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PAN AMERICAN SILVER

THIRD QUARTER REPORT TO SHAREHOLDERS

For the period ending September 30, 2019

www.panamericansilver.com

Pan American Silver Reports Earnings per Share of $0.18 for the Third Quarter of 2019

Reduces Cost Guidance for the Second Time in 2019

Vancouver, B.C. - Nov. 6, 2019 - Pan American Silver Corp. (NASDAQ: PAAS) (TSX: PAAS) today reported unaudited results for the third quarter ended September 30, 2019 ("Q3 2019"). Pan American's unaudited condensed interim consolidated financial statements and notes ("financial statements"), as well as Pan American’s management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2019, are available on Pan American’s website at panamericansilver.com and on SEDAR at www.sedar.com.

“Our operations performed well in Q3, generating $81.9 million in operating cash flow," said Michael Steinmann, President and Chief Executive Officer. "We are reducing our cost guidance for the second time this year, and we remain on track to achieve the production guidance for 2019, as revised on August 7, 2019. Our priorities are asset optimization, debt reduction and brownfield exploration. Strong free cash flow has allowed us to repay $20 million on our credit facility and advance the skarn discovery at La Colorada, where we encountered exceptional drill intercepts in the quarter."

Consolidated Q3 2019 Highlights:

- Effective Q3 2019, Timmins West and Bell Creek (together, "Timmins") are no longer classified as held for sale, and the net income generated by Timmins is now included in the Company's income statement in the normal course of business.
- Revenue was $352.2 million; revenue in Q3 2019 excludes revenue associated with a build in metal inventory during Q3 2019, estimated at $17.8 million, which is expected to be realized in the fourth quarter of 2019.
- Net income of $37.7 million ($0.18 basic earnings per share) reflects strong mine operating earnings and an increase in investment income. Net income was reduced by a one-time, non-cash $15.6 million adjustment for depletion and amortization expenses related to the reclassification of Timmins.
- Adjusted earnings were $74.2 million ($0.35 basic adjusted income per share).
- Net cash generated from operations was $81.9 million.
- Silver production of 6.7 million ounces and gold production of 150.2 thousand ounces are on track to achieve management's guidance for 2019, as revised on August 7, 2019.
- Silver Segment Cash Costs and All-in Sustaining Costs ("AISC") were $5.47 and $8.80 per silver ounce sold, respectively. Management has lowered its annual guidance for 2019 Silver Segment Cash Costs and AISC to between $6.00 and $7.00 and between $9.50 and $11.00 per silver ounce, respectively.
- Gold Segment Cash Costs and AISC were $729 and $920 per gold ounce sold, respectively. Management has lowered its annual guidance for 2019 Gold Segment Cash Costs and AISC to between $725 and $775 and between $1,000 and $1,100 per gold ounce, respectively.
- Consolidated Silver Basis Cash Costs and AISC were ($8.66) and $(0.11) per silver ounce sold, respectively. Management has lowered its annual guidance for 2019 Consolidated Silver Basis Cash Costs and AISC to between ($5.50) and ($3.80) per ounce and between $6.00 and $7.50 per ounce, respectively.
- The Company is maintaining its annual guidance for 2019 capital expenditures issued on August 7, 2019, with sustaining capital estimated at $203 to $213 million and project capital estimated at $45 million.
- At September 30, 2019, the Company had a cash and short-term investment balance of $177.0 million and working capital of $459.3 million. Total debt was $360.5 million (including $45.5 million of lease liabilities).
- The Board of Directors has approved a cash dividend of $0.035 per common share, or approximately $7.3 million in aggregate cash dividends, payable on or about November 29, 2019, to holders of record of Pan American’s common shares as of the close on November 18, 2019. Pan American's dividends are designated as eligible dividends for the purposes of the *Income Tax Act* (Canada). As is standard practice,

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

the amounts and specific distribution dates of any future dividends will be evaluated and determined by the Board of Directors on an ongoing basis.

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

On October 30, 2019, Pan American released results from 14,300 metres of drilling completed during Q3 2019 on the La Colorada skarn discovery in Mexico. The drill results included some of the highest grade intercepts recorded to date, with widths up to 379 metres. Preliminary metallurgical testing of samples indicated high recoveries across all metals can be expected.

CONSOLIDATED FINANCIAL RESULTS

	September 30, 2019	December 31, 2018
Weighted average shares during period (millions)	209.5	153.3
Shares outstanding end of period (millions)	209.6	153.4

	Three months ended September 30, 2019	Three months ended September 30, 2018
Revenue	$ 352,187	$ 187,717
Mine operating earnings	$ 63,850	$ (4,412)
Net earnings	$ 37,719	$ (9,234)
Basic earnings per share(1)	$ 0.18	$ (0.06)
Adjusted earnings(2)	$ 74,232	$ (4,673)
Basic adjusted earnings per share(1)	$ 0.35	$ (0.03)
Net cash generated from operating activities	$ 81,948	$ 41,699
Net cash generated from operating activities before changes in working capital(2)	$ 96,842	$ 37,515
Sustaining capital expenditures(2)	$ 42,256	$ 26,870
Project capital expenditures(2)	$ 11,788	$ 8,799
Cash dividend per share	$ 0.035	$ 0.035
Average realized prices		
Silver ($/ounce)(3)	17.16	14.88
Gold ($/ounce)(3)	1,477	1,212
Zinc ($/tonne)(3)	2,276	2,472
Lead ($/tonne)(3)	2,002	2,072
Copper ($/tonne)(3)	5,780	6,105

(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.

OPERATING PERFORMANCE

Production

	Silver Production (ounces '000s)		Gold Production (ounces '000s)	
	Three months ended September 30,		Three months ended September 30,	
	2019	2018	2019	2018
Silver Segment:				
La Colorada	**2,091**	2,020	**1.2**	1.1
Dolores	**1,496**	967	**33.1**	33.1
Huaron	**975**	922	**0.3**	0.2
Morococha(1)	**588**	758	**0.3**	0.4
San Vicente(2)	**860**	867	**0.1**	0.1
Manantial Espejo	**606**	718	**5.4**	7.1
Gold Segment:				
Shahuindo(3)	**37**		**40.6**	
La Arena(3)	**6**		**31.0**	
Timmins(3)	**5**		**38.3**	
Total(4)	**6,665**	6,253	**150.2**	42.1

(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) Reflects production results subsequent to the February 22, 2019 closing date of the acquisition of these mines pursuant to the Tahoe Resources Inc. transaction
(4) Totals may not add due to rounding.

	Base Metal Production (tonnes '000s)	
	Three months ended September 30,	
	2019	2018
Zinc	**16.8**	16.7
Lead	**6.8**	5.7
Copper	**2.3**	2.6

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

Cash Costs and AISC

	Cash Costs[1] ($ per ounce)		AISC[1] ($ per ounce)	
	Three months ended September 30,		Three months ended September 30,	
	2019	2018[2]	**2019**	2018[3]
La Colorada	**$ 2.82**	$ 4.46	**$ 4.03**	$ 6.27
Dolores	**$ 0.00**	$ (2.91)	**$ 7.45**	$ 25.52
Huaron	**$ 5.32**	$ 3.55	**$ 8.69**	$ 11.03
Morococha	**$ 5.66**	$ (0.97)	**$ 11.36**	$ 6.39
San Vicente	**$ 13.04**	$ 9.07	**$ 15.21**	$ 11.12
Manantial Espejo	**$ 24.22**	$ 13.23	**$ 21.35**	$ 24.78
Silver Segment Consolidated	**$ 5.47**	$ 4.41	**$ 8.80**	$ 12.76
Shahuindo	**$ 552**	$ —	**$ 775**	$ —
La Arena	**$ 738**	$ —	**$ 988**	$ —
Timmins	**$ 922**	$ —	**$ 1,026**	$ —
Gold Segment Consolidated[4]	**$ 729**	$ —	**$ 920**	$ —
Consolidated metrics per silver ounce sold[5]:				
All Operations	**$ (8.66)**	$ 4.41	**$ (0.11)**	$ 13.93
All Operations before NRV inventory adjustments	**$ (8.66)**	$ 4.41	**$ 1.07**	$ 10.25

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the section “Alternative Performance (Non-GAAP) Measures” of the MD&A for the period ended September 30, 2019 for a detailed description of these measures and where appropriate a reconciliation of the measures to the Q3 2019 Financial Statements.

