
Adjusted earnings for the period	**$ 58,424**	$ 13,378	**$ 50,806**	$ 17,877
Weighted average shares for the period	**$ 210,041**	$ 209,461	**$ 209,993**	$ 193,055
Adjusted earnings per share for the period	**$ 0.28**	$ 0.06	**$ 0.24**	$ 0.09

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

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, zinc, lead, copper, and gold; 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 foreign 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) 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 March 31, 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 $1.2 million and $1.6 million in Q2 2019 and H1 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 Q2 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 June 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 gains on these positions of $1.2 million for the three and six months ended June 30, 2020 (Q2 2019 and H1 2019: $nil and $nil, respectively).

Trading Activities and Credit Risk

As at June 30, 2020, we had receivable balances associated with buyers of our concentrates of $20.2 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 June 30, 2020, we had approximately $17.3 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 June 30, 2020, the Company had made $5.3 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 June 30, 2020, the Company had outstanding positions on its foreign currency exposure of CAD, PEN, and MXN purchases. The CAD positions are collars with a notional amount of $30.0 million USD, with weighted average USD put and call exchange rates of $1.30 and $1.36, respectively. The PEN positions are collars with a notional amount of $45.0 million USD, with weighted average USD put and call exchange rates of $3.36 and $3.50, respectively. The MXN positions are collars with a notional amount of $65.3 million USD, with weighted average USD put and call exchange rates of $21.08 and $29.72, respectively. The Company recorded a $2.4 million gain and $6.4 million loss on the foreign currency exchange contracts for the three and six months ended June 30, 2020 (Q2 2019 and H1 2019: gains of $0.4 million and $0.9 million, respectively). At June 30, 2020, the Company held cash and short-term investments of $81.9 million in Canadian dollars, $4.7 million in Argentine pesos, $2.7 million in Peruvian soles, $1.7 million in Bolivian bolivianos, $1.9 million in Mexican pesos, and $0.2 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 six months ended June 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 Q1 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 six months ended June 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 six months ended June 30, 2020.

Community Action

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 six months ended June 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 six months ended June 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)

The current outbreak of the novel coronavirus that was first reported from Wuhan, China on December 31, 2019, and any future emergence and spread of similar pathogens or the existence of pandemics could have a material adverse effect on our business and results of operations, as well as impacting global economic conditions. While initially the outbreak of the coronavirus was largely concentrated, it has now spread to many other countries and infections and COVID-19 related deaths have been reported globally. The coronavirus 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 financial 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 actual and threatened spread of the coronavirus globally could also have a material adverse effect on the regional economies in which we operate, could continue to negatively impact stock markets, including the trading price of our shares, could adversely impact our ability to raise capital, could 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 could 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 dated March 17, March 23, April 2, 2020, June 1, 2020 and July 20, 2020 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

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

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

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

TECHNICAL INFORMATION

Scientific and technical information contained in this MD&A has been reviewed and approved by Martin Wafforn, P.Eng., Senior Vice President Technical Services and Processing Optimization, and Christopher Emerson, FAusIMM, Vice President Business Development and Geology, each of whom 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 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.

Unaudited Condensed Interim Consolidated Financial Statements and Notes

FOR THE THREE AND SIX MONTHS ENDING JUNE 30, 2020

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

		June 30, 2020		December 31, 2019
Assets				
Current assets				
Cash and cash equivalents (Note 21)	$	188,117	$	120,564
Short-term investments (Note 5)		73,449		117,776
Trade and other receivables		126,787		168,753
Income taxes receivable		22,398		17,209
Inventories (Note 6)		279,312		346,507
Derivative financial instruments (Note 4a)		1,854		1,272
Prepaid expenses and other current assets		10,924		16,838
		702,841		788,919
Non-current assets				
Mineral properties, plant and equipment (Note 7)		2,448,173		2,504,901
Inventories (Note 6)		24,623		24,209
Long-term refundable tax		24,625		17,900
Deferred tax assets		32,446		36,447
Investment in associates (Note 9)		58,670		84,319
Goodwill and other assets (Note 10)		4,455		4,987
Total Assets	$	3,295,833	$	3,461,682
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 11)	$	194,130	$	225,330
Derivative financial instruments (Note 4a)		3,157		—
Current portion of provisions (Note 12)		6,624		7,372
Current portion of lease obligations (Note 13)		13,567		14,198
Income tax payable		13,811		24,770
		231,289		271,670
Non-current liabilities				
Long-term portion of provisions (Note 12)		205,195		188,012
Deferred tax liabilities		201,915		176,808
Long-term portion of lease obligations (Note 13)		23,379		27,010
Debt (Note 14)		200,000		275,000
Deferred revenue (Note 9)		13,576		12,542
Other long-term liabilities (Note 15)		26,784		27,754
Share purchase warrants (Note 9)		—		15,040
Total Liabilities		902,138		993,836
Equity				
Capital and reserves (Note 16)				
Issued capital		3,128,977		3,123,514
Reserves		93,486		94,274
Deficit		(832,436)		(754,689)
Total Equity attributable to equity holders of the Company		2,390,027		2,463,099
Non-controlling interests		3,668		4,747
Total Equity		2,393,695		2,467,846
Total Liabilities and Equity	$	3,295,833	$	3,461,682

See accompanying notes to the condensed interim consolidated financial statements
APPROVED BY THE BOARD ON AUGUST 5, 2020