(2) Silver Segment Cash Costs are calculated based on Cash Costs, net of by-product credits, divided by per ounce of silver sold; therefore, they are different from previously reported Q3 2018 "Cash Costs", which were calculated based on Cash Costs net of by-product credits divided by payable silver ounces produced. The Q3 2018 Cash Costs per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the Company to calculate the Q3 2019 Cash Costs per ounce sold.

(3) 2018 AISC per ounce sold in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the Company to calculate the 2019 AISC per ounce sold. The change in methodology relates to the sustaining capital calculation to account for the adoption of IFRS 16, with sustaining capital now including lease payments. Previously, leased assets were included as sustaining capital in the period of acquisition, while future related lease payments were excluded.

(4) Gold Segment Cash Costs and AISC are calculated net of credits for realized silver revenues divided by per ounce of gold sold.

(5) 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 are not allocated in calculating AISC for each operation.

2019 GUIDANCE

The following table provides management's guidance for 2019, as at November 6, 2019. Relative to the guidance provided on August 7, 2019, management has reduced its estimates for Cash Costs and AISC, based on actual Cash Costs and AISC for the nine months ended September 30, 2019 ("YTD 2019"), an increased gold price assumption and the expected results for the remainder of 2019.

The production estimates for 2019 reflect a full year of production for the Silver Segment mines and from February 22, 2019, to December 31, 2019, for the Gold Segment mines.

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

	Silver Production (million ounces)	Gold Production (thousand ounces)	Cash Costs ($ per ounce)(1)	AISC ($ per ounce)(1)
Silver Segment(2)	25.2 - 26.2	140.5 - 152.5	6.00 - 7.00	9.50 - 11.00
Gold Segment(2)	0.1	409.5 - 447.5	725 - 775	1,000 - 1,100
Consolidated Silver Basis(2)(3)	**25.3 - 26.3**	**550.0 - 600.0**	**(5.50) - (3.80)**	**6.00 - 7.50**

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the section "Alternative Performance (Non-GAAP) Measures" of the MD&A for the period ended September 30, 2019, for a detailed description of these measures and where appropriate a reconciliation of the measure to the Q3 2019 Financial Statements. The Cash Costs and AISC guidance assume realized metal prices for YTD 2019 and the following metal prices for the remainder of 2019 of $17.25/oz for silver, $2,400/tonne ($1.09/lb) for zinc, $2,150/tonne ($0.98/lb) for lead, $5,750/tonne ($2.61/lb) for copper, and $1,475/oz for gold; and average annual exchange rates relative to 1 USD of 19.50 for the Mexican peso ("MXN"), 3.33 of the Peruvian sol ("PEN"), 41.80 for the Argentine peso ("ARS"), 6.91 for the Bolivian boliviano ("BOL"), and $1.30 for the Canadian dollar ("CAD").

(2) As shown in the detailed quantification of consolidated AISC, included in the "Alternative Performance (Non-GAAP) Measures" section of the MD&A for the period ended September 30, 2019, corporate G&A 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.

(3) Totals may not add due to rounding.

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

	Consolidated Base Metal Production (tonnes '000s)
Zinc	65.0 - 67.0
Lead	24.0 - 25.0
Copper	9.8 - 10.3

Capital Expenditures

The following table summarizes capital expenditures YTD 2019 compared to guidance. Due to the delay in development of the COSE and Joaquin projects, on August 7, 2019, Management increased its estimate for project capital from $40 million to $45 million.

(in millions of USD)	YTD 2019 Actual	2019 Guidance
Sustaining Capital	132.9	203.0 - 213.0
Project Capital	35.1	45.0
Total Capital	**168.0**	**248.0 - 258.0**

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

Third Quarter 2019 Unaudited Results Conference Call and Webcast

Date:	November 7, 2019
Time:	11:00 am ET (8:00 am PT)
Dial-in numbers:	1-800-319-4610 (toll-free in Canada and the U.S.)
	+1-604-638-5340 (international participants)
Webcast:	panamericansilver.com

Callers should dial in 5 to 10 minutes prior to the scheduled start time. The live webcast and presentation slides will be available on the Company's website at panamericansilver.com. An archive of the webcast will also be available for three months.

About Pan American Silver

Pan American Silver is the world's second largest primary silver producer, providing enhanced exposure to silver through a diversified portfolio of assets, large reserves and growing production. We own and operate mines in Mexico, Peru, Canada, Argentina and Bolivia. In addition, we own the Escobal mine in Guatemala that is currently not operating. In 2019, we celebrate our silver anniversary: 25 years of operating in Latin America, earning an industry-leading reputation for operational excellence and corporate social responsibility. We are headquartered in Vancouver, B.C. and our shares trade on NASDAQ and the Toronto Stock Exchange under the symbol "PAAS”.

Learn more at panamericansilver.com.

For more information contact:
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Technical Information

Scientific and technical information contained in this news release have been reviewed and approved by Martin Wafforn, P.Eng., Senior Vice President Technical Services and 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 ("NI 43-101").

For more detailed information regarding the Company’s material mineral properties as at December 31, 2018, 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, 2019, filed at www.sedar.com or the Company’s most recent Form 40-F filed with the SEC.

Alternative Performance (Non-GAAP) Measures

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

- 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.

Readers should refer to the "Alternative Performance (non-GAAP) Measures" section of the Company’s Management's Discussion and Analysis for the period ended September 30, 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 2019, our estimated Cash Costs and AISC in 2019; 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: our ability to realize the anticipated benefits and opportunities as a result of the acquisition of Tahoe; 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: 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, BOL, 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, as well as those factors identified in the section entitled “Risk Factors” in the Company’s management information circular dated December 4, 2018 with respect to the Arrangement, each filed with the United States Securities and Exchange Commission and Canadian provincial securities regulatory authorities, respectively. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Investors are cautioned against undue reliance on forward-looking statements or information. Forward-looking statements and information are designed to help readers understand management's current views of our near and longer term prospects and may not be appropriate for other purposes. The Company does not intend, nor does it assume any obligation to update or revise forward-looking statements or information, whether as a result of new information, changes in assumptions, future events or otherwise, except to the extent required by applicable law.

Management's Discussion and Analysis

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

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

November 6, 2019

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, 2018 (the "2018 Financial Statements"), and the related notes contained therein, and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 (the "Q3 2019 Financial Statements"), and the related notes contained therein. All amounts in this MD&A, the 2018 Financial Statements, and the Q3 2019 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 2018 Financial Statements.

This MD&A refers to various non-Generally Accepted Accounting Principles ("non-GAAP") measures, such as "all-in sustaining costs per ounce sold", "cash costs per ounce sold", "adjusted earnings" and "basic adjusted earnings per share", "total debt", "capital", and "working capital", which are used by the Company to manage and evaluate operating performance at each of the Company's mines and are widely reported in the mining industry as benchmarks for performance, but do not have standardized meaning under IFRS. To facilitate a better understanding of these non-GAAP measures as calculated by the Company, additional information has been provided in this MD&A. Please refer to the section of this MD&A entitled "Alternative Performance (Non-GAAP) Measures" for a detailed description of "all-in sustaining cost per ounce sold", "cash costs per ounce sold", "adjusted earnings" and "basic adjusted earnings per share", "total debt", "capital", and "working capital" as well as details of the Company's by-product credits and a reconciliation, where appropriate, of these measures to the Q3 2019 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 pre-eminent silver producer, 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 silver assets.
- Constantly replace and grow our mineable silver reserves and resources through targeted near-mine exploration and global business development.
- Foster positive long-term relationships with our employees, our shareholders, our communities and our 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 silver 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.

Pan American is determined to conduct its business in a responsible and sustainable manner. Caring for the environment in which we operate, contributing to the long-term development of our host communities and ensuring that our employees can work in a safe and secure manner are core values at Pan American. We are committed to maintaining positive relations with our employees, the local communities and the government agencies, all of whom we view as partners in our enterprise.

Q3 2019 HIGHLIGHTS

Integration of Tahoe Resources Inc. ("Tahoe")

On February 22, 2019, the Company completed the previously announced transaction whereby Pan American acquired all of the issued and outstanding shares of Tahoe (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 in this MD&A.