"signed" Ross Beaty, Director *"signed" Michael Steinmann, Director*

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

	Three months ended June 30,				Six months ended June 30,			
		2020		2019[(1)(2)]		2020		2019[(1)(2)]
Revenue (Note 22)	**$**	**249,509**	$	340,494	**$**	**607,937**	$	594,193
Cost of sales (Note 22)								
Production costs (Note 17)		**(148,433)**		(225,145)		**(372,750)**		(407,075)
Depreciation and amortization		**(48,156)**		(57,613)		**(126,305)**		(106,947)
Royalties		**(4,534)**		(6,678)		**(10,438)**		(13,343)
		(201,123)		(289,436)		**(509,493)**		(527,365)
Mine operating earnings (Note 22)		**48,386**		51,058		**98,444**		66,828
General and administrative		**(8,739)**		(7,571)		**(15,327)**		(13,506)
Exploration and project development		**(1,739)**		(5,206)		**(4,166)**		(7,056)
Mine care and maintenance (Note 18)		**(52,203)**		(5,842)		**(68,227)**		(9,289)
Foreign exchange (losses) gains		**(63)**		999		**(1,906)**		(1,961)
Gains (losses) on commodity and foreign currency contracts (Note 4d)		**3,612**		1,240		**(5,211)**		1,581
(Losses) gains on sale of mineral properties, plant and equipment		**(1,986)**		3,447		**(1,951)**		3,491
Share of income (loss) from associate and dilution gain (Note 9)		**40**		309		**(2,889)**		920
Transaction and integration costs		**—**		(3,446)		**—**		(4,849)
Other expense		**(6,486)**		(331)		**(7,789)**		(224)
(Loss) earnings from operations		**(19,178)**		34,657		**(9,022)**		35,935
Gain (loss) on derivatives (Note 4d)		**636**		(1,785)		**636**		(14)
Investment income		**47,540**		2,539		**19,260**		14,824
Interest and finance expense (Note 19)		**(4,863)**		(7,975)		**(11,254)**		(12,699)
Earnings (loss) before income taxes		**24,135**		27,436		**(380)**		38,046
Income tax expense (Note 23)		**(4,723)**		(8,937)		**(57,443)**		(16,227)
Net earnings (loss) for the period	**$**	**19,412**	$	18,499	**$**	**(57,823)**	$	21,819
Attributable to:								
Equity holders of the Company	**$**	**20,063**	$	18,371	**$**	**(56,744)**	$	21,154
Non-controlling interests		**(651)**		128		**(1,079)**		665
	$	**19,412**	$	18,499	**$**	**(57,823)**	$	21,819
Earnings (loss) per share attributable to common shareholders (Note 20)								
Basic earnings (loss) per share	**$**	**0.10**	$	0.09	**$**	**(0.27)**	$	0.11
Diluted earnings (loss) per share	**$**	**0.10**	$	0.09	**$**	**(0.27)**	$	0.11
Weighted average shares outstanding (in 000's) Basic		**210,041**		209,461		**209,993**		193,055
Weighted average shares outstanding (in 000's) Diluted		**210,252**		209,568		**210,203**		193,178

See accompanying notes to the condensed interim consolidated financial statements.

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

(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 and six months ended June 30, 2019, as a result of changes in the assessed fair values of assets acquired.

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019[(1)]	**2020**	2019[(1)]
Net earnings (loss) for the period	**$ 19,412**	$ 18,499	**$ (57,823)**	$ 21,819
Items that may be reclassified subsequently to net earnings:				
Unrealized net gains on short-term investments	**—**	—	**—**	1
Reclassification adjustment for realized gains on short-term investments to earnings	**—**	—	**—**	(208)
Total comprehensive earnings (loss) for the period (Note 4c)	**$ 19,412**	$ 18,499	**$ (57,823)**	$ 21,612
Total comprehensive earnings (loss) attributable to:				
Equity holders of the Company	**$ 20,063**	$ 18,371	**$ (56,744)**	$ 20,947
Non-controlling interests	**(651)**	128	**(1,079)**	665
	$ 19,412	$ 18,499	**$ (57,823)**	$ 21,612

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 six months ended June 30, 2019, as a result of changes in the assessed fair values of assets acquired.

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019[1]	**2020**	2019[1]
Cash flow from operating activities				
Net earnings (loss) for the period	**$ 19,412**	$ 18,499	**$ (57,823)**	$ 21,819
Current income tax expense (Note 23)	**9,047**	18,092	**28,370**	32,387
Deferred income tax (recovery) expense (Note 23)	**(4,324)**	(9,155)	**29,073**	(16,160)
Interest expense (Note 19)	**2,264**	4,891	**5,809**	6,938
Depreciation and amortization	**61,325**	57,613	**139,474**	106,947
Accretion on closure and decommissioning provision (Note 12)	**2,068**	2,560	**4,134**	4,602
Unrealized losses (gains) on foreign exchange	**1,616**	(931)	**5,143**	1,564
Loss (gain) on sale of mineral properties, plant and equipment	**1,986**	(3,447)	**1,951**	(3,487)
Other operating activities (Note 21)	**(45,783)**	(1,970)	**7,516**	(7,041)
Changes in non-cash operating working capital (Note 21)	**31,271**	20,140	**69,422**	(17,796)
Operating cash flows before interest and income taxes	**$ 78,882**	$ 106,292	**$ 233,069**	$ 129,773
Interest paid	**(3,149)**	(4,804)	**(6,873)**	(7,955)
Interest received	**112**	21	**199**	605
Income taxes paid	**(13,095)**	(17,991)	**(49,594)**	(51,816)
Net cash generated from operating activities	**$ 62,750**	$ 83,518	**$ 176,801**	$ 70,607
Cash flow from investing activities				
Payments for mineral properties, plant and equipment	**$ (30,338)**	$ (64,719)	**$ (86,088)**	$ (105,597)
Tahoe Resources Inc. ("Tahoe") acquisition ("Tahoe Acquisition")	**—**	—	**—**	(247,479)
Acquisition of mineral interests	**—**	(1,545)	**—**	(1,545)
Net proceeds from (purchase of) short-term investments and other securities	**86,586**	(12,528)	**84,192**	41,578
Proceeds from sale of mineral properties, plant and equipment	**10,166**	9,091	**10,371**	9,138
Exercise of warrants (Note 9)	**(15,626)**	—	**(15,626)**	—
Net (payments) proceeds from commodity, diesel fuel swaps, and foreign currency contracts	**(1,460)**	363	**(2,001)**	799
Net cash generated from (used in) investing activities	**$ 49,328**	$ (69,338)	**$ (9,152)**	$ (303,106)
Cash flow from financing activities				
Proceeds from issue of equity shares	**$ 1,410**	$ 194	**$ 4,341**	$ 194
Distributions to non-controlling interests	**—**	(261)	**—**	(261)
Dividends paid	**(10,503)**	(7,331)	**(21,003)**	(14,661)
Proceeds from credit facility (Note 14)	**80,000**	—	**80,000**	335,000
Repayment of credit facility (Note 14)	**(140,000)**	—	**(155,000)**	(125,000)
Payment of equipment leases	**(2,977)**	(4,880)	**(7,041)**	(8,870)
Net cash (used in) generated from financing activities	**$ (72,070)**	$ (12,278)	**$ (98,703)**	$ 186,402
Effects of exchange rate changes on cash and cash equivalents	**282**	(229)	**(1,393)**	(192)
Net increase (decrease) in cash and cash equivalents	**40,290**	1,673	**67,553**	(46,289)
Cash and cash equivalents at the beginning of the period	**147,827**	90,548	**120,564**	138,510
Cash and cash equivalents at the end of the period	**$ 188,117**	$ 92,221	**$ 188,117**	$ 92,221

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 six months ended June 30, 2019, as a result of changes in the assessed fair values of assets acquired.