All 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 and updated guidance, reflect only the results from February 22, 2019 onwards. Further details of the Acquisition are provided in the "Acquisition of Tahoe" section of this MD&A.

Assets Held for Sale

Prior to the third quarter of 2019 ("Q3 2019") the Timmins assets and liabilities were classified as held for sale and were presented separately under current assets and current liabilities on the Company's consolidated balance sheet. Further, the Timmins' net income after tax was presented as a single and separate item on the Company's consolidated income statement.

A change in Management's intentions related to the sale of Timmins during Q3 2019 resulted in the Company no longer meeting the IFRS criteria to classify Timmins as held for sale. Management's intentions changed based on several factors, including but not limited to current market conditions and the strong economic performance of the assets. As a result, the Timmins assets and liabilities are no longer presented separately on the Company's September 30, 2019 balance sheet and the net income generated by Timmins for the three and nine months are reflected on the Company's income statements in the normal course.

The reclassification of Timmins described above resulted in the Company no longer being required to present long-term assets and liabilities as current, which was required while classified as held for sale. As such these long term assets and liabilities are included in the long term portion of the Company's September 30, 2019 balance sheet. This presentation change resulted in a decrease in working capital from the June 30, 2019 balance sheet, which is further discussed in the "Liquidity and Capital Position" section of this MD&A. As of September 30, 2019 Timmins' net long-term assets were $349.9 million (June 30, 2019: $368.8 million).

Furthermore, the reclassification of Timmins resulted in a one-time, non-cash adjustment of $15.6 million related to depreciation, that decreased Q3 2019 mine operating earnings and net-income, which is further discussed in the "Overview of Q3 Financial Results" section of this MD&A.

Operations

- **Silver production of 6.67 million ounces**

Consolidated silver production for Q3 2019 of 6.67 million ounces was 7% higher than the 6.25 million ounces produced in the three months ended September 30, 2018 ("Q3 2018"). Total production for the nine months ended September 30, 2019 ("YTD 2019") of 19.26 million was 3% higher than the 18.65 million ounces produced in the nine months ended September 30, 2018 ("YTD 2018").

- **Gold production of 150.2 thousand ounces**

Consolidated gold production for Q3 2019 of 150.2 thousand ounces was 257% higher than the 42.1 thousand ounces produced in Q3 2018, reflecting additional production from the Acquired Mines. YTD 2019 gold production of 385.3 thousand ounces was 172% higher than the 141.7 thousand ounces produced in YTD 2018.

- **Base metal production**

Zinc production in Q3 2019 was 16.8 thousand tonnes, which was consistent with the comparable quarter of 2018. Lead production was 6.8 thousand tonnes, 19% more than Q3 2018 production, while copper production of 2.3 thousand tonnes was 11% lower than in Q3 2018. YTD 2019 production was 51.0 thousand tonnes, 20.2 thousand tonnes, and 6.4 thousand tonnes for zinc, lead and copper, respectively.

Financial

- **Revenue and net income**

Revenue in Q3 2019 of $352.2 million was up 88% from Q3 2018, primarily due to sales from the Acquired Mines, and higher precious metal prices.

Net income for Q3 2019 was $37.7 million ($0.18 basic earnings per share) compared with a loss of $9.2 million ($0.06 basic loss per share) in Q3 2018. The quarter-over-quarter improvement in earnings mainly reflects: (i) a $68.3 million increase in mine operating earnings from higher gold and silver prices, the addition of the Acquired Mines and the reversal of net realizable value ("NRV") inventory adjustments that increased costs in the comparable period; (ii) investment income of $36.1 million recognized in Q3 2019; partially offset by (iii) a $37.0 million increase in the income tax expense due to higher taxable income and the impact of foreign exchange movements on tax assets; (iv) Escobal mine care and maintenance costs, and transaction and integration costs associated with the Acquisition, which totaled $9.2 million in Q3 2019; and (iv) a $6.0 million increase in interest and financing costs, reflecting interest on the amounts drawn on the Company's $500 million revolving credit facility (the "Credit Facility").

Adjusted income in Q3 2019 was $74.2 million ($0.35 basic adjusted earnings per share) compared with an adjusted loss of $4.7 million ($0.03 basic adjusted loss per share) in Q3 2018, due primarily to the higher mine operating earnings and increased investment income described above.

- **Liquidity and working capital position**

As at September 30, 2019, the Company had cash and short-term investment balances of $177.0 million, working capital of $459.3 million, and $185.0 million available under its $500.0 million revolving credit facility. Total debt of $360.5 million was related to the drawn portion of the Credit Facility ($315.0 million) and to the financing of lease liabilities ($45.5 million), which were partially attributable to the new lease accounting standard (IFRS-16) adopted on January 1, 2019.

- **Cash Costs per ounce sold**

Silver Segment Cash Costs were $5.47 per silver ounce sold for Q3 2019. YTD 2019 Cash Costs of $5.89 per ounce were lower than the most recent annual 2019 forecast, as provided in the Company’s Q2 2019 MD&A dated August 7, 2019 (the "August 2019 Forecast") of $6.50 to $7.50 per ounce.

Gold Segment Cash Costs related to the Acquired Mines were $729 per gold ounce sold in Q3 2019. YTD 2019 Cash Costs of $722 per gold ounce sold were lower than the August 2019 Forecast range of $740 to $810 per gold ounce sold.

Consolidated Cash Costs per silver ounce sold, including by-product credits from the Acquired Mines' gold production, were negative $8.66 for Q3 2019. YTD 2019 Cash Costs of negative $3.58 per silver ounce sold were lower than the August 2019 Forecast of negative $3.30 to negative $1.80 per silver ounce sold.

Cash Costs is a non-GAAP measure, please refer to the “Alternative Performance (Non-GAAP) Measures” section of this MD&A for a detailed reconciliation of this measure to the Q3 2019 Financial Statements.

- **All-In Sustaining Costs per ounce sold (“AISC”)**

Silver Segment AISC for Q3 2019 were $8.80 per silver ounce sold. YTD 2019 AISC were $10.14 per silver ounce sold, which is in-line with the August 2019 Forecast range of $9.75 to $11.25 per ounce.

Gold Segment AISC for Q3 2019 were $920 per gold ounce sold. YTD 2019 AISC of $972 per gold ounce sold were lower than the August 2019 Forecast of $1,025 to $1,125 per ounce.

Consolidated AISC per silver ounce sold, including by-product credits from the Acquired Mines' gold production, were negative $0.11 per silver ounce sold for Q3 2019. YTD 2019 consolidated AISC of $5.62 per silver ounce sold were lower than the August 2019 Forecast range of $7.00 to $9.00.

AISC is a non-GAAP measure, please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed reconciliation of this measure to the Q3 2019 Financial Statements.

Annual Forecast

- **Revised Cash Costs and AISC Forecasts**

Based on Cash Costs and AISC achieved YTD 2019, increased gold price assumption and the operating outlook for the remainder of 2019, Management is lowering its cash cost and AISC estimates for the full year.

Silver and Gold Segment cash costs forecasts are revised to between $6.00 and $7.00 per silver ounce (reduced from $6.50 to $7.50 per silver ounce) and between $725 and $775 per gold ounce (reduced from $740 to $810 per gold ounce), respectively.

Silver and Gold Segment AISC forecasts are revised to between $9.50 and $11.00 per silver ounce (reduced from $9.75 to $11.25 per silver ounce) and between $1,000 and $1,100 per gold ounce (reduced from $1,025 to $1,125 per gold ounce), respectively.

Consolidated Silver Basis Cash Costs and AISC forecasts are revised to between ($5.50) and ($3.80) per silver ounce (reduced from ($3.30) to ($1.80) per silver ounce) and between $6.00 and $7.50 per silver ounce (reduced from $7.00 to $9.00 per silver ounce), respectively.

OPERATING PERFORMANCE

Silver and Gold Production

The following table provides silver and gold production at each of Pan American's operations for the three and nine month periods ended September 30, 2019 and 2018, except for the Acquired Mines, which for the nine months ended September 30, 2019 only include production from the February 22, 2019 acquisition date:

	Silver Production (ounces '000s)				Gold Production (ounces '000s)			
	Three months ended September 30,		Nine months ended September 30,		Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	**2018**	**2019**	2018	**2019**	**2018**
Operations:								
La Colorada	**2,091**	2,020	**6,126**	5,543	**1.2**	1.1	**3.3**	3.2
Dolores	**1,496**	967	**3,835**	3,257	**33.1**	33.1	**91.6**	107.2
Huaron	**975**	922	**2,860**	2,595	**0.3**	0.2	**0.8**	0.6
Morococha[(1)]	**588**	758	**1,901**	2,141	**0.3**	0.4	**1.2**	1.9
San Vicente[(2)]	**860**	867	**2,651**	2,607	**0.1**	0.1	**0.3**	0.4
Manantial Espejo	**606**	718	**1,782**	2,505	**5.4**	7.1	**15.7**	28.4
Shahuindo[(3)]	**37**		**82**		**40.6**		**101.9**	
La Arena[(3)]	**6**		**15**		**31.0**		**74.1**	
Timmins [(3)]	**5**		**12**		**38.3**		**96.4**	
Total [(4)]	**6,665**	6,253	**19,264**	18,649	**150.2**	42.1	**385.3**	141.7

(1) Morococha data represents Pan American's 92.3% interest in the mine's production.
(2) San Vicente data represents Pan American's 95.0% interest in the mine's production.
(3) Reflects production results subsequent to the February 22, 2019 closing date of the Acquisition as described in the "Acquisition of Tahoe" section of this MD&A.
(4) Totals may not add due to rounding.

Silver Production

Consolidated silver production in Q3 2019 of 6.67 million ounces was 7% higher than the 6.25 million ounces produced in Q3 2018. Dolores, Huaron, and La Colorada drove the increases, primarily due to increased grades at all three operations. The increase was partially offset by lower production at Morococha and Manantial Espejo, primarily due to lower grades and throughput, respectively. Each operation’s silver production variances are further discussed in the “Individual Mine Performance” section of this MD&A.

Gold Production

Consolidated gold production in Q3 2019 of 150.2 thousand ounces was 257% higher than the 42.1 thousand ounces produced in Q3 2018. The increase was attributable to the production from the Acquired Mines during the quarter, which totaled 109.8 thousand ounces, partially offset by lower production at Manantial Espejo as a result of anticipated lower grades and throughput. Each operation’s production variances are further discussed in the “Individual Mine Performance” section of this MD&A.

Base Metal Production

The following table provides the Company’s base metal production for the three-month and nine-month periods ended September 30, 2019 and 2018:

	By-Product Production			
	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Zinc – kt	**16.8**	16.7	**51.0**	46.3
Lead – kt	**6.8**	5.7	**20.2**	16.1
Copper – kt	**2.3**	2.6	**6.4**	7.6

Zinc production in Q3 2019 was consistent with Q3 2018 production, driven by higher sulphide ore throughput at La Colorada, which was partially offset by lower grades at the other operations.

Lead production in Q3 2019 was 19% higher than Q3 2018, resulting primarily from higher sulphide ore throughput at La Colorada and higher grades at Morococha, from mine sequencing.

Copper production in Q3 2019 was 11% lower than Q3 2018, driven by lower grades and recoveries at Morococha. Each operation’s by-product production variances are further discussed in the “Individual Mine Performance” section of this MD&A.

Cash Cost and AISC

The Company currently operates three gold mines as a result of the Tahoe Acquisition. Consequently, the Company's operations have been divided into silver and gold segments for the purposes of reporting Cash Costs and AISC, as set out in the table below. Based on the increased gold production, the Company has determined it necessary to adjust certain components of how cash costs per ounce and all-in-sustaining costs per ounce are calculated and reported. The quantification of both the current Cash Costs and AISC measures is described in detail, and where appropriate reconciled to the Q3 2019 financial statements, in the "Alternative (Non-GAAP) Performance Measures" section of this MD&A.

The following table reflects the Cash Costs and AISC net of by-product credits at each of Pan American's operations for the three and nine months ended September 30, 2019, as compared to the same periods in 2018 for the Silver Segment mines and since February 22, 2019 for the newly acquired Gold Segment mines:

	Cash Costs(1) ($ per ounce)				AISC(1) ($ per ounce)			
	Three months ended September 30,		Nine months ended September 30,		Three months ended September 30,		Nine months ended September 30,	
	2019	2018(2)	**2019**	2018(2)	**2019**	2018(3)	**2019**	2018(3)
La Colorada	**2.82**	4.46	**2.59**	2.19	**4.03**	6.27	**4.15**	4.20
Dolores	**0.00**	(2.91)	**3.27**	(3.93)	**7.45**	25.52	**17.89**	11.40
Huaron	**5.32**	3.55	**3.80**	1.56	**8.69**	11.03	**7.24**	7.27
Morococha	**5.66**	(0.97)	**2.52**	(5.75)	**11.36**	6.39	**7.60**	0.02
San Vicente	**13.04**	9.07	**10.90**	9.76	**15.21**	11.12	**11.94**	11.93
Manantial Espejo	**24.22**	13.23	**22.09**	12.79	**21.35**	24.78	**19.33**	14.07
Silver Segment Consolidated	**5.47**	4.41	**5.89**	2.64	**8.80**	12.76	**10.14**	7.93
Shahuindo	**552**	—	**555**	—	**775**	—	**738**	—
La Arena	**738**	—	**685**	—	**988**	—	**1,217**	—
Timmins	**922**	—	**914**	—	**1,026**	—	**1,005**	—
Gold Segment Consolidated	**729**	—	**722**	—	**920**	—	**972**	—
Consolidated metrics per silver ounce sold(4):								
All Operations	**(8.66)**	4.41	**(3.58)**	2.64	**(0.11)**	13.93	**5.62**	9.16
All Operations before NRV inventory adjustments	**(8.66)**	4.41	**(3.58)**	2.64	**1.07**	10.25	**5.67**	8.54

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the section "Alternative Performance (Non-GAAP) Measures" of this MD&A for a detailed description of these measures and where appropriate a reconciliation of the measure to the Q3 2019 Financial Statements.

(2) Silver Segment Cash Costs per ounce sold are calculated based on Cash Costs, net of by-product credits divided by per ounce of silver sold and they are therefore different from previously reported Q3 2018 "Cash Costs" which were calculated based on cash costs net of by-product credits divided by payable silver ounces produced. The Q3 2018 cash costs per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the Company to calculate the Q3 2019 Cash Cost per ounce sold.

(3) 2018 AISC per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the Company to calculate the 2019 AISC per ounce sold. The change in methodology relates to the sustaining capital calculation to account for the adoption of IFRS 16, and sustaining capital now includes lease payments. Previously, leased assets were included as sustaining capital in the period of acquisition, while future related lease payments were excluded.

(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

Consolidated Cash Costs on a silver basis were negative $8.66 per ounce for Q3 2019, down $13.07 from Q3 2018, as a result of the increase in gold by-product credits from the newly acquired Gold Segment mines, which was partially offset by increased Silver Segment cash costs due to a combination of lower base metal prices and higher operating costs per ounce at Dolores, Morococha and Manantial Espejo. Consolidated Cash Costs are based on total silver ounces sold and are net of by-product credits from all metals other than silver.

AISC

Consolidated AISC on a silver basis for Q3 2019 were negative $0.11 per ounce, a $14.04 decrease from Q3 2018. The decrease was primarily the result of the same factors driving the decrease in quarter-over-quarter cash costs, as well as a $30.2 million positive swing in NRV adjustments. Consolidated AISC are based on total silver ounces sold and are net of by-product credits from all metals other than silver.

Individual Mine Performance

An analysis of performance at each operation in Q3 2019 compared with Q3 2018 follows. The project capital amounts invested in Q3 2019 are further discussed in the "Project Development Update" section of this MD&A.