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

	Attributable to equity holders of the Company							
	Issued shares	Issued capital	Reserves	Investment revaluation reserve	Deficit	Total	Non-controlling interests	Total equity
Balance, December 31, 2018	**153,448,356**	**$ 2,321,498**	**$ 22,573**	**$ 208**	**$ (836,067)**	**$ 1,508,212**	**$ 5,137**	**$ 1,513,349**
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)
Balance, December 31, 2019	**209,835,558**	**$ 3,123,514**	**$ 94,274**	**$ —**	**$ (754,689)**	**$ 2,463,099**	**$ 4,747**	**$ 2,467,846**
Total comprehensive loss								
Net loss for the period	—	—	—	—	(56,744)	(56,744)	(1,079)	(57,823)
Other comprehensive loss	—	—	—	—	—	—	—	—
	—	—	—	—	(56,744)	(56,744)	(1,079)	(57,823)
Shares issued on the exercise of stock options	295,831	5,236	(895)	—	—	4,341	—	4,341
Shares issued as compensation	9,456	227	—	—	—	227	—	227
Share-based compensation on option grants	—	—	107	—	—	107	—	107
Dividends paid	—	—	—	—	(21,003)	(21,003)	—	(21,003)
Balance, June 30, 2020	**210,140,845**	**$ 3,128,977**	**$ 93,486**	**$ —**	**$ (832,436)**	**$ 2,390,027**	**$ 3,668**	**$ 2,393,695**

See accompanying notes to the condensed interim consolidated financial statements.

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

	Attributable to equity holders of the Company							
	Issued shares	Issued capital	Reserves	Investment revaluation reserve	Deficit[1]	Total	Non-controlling interests	Total equity
Balance, December 31, 2018	**153,448,356**	**$ 2,321,498**	**$ 22,573**	**$ 208**	**$ (836,067)**	**$ 1,508,212**	**$ 5,137**	**$ 1,513,349**
Total comprehensive earnings								
Net earnings for the period[1]	—	—	—	—	21,154	21,154	665	21,819
Other comprehensive loss	—	—	—	(207)	—	(207)	—	(207)
	—	—	—	(207)	21,154	20,947	665	21,612
Shares issued on the exercise of stock options	20,642	284	(90)	—	—	194	—	194
Shares issued as compensation	22,335	243	—	—	—	243	—	243
Share-based compensation on option grants	—	—	295	—	—	295	—	295
Tahoe Acquisition consideration	55,990,512	795,626	72,040	—	—	867,666	—	867,666
Distributions by subsidiaries to non-controlling interests	—	—	—	—	—	—	(261)	(261)
Dividends paid	—	—	—	—	(14,661)	(14,661)	—	(14,661)
Balance, June 30, 2019	**209,481,845**	**$ 3,117,651**	**$ 94,818**	**$ 1**	**$ (829,574)**	**$ 2,382,896**	**$ 5,541**	**$ 2,388,437**

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 six months ended June 30, 2019, as a result of changes in the assessed fair values of assets acquired.

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

1. NATURE OF OPERATIONS

Pan American Silver Corp. is the ultimate parent company of its subsidiary group (collectively, the "Company", or "Pan American"). Pan American is a British Columbia corporation domiciled in Canada, and its office is at Suite 1500 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6.

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

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

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

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.

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.

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

4. FINANCIAL INSTRUMENTS

a) Financial assets and liabilities by categories

June 30, 2020	Amortized cost	FVTPL	FVTOCI	Total
Financial Assets:				
Cash and cash equivalents	**$ 188,117**	**$ —**	**$ —**	**$ 188,117**
Trade receivables from provisional concentrates sales[1]	**—**	**20,219**	**—**	**20,219**
Receivable not arising from sale of metal concentrates[1]	**101,243**	**—**	**—**	**101,243**
Short-term investments, equity securities	**—**	**73,449**	**—**	**73,449**
Derivative financial assets	**—**	**1,854**	**—**	**1,854**
	$ 289,360	**$ 95,522**	**$ —**	**$ 384,882**
Financial Liabilities:				
Derivative financial liabilities	**$ —**	**$ 3,157**	**$ —**	**$ 3,157**
	$ —	**$ 3,157**	**$ —**	**$ 3,157**

(1) Included in Trade and other receivables.

December 31, 2019	Amortized cost	FVTPL	FVTOCI	Total
Financial Assets:				
Cash and cash equivalents	$ 120,564	$ —	$ —	$ 120,564
Trade receivables from provisional concentrates sales[1]	—	48,767	—	48,767
Receivable not arising from sale of metal concentrates[1]	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 six months ended June 30, 2020 and 2019 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Unrealized (losses) gains on short-term investments, equity securities	**$ (3,479)**	$ 3,054	**$ (32,303)**	$ 14,374
Realized gains on short-term investments, equity securities	**50,810**	—	**50,810**	—
	$ 47,331	$ 3,054	**$ 18,507**	$ 14,374

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

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 six months ended June 30, 2020 and 2019 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Unrealized net gains on short-term investments, other than equity securities	**$ —**	$ —	**$ —**	$ 1
Reclassification adjustment for realized gains on short-term investments, other than equity securities	**—**	—	**—**	(208)
	$ —	$ —	**$ —**	$ (207)

d) Derivative instruments

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Gains (losses) on foreign currency and commodity contracts:				
Realized (losses) gains on foreign currency and commodity contracts	**$ (1,460)**	$ 364	**$ (2,001)**	$ 799
Unrealized gains (losses) on foreign currency and commodity contracts	**5,072**	876	**(3,210)**	782
	$ 3,612	$ 1,240	**$ (5,211)**	$ 1,581
Gain (loss) on derivatives:				
Gain (loss) on warrants	**$ 636**	$ (1,785)	**$ 636**	$ (14)
	$ 636	$ (1,785)	**$ 636**	$ (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 June 30, 2020		At December 31, 2019	
	Level 1	Level 2	Level 1	Level 2
Assets and Liabilities:				
Short-term investments	**$ 73,449**	**$ —**	$ 117,776	$ —
Trade receivables from provisional concentrate sales	**—**	**20,219**	—	48,767
Derivative financial assets	**—**	**1,854**	—	1,272
Derivative financial liabilities	**—**	**(3,157)**	—	—
	$ 73,449	**$ 18,916**	$ 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 June 30, 2020, the Company had receivable balances associated with buyers of its concentrates of $20.2 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 June 30, 2020, the Company had approximately $17.3 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 June 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 six months ended June 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 June 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 $1.7 million, losses of $0.5 million, and gains of $1.2 million, respectively, on MXN, SOL and CAD derivative contracts for the three months ended June 30, 2020 (2019 - gains of $0.4 million on MXN derivative contracts). The Company recorded losses of $3.7 million, $1.7 million, and $1.0 million, respectively, on MXN, SOL and CAD derivative contracts for the six months ended June 30, 2020 (2019 - gains of $0.9 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 six months ended June 30, 2020 on its cash and short-term investments was 0.83% (2019 - 1.11%).

At June 30, 2020, the Company had $200 million in amounts drawn on its secured revolving credit facility (the "Credit Facility") at an average interest rate of 2.8% for the six months ended June 30, 2020. At December 31, 2019, the Company had $275.0 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.

At June 30, 2020, the Company had $36.9 million in lease obligations (December 31, 2019 - $41.2 million), that are subject to an annualized interest rate of 9.4% (2019 - 9.7%).

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

3. Price Risk

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

The Company mitigates the price risk associated with its base metal production by committing some of its forecasted base metal production from time to time under forward sales and option contracts. The Board of Directors continually assesses the Company's strategy towards its base metal exposure, depending on market conditions. At June 30, 2020, the Company had no outstanding contracts to sell base metal production.

During the three and six months ended June 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 gains of $1.2 million on the Diesel fuel swaps in the three and six months ended June 30, 2020.

5. SHORT-TERM INVESTMENTS

	June 30, 2020			December 31, 2019		
	Fair Value	**Cost**	**Accumulated unrealized holding gains**	Fair Value	Cost	Accumulated unrealized holding gains
Short-term investments	**$ 73,449**	**$ 25,804**	**$ 47,645**	$ 117,776	$ 36,826	$ 80,950

6. INVENTORIES

Inventories consist of:

	June 30, 2020	December 31, 2019
Concentrate inventory	**$ 14,842**	$ 17,433
Stockpile ore (1)	**22,898**	27,708
Heap leach inventory and in process (2)	**127,105**	169,751
Doré and finished inventory (3)	**45,681**	67,820
Materials and supplies	**93,409**	88,004
Total inventories	**$ 303,935**	$ 370,716
Less: current portion of inventories	**$ (279,312)**	$ (346,507)
Non-current portion of inventories(4)	**$ 24,623**	$ 24,209

(1) Includes an impairment charge of $4.5 million to reduce the cost basis of inventory to net realizable value ("NRV") at Manantial Espejo, and Dolores mines at June 30, 2020 (December 31, 2019 – $5.0 million at Manantial Espejo and Dolores mines).

(2) Includes an impairment charge of $46.1 million to reduce the cost basis of inventory to NRV at Manantial Espejo, and Dolores mines at June 30, 2020 (December 31, 2019 - $39.3 million at Manantial Espejo and Dolores mines).

(3) Includes an impairment charge of $9.7 million to reduce the cost basis of inventory to NRV at Manantial Espejo and Dolores mines at June 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.

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

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment consist of:

	June 30, 2020			December 31, 2019		
	Cost	**Accumulated Depreciation and Impairment**	**Carrying Value**	Cost	Accumulated Depreciation and Impairment	Carrying Value
Huaron, Peru	**$ 217,415**	**$ (131,607)**	**$ 85,808**	$ 215,109	$ (126,301)	$ 88,808
Morococha, Peru	**261,434**	**(170,423)**	**91,011**	258,862	(164,501)	94,361
Shahuindo, Peru	**506,608**	**(57,596)**	**449,012**	498,960	(39,668)	459,292
La Arena, Peru	**126,782**	**(31,597)**	**95,185**	112,014	(22,853)	89,161
Alamo Dorado, Mexico	**71,724**	**(71,724)**	**—**	71,724	(71,724)	—
La Colorada, Mexico	**314,308**	**(153,834)**	**160,474**	305,357	(143,232)	162,125
Dolores, Mexico	**1,630,054**	**(1,139,307)**	**490,747**	1,608,334	(1,091,862)	516,472
Manantial Espejo, Argentina	**428,333**	**(411,911)**	**16,422**	371,677	(367,901)	3,776
San Vicente, Bolivia	**144,124**	**(98,915)**	**45,209**	143,251	(95,360)	47,891
Timmins, Canada	**298,612**	**(63,802)**	**234,810**	292,986	(42,672)	250,314
Other	**28,420**	**(18,019)**	**10,401**	27,711	(17,485)	10,226
Total	**$ 4,027,814**	**$ (2,348,735)**	**$ 1,679,079**	$ 3,905,985	$ (2,183,559)	$ 1,722,426
Land and Non-Producing Properties:						
Land	**$ 5,490**	**$ (1,254)**	**$ 4,236**	$ 5,528	$ (1,267)	$ 4,261
Navidad, Argentina	**566,577**	**(376,101)**	**190,476**	566,577	(376,101)	190,476
Escobal, Guatemala	**254,074**	**(720)**	**253,354**	249,353	—	249,353
Timmins, Canada	**75,726**	**—**	**75,726**	87,747	—	87,747
Shahuindo, Peru	**15,586**	**—**	**15,586**	15,586	—	15,586
La Arena, Peru	**117,000**	**—**	**117,000**	117,000	—	117,000
Minefinders, Mexico	**83,079**	**(36,975)**	**46,104**	83,079	(36,975)	46,104
La Colorada, Mexico	**21,550**	**—**	**21,550**	15,544	—	15,544
Morococha, Peru	**7,213**	**—**	**7,213**	7,213	—	7,213
COSE Project, Argentina	**44,499**	**(27,241)**	**17,258**	95,851	(66,859)	28,992
Other	**32,388**	**(11,797)**	**20,591**	31,866	(11,667)	20,199
Total non-producing properties	**$ 1,223,182**	**$ (454,088)**	**$ 769,094**	$ 1,275,344	$ (492,869)	$ 782,475
Total mineral properties, plant and equipment	**$ 5,250,996**	**$ (2,802,823)**	**$ 2,448,173**	$ 5,181,329	$ (2,676,428)	$ 2,504,901

8. IMPAIRMENT OF NON-CURRENT ASSETS

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

Based on the Company's assessment with respect to possible indicators of either impairment or reversal of previous impairments to its mineral properties, the Company concluded that as of June 30, 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. The COVID-19 pandemic and its impact on the economy is constantly evolving and presents many variables and contingencies for modeling. In future periods, the effects of the pandemic may have material impacts on our anticipated operating results and the recoverable amount of our CGUs. The Company will continue to monitor events in the third quarter and the assumptions used for such assessment for indicators of impairment or reversal.