La Colorada mine

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	**2018**
Tonnes milled – kt	**190.9**	191.2	**571.7**	538.5
Average silver grade – grams per tonne	**370**	360	**363**	352
Average zinc grade - %	**3.27**	2.62	**3.19**	2.74
Average lead grade - %	**1.63**	1.30	**1.64**	1.36
Production:				
Silver – koz	**2,091**	2,020	**6,126**	5,543
Gold – koz	**1.23**	1.14	**3.33**	3.24
Zinc – kt	**5.51**	4.33	**16.12**	12.70
Lead – kt	**2.74**	2.17	**8.23**	6.40
Cash Costs(1)	**$ 2.82**	$ 4.46	**$ 2.59**	$ 2.19
Sustaining capital - ('000s)(2)	**$ 1,921**	$ 3,902	**$ 7,764**	$ 10,097
AISC(1)	**$ 4.03**	$ 6.27	**$ 4.15**	$ 4.20
Payable silver sold - koz	**1,802**	2,258	**5,814**	5,289

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

(2) Sustaining capital expenditures exclude $3.8 million and $8.2 million investing activity cash outflows for Q3 2019 and YTD 2019, respectively (Q3 2018 and YTD 2018: $1.1 million and $4.2 million respectively) related to investment capital incurred on the La Colorada projects, as disclosed in the "Project Development Update" section of this MD&A.

Q3 2019 vs. Q3 2018

Production:

- Silver: 3% increase, driven primarily from higher throughput of sulfide ore and higher silver grades in the oxide ores from mine sequencing.
- By-products: 27% and 26% increases in zinc and lead production, respectively, resulting primarily from a higher throughput of sulfide ores.

Cash Costs: the $1.64 per ounce decrease was primarily the result of higher by-product credits per ounce sold from higher base metal production and sales, partially offset by higher treatment and refining charges.

Sustaining Capital: primarily related to underground infrastructure, lease payments for equipment and office leases, and near-mine exploration activities. The decrease in sustaining capital expenditures relative to the prior quarter relates to lower expenditures in equipment replacements and refurbishments.

AISC: the decrease was due to the same factors affecting Cash Costs, in addition to the lower sustaining capital.

Dolores mine

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	**2018**
Tonnes placed – kt	**1,486.5**	1,522.9	**4,920.4**	5,084.8
Average silver grade – grams per tonne	**51**	33	**36**	33
Average gold grade – grams per tonne	**0.78**	0.84	**0.59**	0.91
Production:				
Silver – koz	**1,496**	967	**3,835**	3,257
Gold – koz	**33.1**	33.1	**91.6**	107.2
Cash Costs(1)	**$ 0.00**	$ (2.91)	**$ 3.27**	$ (3.93)
Sustaining capital - ('000s)(2)	**13,522**	9,971	**41,554**	35,587
AISC(1)	**$ 7.45**	$ 25.52	**$ 17.89**	$ 11.40
Payable silver sold - koz	**1,328**	950	**3,522**	3,335

(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 $0.4 million of investing activity cash outflow for Q3 2019 and YTD 2019, respectively (Q3 and YTD 2018: $1.8 million and $10.3 million, respectively) related to investment capital incurred on Dolores expansion projects, as disclosed in the "Project Development Update" section of this MD&A.

Q3 2019 vs. Q3 2018

Production:

- Silver: 55% higher due to improved grades from mine sequencing.
- Gold: consistent with prior period production, as lower grades from mine sequencing and lower stacking rates were offset by improved leach kinetics and increased pulp agglomeration throughput.

Cash Costs: increased $2.91 per ounce primarily due to higher operating costs partially offset by increased by-product credits.

Sustaining Capital: comprised mainly of pre-stripping expenditures and leach pad expansions.

AISC: decreased $18.07 per ounce, due primarily to a $20.49 per ounce cost-decreasing swing in non-cash NRV adjustments, which was partially offset by the factors increasing cash costs described above.

Huaron mine

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018[1]	**2019**	2018[1]
Tonnes milled - kt	**251.5**	244.8	**741.8**	683.0
Average silver grade – grams per tonne	**146**	141	**143**	142
Average zinc grade - %	**2.22**	2.39	**2.35**	2.42
Average lead grade - %	**1.21**	1.29	**1.19**	1.17
Average copper grade - %	**0.86**	0.81	**0.79**	0.76
Production:				
Silver – koz	**975**	922	**2,860**	2,595
Gold – koz	**0.28**	0.21	**0.76**	0.57
Zinc – kt	**4.10**	4.45	**13.12**	12.56
Lead – kt	**2.31**	2.33	**6.71**	5.88
Copper – kt	**1.66**	1.57	**4.45**	3.92
Cash Costs[2]	**$ 5.32**	$ 3.55	**$ 3.80**	$ 1.56
Sustaining capital - ('000s)	**$ 2,740**	$ 5,698	**$ 8,102**	$ 11,671
AISC[2]	**$ 8.69**	$ 11.03	**$ 7.24**	$ 7.27
Payable silver sold – koz	**869**	785	**2,517**	2,236

(1) 2018 AISC per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the Company to calculate the 2019 AISC per ounce sold. The change in methodology relates to the sustaining capital calculation to account for the adoption of IFRS 16, and sustaining capital now includes lease payments. Previously leased assets were included as sustaining capital in the period of acquisition, while future related lease payments were excluded.

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

Q3 2019 vs. Q3 2018

Production:

- Silver: 6% higher, primarily due to higher throughput and grades.
- By-products: zinc and lead production were 8% and 1% lower, respectively, while copper production was 5% higher, primarily as a result of mine sequencing into higher copper ore zones.

Cash Costs: increased $1.77 per ounce primarily due to decreased base metal credits, which were partially offset by increased silver sales.

Sustaining Capital: related primarily to payments for equipment leases, near mine exploration, mine development, and equipment replacements and refurbishments. The decrease is primarily related to the reduction in expenditures in both the tailings storage facility construction project which is substantially complete, and the mine deepening project which has advanced to allow mining production, though some construction remains to be completed.

AISC: a decrease of $2.34 per ounce, as the factors increasing quarter-over-quarter cash costs were offset by lower sustaining capital expenditures.

Morococha mine[1]

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018[2]	**2019**	2018[2]
Tonnes milled – kt	**169.9**	169.5	**509.7**	509.0
Average silver grade – grams per tonne	**122**	155	**131**	147
Average zinc grade - %	**3.82**	3.89	**3.83**	3.72
Average lead grade - %	**1.20**	0.90	**1.22**	0.87
Average copper grade - %	**0.46**	0.67	**0.44**	0.74
Production:				
Silver – koz	**588**	758	**1,901**	2,141
Gold – koz	**0.26**	0.44	**1.16**	1.90
Zinc – kt	**5.78**	5.80	**17.04**	16.40
Lead – kt	**1.60**	1.14	**4.95**	3.29
Copper – kt	**0.46**	0.85	**1.36**	2.85
Cash Costs[3]	**$ 5.66**	$ (0.97)	**$ 2.52**	$ (5.75)
Sustaining capital (100%) - ('000s)[4]	**$ 3,004**	$ 4,797	**$ 8,654**	$ 10,681
AISC[3]	**$ 11.36**	$ 6.39	**$ 7.60**	$ 0.02
Payable silver sold (100%) - koz	**564**	688	**1,820**	1,978

(1) Production figures are for Pan American's 92.3% share only, unless otherwise noted.
(2) 2018 AISC per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the Company to calculate the 2019 AISC per ounce sold. The change in methodology relates to the sustaining capital calculation to account for the adoption of IFRS 16, and sustaining capital now includes lease payments. Previously leased assets were included as sustaining capital in the period of acquisition, while future related lease payments were excluded.
(3) 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.
(4) Sustaining capital expenditures exclude $0.8 million and $1.5 million of investing activity cash outflow for Q3 2019 and YTD 2019, respectively (Q3 and YTD 2018: $nil) related to investment capital incurred on Morococha plant studies, as disclosed in the "Project Development Update" section of this MD&A.

Q3 2019 vs. Q3 2018

Production:

- Silver: 22% lower due to lower grades from mine sequencing.
- By-products: zinc production was consistent with the prior period, whereas lead production increased 41% and copper production decreased 46%. This was the result of mine sequencing into higher lead ore zones.

Cash Costs: $6.63 per ounce higher, primarily because of lower by-product metal prices, lower silver and copper production, and higher treatment and refining charges.

Sustaining Capital: primarily related to near-mine exploration, equipment replacements and refurbishments, and equipment and facility leases. The decrease over the comparable period is related to lower brownfield exploration in the current quarter.

AISC: $4.97 per ounce higher due to the same factors affecting quarter-over-quarter cash costs, which were only partially offset by lower sustaining capital expenditures.

San Vicente mine [1]

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018[2]	**2019**	2018[2]
Tonnes milled – kt	**88.0**	82.9	**258.5**	244.7
Average silver grade – grams per tonne	**330**	354	**352**	358
Average zinc grade - %	**2.01**	3.12	**2.28**	2.45
Average lead grade - %	**0.20**	0.36	**0.13**	0.34
Average copper grade - %	**0.33**	0.35	**0.32**	0.41
Production:				
Silver – koz	**860**	867	**2,651**	2,607
Gold – koz	**0.13**	0.12	**0.35**	0.39
Zinc – kt	**1.40**	2.16	**4.70**	4.65
Lead – kt	**0.16**	0.10	**0.29**	0.54
Copper – kt	**0.23**	0.21	**0.63**	0.80
Cash Costs [3]	**$ 13.04**	$ 9.07	**$ 10.90**	$ 9.76
Sustaining capital (100%) - ('000s)	**$ 1,508**	$ 1,740	**$ 2,912**	$ 5,346
AISC[3]	**$ 15.21**	$ 11.12	**$ 11.94**	$ 11.93
Payable silver sold (100%) - koz	**728**	876	**3,002**	2,551

(1) Production figures are for Pan American's 95.0% share only, unless otherwise noted.

(2) 2018 AISC per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the Company to calculate the 2019 AISC per ounce sold. The change in methodology relates to the sustaining capital calculation to account for the adoption of IFRS 16, and sustaining capital now includes lease payments. Previously leased assets were included as sustaining capital in the period of acquisition, while future related lease payments were excluded.

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

Q3 2019 vs. Q3 2018

Production:

- Silver: 1% lower primarily from lower grades partially offset by higher throughput.
- By-products: the 35% decrease in zinc was the result of lower grades from mine sequencing, whereas the 73% and 7% increases in lead and copper production related to mine sequencing.

Cash Costs: $3.97 per ounce higher due to increased direct operating costs per ounce from inflation in labour costs, reduced ore zone widths and increased consumables, as well as lower zinc by-product credits.

Sustaining Capital: Q3 2019 expenditures primarily relate to mine equipment replacements and rehabilitation, and near-mine exploration.

AISC: the $4.09 per ounce increase was due primarily to the same factors that increased cash costs.

Manantial Espejo mine

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	**2018**
Tonnes milled - kt	**180.9**	206.1	**522.1**	605.9
Average silver grade – grams per tonne	**120**	121	**119**	148
Average gold grade – grams per tonne	**1.02**	1.12	**1.03**	1.56
Production:				
Silver – koz	**606**	718	**1,782**	2,505
Gold – koz	**5.41**	7.06	**15.71**	28.37
Cash Costs(1)	**$ 24.22**	$ 13.23	**$ 22.09**	$ 12.79
Sustaining capital - ('000s)	**$ 677**	$ 763	**$ 2,062**	$ 2,391
AISC(1)	**$ 21.35**	$ 24.78	**$ 19.33**	$ 14.07
Payable silver sold - koz	**348**	810	**1,532**	2,471

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

Q3 2019 vs. Q3 2018

Production:

- Silver and Gold: 16% and 23% decreases, respectively, primarily from lower throughput and the processing of lower grade stockpiles.

Cash Costs: an increase of $10.99 per ounce, primarily as a result of higher direct selling costs due to the introduction of an export tax in late 2018 and lower silver and gold sales.

Sustaining Capital: Q3 2019 expenditures were primarily related to lease payments for diesel generators on site.

AISC: the $3.43 per ounce decrease was primarily the result of a $15.42 per ounce positive move in non-cash NRV inventory adjustments, which was partially offset by the factors described above that increased cash costs.

Gold Segment Mines

The Gold Segment Mines were acquired on February 22, 2019, and as such, the financial and operating results of these mines have only been reported, and included in the Company's consolidated results, from this date forward. All comparative 2018 period amounts for the Acquired Mines will be nil.

	Three months ended September 30,			Nine months ended September 30,		
	Shahuindo	La Arena	Timmins	Shahuindo	La Arena	Timmins
Tonnes milled - kt	3,318.8	2,962.0	413.8	7,769.4	5,877.9	1,006.8
Average silver grade – grams per tonne	8.72	0.48	—	7.90	0.44	—
Average gold grade – grams per tonne	0.60	0.38	3.26	0.61	0.41	3.18
Production:						
Silver – koz	37.22	6.36	4.89	82.41	15.34	12.00
Gold – koz	40.56	30.96	38.28	101.85	74.09	96.44
Cash Costs(1)	$ 552	$ 738	$ 922	$ 555	$ 685	$ 914
Sustaining capital - ('000s)(2)	$ 8,652	$ 7,250	$ 2,982	$ 15,717	$ 39,176	$ 6,969
AISC(1)	$ 775	$ 988	$ 1,026	$ 738	$ 1,217	$ 1,005
Payable gold ounces sold	40,904	30,886	36,200	93,449	76,145	96,900

(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) Timmins sustaining capital expenditures exclude $0.4 million and $2.6 million of investing activity cash outflow for Q3 2019 and YTD 2019, respectively, and related primarily to reduction in accounts payable balances from the Bell Creek shaft project completed prior to acquisition. Shahuindo sustaining capital expenditures exclude $1.5 million and $3.3 million of investing activity cash outflow for Q3 2019 and YTD 2019, respectively, relating to project development.

YTD 2019 Performance:

Shahuindo

Production: gold production of 101.9 thousand ounces since the acquisition was consistent with Management's expectations and is on track to meet Management's annual August 2019 Forecast range of 137.0 thousand to 165.0 thousand ounces.

Cash Costs: of $555 per gold ounce in YTD 2019 were within Management's 2019 annual forecast range of $550 to $625 per ounce.

Sustaining Capital: primarily comprised of leach pad construction and mining equipment, and was consistent with expectations.

AISC: YTD 2019 of $738 were lower than Management's 2019 annual forecast range of $875 to $1,000, as a result of lower sustaining capital expenditures in the first half of the year.

La Arena

Production: gold production of 74.1 thousand ounces since the acquisition was consistent with Management's expectations and is on track to meet Management's 2019 annual forecast range of 117.5 thousand to 122.5 thousand ounces.

Cash Costs: YTD 2019 of $685 per gold ounce were lower than Management's 2019 annual forecast range of $800 to $850 per ounce, due to the timing of cost recognition related to pre-stripping activities.

Sustaining Capital: primarily comprised of pre-stripping activities, leach pad construction, mine infrastructure, and land purchases, and was consistent with Management's expectations.

AISC: YTD 2019 of $1,217 was lower than Management's 2019 annual forecast range of $1,275 to $1,325, due to better than expected gold sales, as well as the timing of some projects into the fourth quarter of 2019.

Timmins

Production: gold production of 96.4 thousand ounces since the Acquisition was approximately 61% of the midpoint of Management's 2019 annual forecast range of 155.0 thousand to 160.0 thousand ounces.

Cash Costs: YTD 2019 of $914 per gold ounce are within Management's 2019 annual forecast range of $890 to $940 per ounce.

Sustaining Capital: primarily comprised of exploration, equipment rebuilds and infrastructure upgrades, and was consistent with expectations.

AISC: YTD 2019 was $1,005, which is slightly below the lower end of Management's 2019 annual forecast range of $1,025 to $1,075.

2019 ANNUAL OPERATING OUTLOOK

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. The following forecast amounts refer the August 2019 Forecast, as provided in the Company's Q2 2019 MD&A dated August 7, 2019, and include certain forecast amounts for the Acquired Mines from February 22, 2019 to December 31, 2019.