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

9. INVESTMENT IN ASSOCIATES

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

	2020
Balance of investment, December 31, 2019	$ 84,319
Disposal of investment in associate	(23,467)
Dilution losses	(158)
Adjustment for change in ownership interest	1,252
Dividends	(545)
Loss from associate	(2,731)
Balance of investment, June 30, 2020	$ 58,670

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 June 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 June 30, 2020, the deferred revenue liability was $13.6 million (December 31, 2019 - $12.5 million).

Income Statement Impacts:

The Company recorded a gain of $23.5 million during the three and six months ended June 30, 2020 as a result of the disposition of shares pursuant to the Secondary Offering.

The Company recognized $nil and $0.2 million, respectively, in dilution losses during three and six months ended June 30, 2020 (2019 - $nil and $nil, respectively). Dilution gains and losses are recorded in share of income from associate and dilution gain.

For the three and six months ended June 30, 2020, the Company also recognized a $0.1 million recovery and $2.7 million loss in share of loss from associate (2019 - share of income from associate of $0.4 million, and $1.0 million, respectively), which represents the Company's proportionate share of Maverix's earnings during the period.

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

10. GOODWILL AND OTHER ASSETS

Other assets consist of:

	June 30, 2020	December 31, 2019
Goodwill	**$ 3,057**	$ 3,057
Other assets	**1,398**	1,930
	$ 4,455	$ 4,987

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	June 30, 2020	December 31, 2019
Trade accounts payable[(1)]	**$ 54,229**	$ 66,924
Royalties payable	**15,093**	16,108
Other accounts payable and trade related accruals	**49,458**	59,295
Payroll and related benefits	**44,934**	47,221
Severance accruals	**1,876**	994
Refundable tax payable	**8,319**	9,844
Other taxes payable	**20,221**	24,944
	$ 194,130	$ 225,330

(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	**12,638**	**—**	**12,638**
Charged (credited) to earnings:			
-new provisions	**—**	**1,791**	**1,791**
-change in estimate	**—**	**(593)**	**(593)**
-exchange gains on provisions	**—**	**(510)**	**(510)**
Charged in the year	**—**	**(77)**	**(77)**
Reclamation expenditures	**(948)**	**—**	**(948)**
Accretion expense (Note 19)	**4,134**	**—**	**4,134**
June 30, 2020	**$ 204,279**	**$ 7,540**	**$ 211,819**

Maturity analysis of total provisions:	June 30, 2020	December 31, 2019
Current	**$ 6,624**	$ 7,372
Non-Current	**205,195**	188,012
	$ 211,819	$ 195,384

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

13. LEASES

a. ROU Assets

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

	June 30, 2020		December 31, 2019
Cost		**Cost**	
Balance, January 1, 2020	**$ 60,779**	Balance, January 1, 2019	$ 34,983
Additions	**2,901**	Additions [1]	42,415
Transfer out	**(6,503)**	Transfer out	(16,619)
Balance, June 30, 2020	**57,177**	Balance, December 31, 2019	60,779
Accumulated Depreciation		**Accumulated Depreciation**	
Balance at January 1, 2020	**(17,418)**	Balance at January 1, 2019	(4,780)
Amortization	**(7,675)**	Amortization [2]	(20,103)
Transfer out	**4,897**	Transfer out	7,465
Balance, June 30, 2020	**(20,196)**	Balance, December 31, 2019	(17,418)
Carrying Amounts		**Carrying Amounts**	
At January 1, 2020	**43,361**	At January 1, 2019	30,203
At June 30, 2020	**$ 36,981**	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 June 30, 2020 and December 31, 2019 to their present value for the Company's lease obligations:

	June 30, 2020	December 31, 2019
Within one year	**$ 13,958**	$ 16,221
Between one and five years	**20,847**	23,099
Beyond five years	**20,471**	21,675
Total undiscounted lease obligations	**55,276**	60,995
Less future interest charges	**(18,330)**	(19,787)
Total discounted lease obligations	**36,946**	41,208
Less: current portion of lease obligations	**(13,567)**	(14,198)
Non-current portion of lease obligations	**$ 23,379**	$ 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

	June 30, 2020	December 31, 2019
Credit Facility	**$ 200,000**	$ 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.

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

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 June 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 six months ended June 30, 2020, the Company drew down $80 million and repaid $155 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 six months ended June 30, 2020, the average interest rate incurred by the Company on the Credit Facility was 2.8% (2019 - 4.3%). During the three and six months ended June 30, 2020, the Company incurred $0.3 million and $0.5 million, respectively, (2019 - $0.2 million and $0.5 million, respectively) in standby charges on undrawn amounts and $2.1 million and $4.7 million, respectively, (2019 - $3.9 million and $5.4 million, respectively) in interest on drawn amounts under this Facility.

In April 2020, the Company increased its cash and cash equivalents holdings with an $80.0 million draw on the Credit Facility as a precautionary measure to increase liquidity considering the uncertain economic impacts of the COVID-19 pandemic. In Q2 2020, the Company repaid the $80.0 million draw, and made a further repayment of $60.0 million on its four-year, $500.0 million Credit Facility, reducing the drawn amount at June 30, 2020 to $200.0 million. In August 2020, the Company made an additional $40.0 million repayment on the Credit Facility.

15. OTHER LONG TERM LIABILITIES

Other long term liabilities consist of:

	June 30, 2020	December 31, 2019
Deferred credit[(1)]	**$ 20,788**	$ 20,788
Other income tax payable	**100**	118
Severance accruals	**5,896**	6,848
	$ 26,784	$ 27,754

(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.

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shares, options, warrants, and per share amounts, unless otherwise noted)

16. SHARE CAPITAL AND EMPLOYEE COMPENSATION PLANS

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

For the three and six months ended June 30, 2020, the total share-based compensation expense relating to stock options and Compensation Shares was $1.2 million and $2.2 million, respectively, (2019 - $1.2 million and $2.1 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 six months ended June 30, 2020 or the comparative periods in 2019.