Production Relative to Forecast:

The following table summarizes the 2019 metal production up to September 30, 2019 compared to the August 2019 Forecast amounts:

	YTD 2019 Actual	August 2019 Forecast	% of 2019 Forecast [1]
Silver – Moz	19.26	25.3 - 26.3	75%
Gold[1] – koz	385.3	550.0 - 600.0	67%
Zinc – kt	51.0	65.0 - 67.0	77%
Lead – kt	20.2	24.0 - 25.0	82%
Copper – kt	6.4	9.8 - 10.3	64%

(1) Percentage calculated based on mid-point of the guidance ranges in the table above. Note the annual gold forecast is predominantly made up of the approximately 10 months of 2019 production from the acquired Gold Segment mines from the February 22, 2019 acquisition date to December 31, 2019, as such the YTD seven months of production is 70% of forecasted 10 months for the Acquired Mines.

Based on year-to-date production results and the expected production for the remainder of the year, Management reaffirms the August 2019 Forecast annual consolidated metal production as shown in the table above.

Cash Costs and AISC Compared to Forecast:

The following table summarizes 2019 Cash Costs and AISC for each operation up to September 30, 2019 compared to the respective August 2019 Forecast amounts. These forecast estimates are largely influenced by Management's assumptions and estimates for productivity, input costs, commodity prices and currency exchange rates.

For the purposes of these comparisons, the symbols have the following meanings:

- ✓✓ Actual results were better than August 2019 Forecast range
- ✓ Actual results met the August 2019 Forecast range
- ✗ Actual results were short of August 2019 Forecast range

	Cash Costs[1] ($ per ounce)			AISC[1] ($ per ounce)		
	August 2019 Forecast[2]	YTD 2019 Actual		August 2019 Forecast[2]	YTD 2019 Actual	
Silver Segment:						
La Colorada	2.50 - 3.50	2.59	✓	3.50- 4.50	4.15	✓
Dolores	2.80 - 3.40	3.27	✓	15.00 - 17.00	17.89	✗
Huaron	6.00 - 7.00	3.80	✓✓	7.50 - 9.25	7.24	✓✓
Morococha	3.10 - 4.00	2.52	✓✓	7.00 - 9.00	7.60	✓
San Vicente	10.60 - 11.50	10.90	✓	12.25 - 13.50	11.94	✓✓
Manantial Espejo	21.70 - 22.60	22.09	✓	22.00 - 24.00	19.33	✓✓
Total[3]	**6.50 - 7.50**	5.89	✓✓	**9.75 - 11.25[3]**	10.14	✓
Gold Segment:						
Shahuindo	550 - 625	555	✓	875 - 1,000	738	✓✓
La Arena	800 - 850	685	✓✓	1,275 - 1,325	1,217	✓✓
Timmins[4]	890 - 940	914	✓	1,025 - 1,075	1,005	✓✓
Total	**740 - 810**	**722**	✓✓	**1,025 - 1,125**	**972**	✓✓
Consolidated Silver Basis[5]	**(3.30) - (1.80)**	**(3.58)**	✓✓	**7.00 - 9.00**	**5.62**	✓✓

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the "Alternative Performance (Non-GAAP) Measures" section of this MD&A for a detailed description of these calculations and a reconciliation of these measures to the Q3 2019 Financial Statements. The cash costs and AISC August 2019 Forecasts assume realized metal prices for H1 2019 and the following metal prices for the remainder of 2019: of $15.00/oz for silver, $2,400/tonne ($1.09/lb) for zinc, $1,950/tonne ($0.88/lb) for lead, $6,000/tonne ($2.72/lb) for copper, and $1,375/oz for gold; and average annual exchange rates relative to 1 USD of 19.50 for the Mexican peso ("MXN"), 3.33 of the Peruvian sol ("PEN"), 41.80 for the Argentine peso ("ARS"), 6.91 for the Bolivian boliviano ("BOL"), and $1.30 for the Canadian dollar ("CAD").

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

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

(3) Consolidated silver basis is calculated by treating all revenues from metals other than silver, including gold, as a by-product credit.

Capital Expenditures Relative to Forecast:

The following table summarizes the 2019 capital expenditures up to September 30, 2019 compared to the August 2019 Forecast:

	2019 Capital Expenditures ($ millions)		
	YTD 2019 Actual	August 2019 Forecast	% of Annual Guidance (1)
La Colorada	7.8	6.5 – 7.0	116%
Dolores	41.6	53.0 – 54.0	78%
Huaron	8.1	6.5 – 7.5	116%
Morococha	8.7	11.0 – 12.0	76%
San Vicente	2.9	6.5 – 7.5	41%
Manantial Espejo	2.1	1.5 – 2.0	120%
Shahuindo	15.7	47.5 - 49.0	33%
La Arena	39.2	54.0 - 56.0	71%
Timmins	7.0	16.5 - 18.0	41%
Sustaining Capital Sub-total	**132.9**	**203.0 - 213.0**	**64%**
Morococha projects	1.5	2.50	60%
Mexico projects	8.6	7.50	115%
Joaquin and COSE projects	18.1	25.00	72%
Acquired Mines projects	6.9	10.00	69%
Project Capital Sub-total	**35.1**	**45.00**	**78%**
Total Capital	**168.0**	**248.0 - 258.0**	**66%**

(1) Percentage calculated based on mid-point of the related 2019 guidance range.

Based on year-to-date capital expenditures and those expected for the remainder of the year, Management reaffirms the August 2019 Forecast as shown in the table above.

November 2019 Forecast:

Based on Cash Costs and AISC achieved YTD 2019, increased gold price expectations and the expected results for the remainder of 2019, Management is lowering Silver Segment, Gold Segment and Consolidated Silver Basis cash costs and AISC forecasts as set out in the table below:

	Cash Costs(1) ($ per ounce)		AISC(1) ($ per ounce)	
	November 2019 Forecast	August 2019 Forecast	November 2019 Forecast	August 2019 Forecast
Silver Segment	**6.00 - 7.00**	6.50 - 7.50	**9.50 - 11.00**	9.75 - 11.25
Gold Segment	**725 - 775**	740 - 810	**1,000 - 1,100**	1,025 - 1,125
Consolidated Silver Basis	**(5.50) - (3.80)**	(3.30) - (1.80)	**6.00 - 7.50**	7.00 - 9.00

(1) Cash Costs and AISC are non-GAAP measures. Please refer to the “Alternative Performance (Non-GAAP) Measures” section of this MD&A for a detailed description of these calculations and a reconciliation of these measures to the Q3 2019 Financial Statements. The cash costs and AISC November 2019 Forecasts assume realized metal prices for YTD 2019 and the following metal prices for the remainder of 2019: of $17.25/oz for silver, $2,400/tonne ($1.09/lb) for zinc, $2,150/tonne ($0.98/lb) for lead, $5,750/tonne ($2.61/lb) for copper, and $1,475/oz for gold; and average annual exchange rates relative to 1 USD of 19.50 for the Mexican peso ("MXN"), 3.33 of the Peruvian sol ("PEN"), 41.80 for the Argentine peso ("ARS"), 6.91 for the Bolivian boliviano ("BOL"), and $1.30 for the Canadian dollar ("CAD").

PROJECT DEVELOPMENT UPDATE

The following table reflects the amounts spent at each of Pan American's major projects in Q3 2019 and YTD 2019 as compared with Q3 2018 and YTD 2018:

Project Development Capital [(1)] (thousands of USD)	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Mexico Projects	**3,821**	2,835	**8,577**	14,520
Joaquin and COSE projects	**5,232**	5,964	**18,132**	17,031
Morococha projects	**825**	—	**1,480**	—
Acquired Mines projects	**1,910**	—	**6,927**	—
Total	**11,788**	8,799	**35,116**	31,551

(1) Amounts provided in the table above, including prior year amounts, reflect cash-outflows for project capital in the respective periods, amounts provided in similar tables provided in previous MD&As represented amounts capitalized as part of the projects in the period reported. As a result of periodic changes in accounts payable balances, the amounts capitalized for the projects during the period may be different than the project investment cash outflows in the period.

During Q3 2019, the Company achieved the following progress on its projects:

Mexico Projects:

The Company spent $3.8 million in Q3 2019 for exploration drilling activities relating to the La Colorada skarn deposit discovery first announced in October 2018.