During the three and six months ended June 30, 2020, the Company issued 129,272 and 295,831 common shares, respectively, in connection with the exercise of options (2019 – 20,642 and 20,642, respectively).

ii. Compensation shares

During the three and six months ended June 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 six months ended June 30, 2020 and year ended December 31:

	Stock Options	
	Shares	Weighted Average Exercise Price CAD$
As at December 31, 2018	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
As at December 31, 2019	1,143,348	$ 33.84
Exercised	**(295,831)**	**19.61**
Expired	**(481,698)**	**53.44**
Forfeited	**(20,543)**	**43.50**
As at June 30, 2020	**345,276**	**$ 18.10**

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

	Options Outstanding			Options Exercisable	
Range of Exercise Prices CAD$	Number Outstanding as at	Weighted Average Remaining Contractual Life (months)	Weighted Average Exercise Price CAD$	Number Outstanding as at	Weighted Average Exercise Price CAD$
$9.76 - $23.61	**300,706**	**47.09**	**$ 15.54**	**229,090**	**$ 14.92**
$23.62 - $35.21	**25,111**	**70.45**	**$ 27.13**	**2,323**	**$ 32.92**
$35.22 - $46.53	**16,576**	**19.64**	**$ 42.69**	**16,576**	**$ 42.69**
$46.54 - $65.71	**2,883**	**16.13**	**$ 65.71**	**2,883**	**$ 65.71**
	345,276	**47.21**	**$ 18.10**	**250,872**	**$ 17.50**

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

b. PSUs

Compensation expense for PSUs was $2.3 million and $1.8 million, respectively, for the three and six months ended June 30, 2020 (2019 - $0.2 million and $0.4 million, respectively) and is presented as a component of general and administrative expense.

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

PSU	Number Outstanding	Fair Value
As at December 31, 2018	210,409	$ 3,091
Granted	75,311	1,784
Paid out	(38,119)	(903)
Change in value	—	1,924
As at December 31, 2019	**247,601**	**$ 5,896**
Change in value	**—**	**1,651**
As at June 30, 2020	**247,601**	**$ 7,547**

c. RSUs

Compensation expense for RSUs was $1.4 million and $1.3 million, respectively, for the three and six months ended June 30, 2020 (2019 – $0.4 million and $0.9 million, respectively) and is presented as a component of general and administrative expense.

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

RSU	Number Outstanding	Fair Value
As at December 31, 2018	328,823	$ 3,624
Granted	146,594	3,891
Paid out	(157,584)	(3,140)
Forfeited	(18,617)	(441)
Change in value	—	3,173
As at December 31, 2019	**299,216**	**$ 7,107**
Forfeited	**(9,021)**	**(273)**
Change in value	**—**	**1,994**
As at June 30, 2020	**290,195**	**$ 8,828**

d. Issued share capital

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

e. Dividends

The Company declared the following dividends for the six months ended June 30, 2020 and 2019:

Declaration Date	Record Date	Dividend per common share
August 5, 2020 (1)	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 June 30, 2020 and have not been recognized as distributions to owners during the period presented.

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

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 June 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 June 30,		Six months ended June 30,	
	2020	2019[3]	**2020**	2019[3]
Consumption of raw materials and consumables	**$ 46,024**	$ 84,507	**$ 131,731**	$ 145,381
Employee compensation and benefits expense	**67,706**	63,649	**142,571**	117,915
Contractors and outside services	**20,915**	31,299	**49,701**	58,854
Utilities	**7,688**	9,813	**19,427**	18,422
Other expenses	**4,717**	23,658	**9,892**	26,722
Changes in inventories [1][2]	**1,383**	12,219	**19,428**	39,781
	$ 148,433	$ 225,145	**$ 372,750**	$ 407,075

(1) Includes NRV adjustments to inventory to increase production costs by $13.2 million for the three and six months ended June 30, 2020 (2019 - $5.9 million).

(2) Includes fair value increases recognized on the Tahoe Acquisition of select Tahoe inventories of $0.9 million and $2.2 million, respectively, for the three and six months ended June 30, 2020 (2019 - $14.1 million and $28.9 million, respectively).

(3) Includes amounts previously included in discontinued operations which have been recast, and presented, for the three months ended June 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 June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
COVID 19 mine care and maintenance expenses	**$ 34,967**	$ —	**$ 41,452**	$ —
COVID 19 mine care and maintenance depreciation	**11,543**	—	**13,169**	—
Total COVID 19 mine care and maintenance	**46,510**	—	**54,621**	—
Mine care and maintenance expenses	**5,693**	5,842	**13,606**	9,289
	$ 52,203	$ 5,842	**$ 68,227**	$ 9,289

19. INTEREST AND FINANCE EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	2020	2019[1]	**2020**	2019[1]
Interest expense	**$ 2,264**	$ 4,891	**$ 5,809**	$ 6,938
Finance fees	**531**	585	**1,311**	1,220
Accretion expense (Note 12)	**2,068**	2,499	**4,134**	4,541
	$ 4,863	$ 7,975	**$ 11,254**	$ 12,699

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

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

20. EARNINGS PER SHARE (BASIC AND DILUTED)

For the three months ended June 30,	2020			2019[(2)]		
	Earnings[(1)] (Numerator)	Shares (000's) (Denominator)	Per-Share Amount	Earnings[(1)] (Numerator)	Shares (000's) (Denominator)	Per-Share Amount
Net earnings for the period	$ 20,063			$ 18,371		
Basic earnings per share	$ 20,063	210,041	$ 0.10	$ 18,371	209,461	$ 0.09
Effect of Dilutive Securities:						
Stock Options	—	211		—	107	
Diluted earnings per share	$ 20,063	210,252	$ 0.10	$ 18,371	209,568	$ 0.09

(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 June 30, 2019, as a result of changes in the assessed fair values of assets acquired.

For the six months ended June 30,	2020			2019[(2)]		
	Earnings[(1)] (Numerator)	Shares (000's) (Denominator)	Per-Share Amount	Earnings[(1)] (Numerator)	Shares (000's) (Denominator)	Per-Share Amount
Net (loss) earnings for the period	$ (56,744)			$ 21,154		
Basic (loss) earnings per share	$ (56,744)	209,993	$ (0.27)	$ 21,154	193,055	$ 0.11
Effect of Dilutive Securities:						
Stock Options	—	210		—	123	
Diluted (loss) earnings per share	$ (56,744)	210,203	$ (0.27)	$ 21,154	193,178	$ 0.11

(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 six months ended June 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 six months ended June 30, 2020 were 21,782 out-of-the-money options and CVRs potentially convertible into 15,600,034 common shares (2019 – 1,041,618 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:

	Three months ended June 30,		Six months ended June 30,	
Other operating activities	**2020**	2019	**2020**	2019
Adjustments for non-cash income statement items:				
Share-based compensation expense	**$ 1,231**	$ 1,220	**$ 2,234**	$ 2,057
Gains on securities held	**(44,215)**	(3,054)	**(15,391)**	(14,374)
(Gains) losses on commodity and foreign currency contracts (Note 4d)	**(3,612)**	(1,240)	**5,211**	(1,581)
(Gain) loss on derivatives (Note 4d)	**(636)**	1,785	**(636)**	14
Share of (income) loss from associate and dilution gain (Note 9)	**(40)**	(309)	**2,889**	(920)
Net realizable value adjustment for inventories	**1,489**	(2,254)	**13,209**	5,881
Project development write-down	**—**	1,882	**—**	1,882
	$ (45,783)	$ (1,970)	**$ 7,516**	$ (7,041)

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

	Three months ended June 30,		Six months ended June 30,	
Changes in non-cash operating working capital items:	**2020**	2019	**2020**	2019
Trade and other receivables	**$ 2,492**	$ 11,052	**$ 42,100**	$ 1,089
Inventories	**33,664**	26,008	**42,654**	36,838
Prepaid expenses	**7,969**	2,053	**5,914**	2,999
Accounts payable and accrued liabilities	**(12,103)**	(17,454)	**(19,665)**	(56,343)
Provisions	**(751)**	(1,519)	**(1,581)**	(2,379)
	$ 31,271	$ 20,140	**$ 69,422**	$ (17,796)

Cash and Cash Equivalents	**June 30, 2020**	December 31, 2019
Cash in banks	**$ 188,117**	$ 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 June 30, 2020

Segment/Country	Mine	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Capital expenditures[(1)]
Silver Segment:						
Mexico	Dolores	**$ 61,751**	**$ 47,351**	**$ 16,818**	**$ (2,418)**	**$ 9,551**
	La Colorada	**16,802**	**8,040**	**2,513**	**6,249**	**5,851**
Peru	Huaron	**7,644**	**3,822**	**509**	**3,313**	**581**
	Morococha	**1,484**	**483**	**(141)**	**1,142**	**2,086**
Bolivia	San Vicente	**3,123**	**1,989**	**476**	**658**	**232**
Argentina	Manantial Espejo	**14,289**	**13,100**	**1,591**	**(402)**	**2,762**
Guatemala	Escobal	**—**	**—**	**—**	**—**	**4,713**
Total Silver Segment		**105,093**	**74,785**	**21,766**	**8,542**	**25,776**
Gold Segment:						
Peru	Shahuindo	**58,521**	**23,359**	**8,934**	**26,228**	**3,473**
	La Arena	**22,981**	**14,727**	**4,557**	**3,697**	**2,085**
Canada	Timmins	**62,914**	**40,096**	**12,501**	**10,317**	**2,444**
Total Gold Segment		**144,416**	**78,182**	**25,992**	**40,242**	**8,002**
Other segment:						
Canada	Pas Corp	**—**	**—**	**124**	**(124)**	**(103)**
Other	Other	**—**	**—**	**274**	**(274)**	**(360)**
Total		**$ 249,509**	**$ 152,967**	**$ 48,156**	**$ 48,386**	**$ 33,315**

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

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

For the three months ended June 30, 2019

Segment/Country	Mine	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Capital expenditures[(1)]
Silver Segment:						
Mexico	Dolores	$ 55,082	$ 48,014	$ 25,111	$ (18,043)	$ 15,852
	La Colorada	43,159	19,775	6,021	17,363	6,392
Peru	Huaron	27,875	18,661	3,516	5,698	2,144
	Morococha	22,767	16,915	3,622	2,230	4,419
Bolivia	San Vicente	20,278	16,034	2,521	1,723	414
Argentina	Manantial Espejo	19,051	17,006	754	1,291	7,711
Guatemala	Escobal	—	—	—	—	353
Total Silver Segment		188,212	136,405	41,545	10,262	37,285
Gold Segment:						
	Shahuindo	58,035	33,060	11,694	13,281	8,685
	La Arena	36,701	19,730	4,066	12,905	21,470
Canada	Timmins [(2)]	57,546	42,628		14,918	2,985
Total Gold Segment		152,282	95,418	15,760	41,104	33,140
Other segment:						
Canada	Pas Corp	—	—	215	(215)	57
Argentina	Navidad	—	—	3	(3)	—
Other	Other	—	—	90	(90)	(883)
Total		$ 340,494	$ 231,823	$ 57,613	$ 51,058	$ 69,599

(1) Includes payments for mineral properties, plant and equipment and amounts have been recast, and presented, for the three months ended June 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 June 30, 2019 in continuing operations as a result of Timmins no longer being classified as held for sale.

For the six months ended June 30, 2020

Segment/Country	Mine	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Capital expenditures[(1)]
Silver Segment:						
Mexico	Dolores	**$ 123,147**	**$ 100,010**	**$ 42,789**	**$ (19,652)**	**$ 24,675**
	La Colorada	**51,626**	**29,472**	**8,430**	**13,724**	**14,246**
Peru	Huaron	**25,466**	**19,041**	**3,544**	**2,881**	**1,994**
	Morococha	**16,060**	**15,724**	**3,340**	**(3,004)**	**4,710**
Bolivia	San Vicente	**16,443**	**13,269**	**2,908**	**266**	**2,157**
Argentina	Manantial Espejo	**35,714**	**32,357**	**3,387**	**(30)**	**7,023**
Guatemala	Escobal	**—**	**—**	**—**	**—**	**4,724**
Total Silver Segment		**268,456**	**209,873**	**64,398**	**(5,815)**	**59,529**
Gold Segment:						
Peru	Shahuindo	**142,108**	**57,605**	**22,784**	**61,719**	**11,405**
	La Arena	**64,331**	**34,459**	**12,022**	**17,850**	**14,783**
Canada	Timmins	**133,042**	**81,251**	**26,309**	**25,482**	**6,951**
Total Gold Segment		**339,481**	**173,315**	**61,115**	**105,051**	**33,139**
Other segment:						
Canada	Pas Corp	**—**	**—**	**252**	**(252)**	**145**
Argentina	Navidad	**—**	**—**	**—**	**—**	**8**
Other	Other	**—**	**—**	**540**	**(540)**	**308**
Total		**$ 607,937**	**$ 383,188**	**$ 126,305**	**$ 98,444**	**$ 93,129**

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

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

For the six months ended June 30, 2019

Segment/Country	Mine	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Capital expenditures[(1)]
Silver Segment:						
Mexico	Dolores	$ 113,706	$ 103,693	$ 51,676	$ (41,663)	$ 28,413
	La Colorada	91,556	39,345	12,252	39,959	10,218
Peru	Huaron	57,679	37,490	6,785	13,404	5,362
	Morococha	53,946	35,460	7,485	11,001	6,468
Bolivia	San Vicente	42,016	31,377	4,612	6,027	1,404
Argentina	Manantial Espejo	28,687	30,150	1,708	(3,171)	14,285
Guatemala	Escobal					996
Total Silver Segment		387,590	277,515	84,518	25,557	67,146
Gold Segment:						
	Shahuindo	69,212	40,623	13,546	15,043	8,915
	La Arena	58,789	37,172	8,293	13,324	31,926
Canada	Timmins [(2)]	78,602	65,108		13,494	6,159
Total Gold Segment		206,603	142,903	21,839	41,861	47,000
Other segment:						
Canada	Pas Corp	—	—	336	(336)	179
Argentina	Navidad	—	—	3	(3)	8
Other	Other	—	—	251	(251)	134
Total		$ 594,193	$ 420,418	$ 106,947	$ 66,828	$ 114,467

(1) Includes payments for mineral properties, plant and equipment and amounts have been recast, and presented, for the six months ended June 30, 2019 to include payment of equipment leases.
(2) Includes amounts previously included in discontinued operations which have been recast, and presented, for the six months ended June 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 June 30,		Six months ended June 30,	
	2020	2019[(1)(2)]	**2020**	2019[(1)(2)]
Mine operating earnings (Note 22)	**$ 48,386**	$ 51,058	**$ 98,444**	$ 66,828
General and administrative	**(8,739)**	(7,571)	**(15,327)**	(13,506)
Exploration and project development	**(1,739)**	(5,206)	**(4,166)**	(7,056)
Mine care and maintenance (Note 18)	**(52,203)**	(5,842)	**(68,227)**	(9,289)
Foreign exchange (losses) gains	**(63)**	999	**(1,906)**	(1,961)
Gains (losses) on commodity and foreign currency contracts (Note 4d)	**3,612**	1,240	**(5,211)**	1,581
(Losses) gains on sale of mineral properties, plant and equipment	**(1,986)**	3,447	**(1,951)**	3,491
Share of income (loss) from associate and dilution gain (Note 9)	**40**	309	**(2,889)**	920
Transaction and integration costs	**—**	(3,446)	**—**	(4,849)
Other expense	**(6,486)**	(331)	**(7,789)**	(224)
(Loss) earnings from operations	**(19,178)**	34,657	**(9,022)**	35,935
Gain (loss) on derivatives (Note 4d)	**636**	(1,785)	**636**	(14)
Investment income	**47,540**	2,539	**19,260**	14,824
Interest and finance expense (Note 19)	**(4,863)**	(7,975)	**(11,254)**	(12,699)
Earnings (loss) before income taxes	**$ 24,135**	$ 27,436	**$ (380)**	$ 38,046

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

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

At June 30, 2020

Segment/Country	Mine	Assets	Liabilities	Net assets
Silver Segment:				
Mexico	Dolores	**$ 719,174**	**$ 150,567**	**$ 568,607**
	La Colorada	**226,692**	**46,818**	**179,874**
Peru	Huaron	**98,278**	**32,764**	**65,514**
	Morococha	**109,701**	**30,216**	**79,485**
Bolivia	San Vicente	**70,745**	**30,800**	**39,945**
Argentina	Manantial Espejo	**73,701**	**28,101**	**45,600**
Guatemala	Escobal	**289,667**	**19,280**	**270,387**
Total Silver Segment		**1,587,958**	**338,546**	**1,249,412**
Gold Segment:				
Peru	Shahuindo	**587,479**	**161,709**	**425,770**
	La Arena	**283,902**	**93,112**	**190,790**
Canada	Timmins	**400,512**	**51,559**	**348,953**
Total Gold Segment		**1,271,893**	**306,380**	**965,513**
Other segment:				
Canada	Pas Corp	**180,571**	**216,623**	**(36,052)**
Argentina	Navidad	**193,022**	**—**	**193,022**
	Other	**62,389**	**40,589**	**21,800**
Total		**$ 3,295,833**	**$ 902,138**	**$ 2,393,695**

At December 31, 2019

Segment/Country	Mine	Assets	Liabilities	Net assets
Silver Segment:				
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
Total Silver Segment		1,672,870	342,714	1,330,156
Gold Segment:				
Peru	Shahuindo	600,096	162,821	437,275
	La Arena	282,978	90,472	192,506
Canada	Timmins	429,060	50,171	378,889
Total Gold Segment		1,312,134	303,464	1,008,670
Other segment:				
Canada	Pas Corp	229,814	304,184	(74,370)
Argentina	Navidad	193,034	—	193,034
	Other	53,830	43,474	10,356
Total		$ 3,461,682	$ 993,836	$ 2,467,846

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

	Three months ended June 30,		Six months ended June 30,	
Product Revenue	**2020**	2019(1)	**2020**	2019(1)
Refined silver and gold	**$ 222,159**	$ 230,719	**$ 503,845**	$ 357,621
Zinc concentrate	**3,809**	33,081	**22,771**	74,886
Lead concentrate	**14,408**	43,507	**48,957**	91,351
Copper concentrate	**5,736**	16,471	**15,941**	37,459
Silver concentrate	**3,397**	16,716	**16,423**	32,876
Total	**$ 249,509**	$ 340,494	**$ 607,937**	$ 594,193

(1) Includes amounts previously included in discontinued operations which have been recast, and presented, for the three months ended June 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 June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Current income tax expense	**$ 9,047**	$ 18,092	**$ 28,370**	$ 32,387
Deferred income tax (recovery) expense	**(4,324)**	(9,155)	**29,073**	(16,160)
Income tax expense	**$ 4,723**	$ 8,937	**$ 57,443**	$ 16,227

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 three and six months ended June 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 six months ended June 30, 2020 and the comparable period 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.

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

Reconciliation of Effective Income Tax Rate

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019[(1)(2)]
Earnings (loss) before taxes and non-controlling interests	**$ 24,135**	$ 27,436	**$ (380)**	$ 38,046
Statutory Canadian income tax rate	**27.00 %**	27.00 %	**27.00 %**	27.00 %
Income tax expense (recovery) based on above rates	**$ 6,516**	$ 7,408	**$ (103)**	$ 10,272
Increase (decrease) due to:				
Non-deductible expenditures	**3,064**	1,184	**5,160**	2,095
Foreign tax rate differences	**(1,077)**	15	**5,834**	174
Change in net deferred tax assets not recognized:				
- Argentina exploration expenditures	**637**	1,002	**1,372**	1,576
- Other deferred tax assets	**(16,697)**	(9,823)	**7,475**	(14,712)
Effect of other taxes paid (mining and withholding)	**2,285**	5,636	**6,847**	10,032
Effect of foreign exchange on tax expense	**1,445**	(2,251)	**42,416**	(6,031)
Non-taxable impact of foreign exchange	**2,334**	1,088	**(15,298)**	2,681
Change in non-deductible portion of reclamation liabilities	**3,181**	2,075	**4,000**	7,332
Other	**3,035**	2,603	**(260)**	2,808
Income tax expense	**$ 4,723**	$ 8,937	**$ 57,443**	$ 16,227

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

(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 June 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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