Joaquin and COSE Projects:

The Company spent a combined $5.2 million on the Joaquin and COSE projects during Q3 2019. As previously disclosed on June 17, 2019, development at both projects had been suspended following a fatal ground fall accident at COSE. At COSE, waste development resumed at the end of Q3 2019, while recommencing mining activities in the ore zones is pending a review of the ground control management procedures and the results of a geotechnical drilling program, which is anticipated to be completed in Q4 2019. The haulage of stockpiled ore from COSE to the Manantial Espejo plant started at the end of Q3 2019 with a total milled to date of 410 tonnes at 42.6 g/t gold and 1,688 g/t silver. Although this is a limited amount of high-grade COSE ore treated so far, the calculated mill recoveries rates were 95.6% for gold and 86.0% for silver, both rates greater than anticipated.

Development activities resumed at Joaquin in Q3 2019, and both ore and waste headings are currently active. Ore is being stockpiled on surface prior to transporting to the Manantial Espejo plant for processing.

Morococha Project:

Project capital spending at Morococha during Q3 2019 related to the installation of a new powerline to the existing processing plant and preliminary engineering and design work for a future plant relocation.

Acquired Mines Projects:

The Company spent $1.9 million primarily related to completing the crushing and agglomeration plant at Shahuindo and the mine shaft and paste plant projects at Bell Creek.

OVERVIEW OF Q3 2019 FINANCIAL RESULTS

Selected Annual and Quarterly Information

The following tables set out selected quarterly results for the past eleven quarters as well as selected annual results for the past two years. The dominant factors affecting results in the quarters and years presented below are volatility of realized metal prices and the timing of sales, which varies with the timing of shipments.

2019	Quarter Ended		
(In thousands of USD, other than per share amounts)	March 31	June 30	September 30
Revenue	$ 232,643	$ 282,948	$ 352,187
Mine operating earnings	$ 17,194	$ 36,140	$ 63,850
Earnings for the period attributable to equity holders	$ 33,275	$ 18,371	$ 37,657
Basic earnings per share	$ 0.19	$ 0.09	$ 0.18
Diluted earnings per share	$ 0.19	$ 0.09	$ 0.18
Cash flow from operating activities	$ (12,911)	$ 83,518	$ 81,948
Cash dividends paid per share	$ 0.035	$ 0.035	$ 0.035
Other financial information			
Total assets			**$ 3,456,131**
Total long-term financial liabilities(1)			**$ 535,067**
Total attributable shareholders' equity			**$ 2,445,263**

(1) 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.

2017	Quarter Ended				Year Ended
(In thousands of USD, other than per share amounts)	March 31	June 30	Sept 30	Dec 31	Dec 31
Revenue	$ 198,687	$ 201,319	$ 190,791	$ 226,031	**$ 816,828**
Mine operating earnings	$ 32,875	$ 44,782	$ 47,818	$ 43,285	**$ 168,760**
Earnings for the period attributable to equity holders	$ 19,371	$ 35,472	$ 17,256	$ 48,892	**$ 120,991**
Basic earnings per share	$ 0.13	$ 0.23	$ 0.11	$ 0.32	**$ 0.79**
Diluted earnings per share	$ 0.13	$ 0.23	$ 0.11	$ 0.32	**$ 0.79**
Cash flow from operating activities	$ 38,569	$ 42,906	$ 63,793	$ 79,291	**$ 224,559**
Cash dividends paid per share	$ 0.025	$ 0.025	$ 0.025	$ 0.025	**$ 0.100**
Other financial information					
Total assets					**$ 1,993,332**
Total long-term financial liabilities(1)					**$ 90,027**
Total attributable shareholders' equity					**$ 1,516,850**

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

Income Statement: Q3 2019 vs. Q3 2018

Net earnings of $37.7 million were recorded in Q3 2019 compared to a net loss of $9.2 million in Q3 2018, which corresponds to basic earnings and loss per share of $0.18 and $0.06, respectively.

The following table highlights the differences between net earnings in Q3 2019 compared with Q3 2018:

Net loss, three months ended September 30, 2018 (in thousands of USD)		$ (9,234)	Note
Revenue:			
Increased realized metal prices	$ 47,216		
Higher quantities of metal sold	111,713		
Increased direct selling costs	(5,389)		
Decreased negative settlement adjustments	10,930		
Total increase in revenue		**164,470**	**(1)**
Cost of sales:			
Increased production costs and increased royalty charges	$ (55,821)		**(2)**
Increased asset held for sale reclassification adjustment	(15,596)		**(3)**
Increased depreciation and amortization	(24,791)		**(4)**
Total increase in cost of sales		**(96,208)**	
Total increase in mine operating earnings		**68,262**	
Increased income tax expense		(37,004)	**(5)**
Increased investment income and other expense		37,137	**(6)**
Increased care and maintenance costs		(6,365)	**(7)**
Increased interest and finance expense		(5,955)	**(8)**
Increased foreign exchange loss		(2,872)	
Increased transaction and integration costs		(2,863)	
Increased general and administrative expense		(2,562)	
Decreased net gain on asset sales, commodity contracts and derivatives		(2,257)	
Decreased exploration and project development expense		942	
Increased dilution gain, net of share of income from associate		490	
Net earnings, three months ended September 30, 2019		**$ 37,719**	

1. ***Revenue*** for Q3 2019 was $164.5 million higher than in Q3 2018. The major drivers were a $120.8 million increase from higher gold volumes sold, primarily from the addition of the newly acquired Gold Segment mines, and a $51.2 million increase from higher silver and gold prices, which increased by 15% and 22% from Q3 2018, respectively. These factors were partially offset by decreased silver quantities sold and lower 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 September 30,		Three months ended September 30,	
	2019	2018	**2019**	2018
Silver	**$ 17.16**	$ 14.88	**5,683**	6,366
Gold	**$ 1,477**	$ 1,212	**144.2**	44.6
Zinc	**$ 2,276**	$ 2,472	**14.8**	13.6
Lead	**$ 2,002**	$ 2,072	**6.3**	5.8
Copper	**$ 5,780**	$ 6,105	**2.0**	2.5

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

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

2. ***Production and Royalty costs*** in Q3 2019 were $55.8 million higher than in Q3 2018. The increase was mainly attributable to production costs being $54.0 million higher, the result of: (i) additional production costs from the newly acquired Timmins ($31.5 million), La Arena ($30.9 million) and Shahuindo ($28.8 million) mines; (ii) increased production costs at Dolores largely attributable to higher sales volumes; partially offset by (iii) $30.2 million benefit from NRV inventory adjustments, which decreased production costs by $6.7 million in Q3 2019 compared to increasing costs by $23.4 million in Q3 2018; and (iv) lower production costs at Manantial Espejo and La Colorada, mainly attributable to lower quarter-over-quarter quantities of metals sold. Royalty charges in Q3 2019 were $1.8 million higher than in Q3 2018, driven by primarily by royalty charges at the Timmins mines which were acquired in 2019.
3. ***Assets held for sale reclassification adjustment*** in Q3 2019 was a non-cash $15.6 million revaluation accounting adjustment that was required upon the reclassification of the Timmins mines from 'discontinued assets held for sale' into continued operations. This reclassification is further described in the "Acquisition of Tahoe" section of this MD&A and represents the depletion and amortization of Timmins, which in accordance with IFRS was not recorded while Timmins was classified as held for sale.
4. ***Depreciation and amortization ("D&A") expense*** was $24.8 million higher than in Q3 2018, largely as a result of additional depreciation expense from the Acquired Mines ($18.4 million), and increased depreciation at Dolores due to a higher asset base.
5. ***Income tax expense*** of $29.1 million in Q3 2019 was $37.0 million higher than the $7.9 million income tax recovery in Q3 2018. The higher taxes were largely attributable to the increase in net earnings before tax and to foreign exchange movements which negatively impacted tax assets.
6. ***Investment income*** increased by $35.8 million from Q3 2018, reflecting the fair value mark-to-market adjustment of certain of the Company's equity investments, for which prices appreciated during the quarter.
7. ***Care and maintenance costs*** of $6.4 million in Q3 2019, related primarily to the Company's Escobal mine, where operations are currently suspended.
8. ***Interest and finance costs*** increased $6.0 million from Q3 2018, primarily reflecting the interest expense relating to the increased debt drawn on the Company's Credit Facility, to partially fund the Tahoe Acquisition, and increased interest expense mainly related to right of use lease assets and obligations recognized in 2019 as a result of the new IFRS standard for leases ("IFRS 16") further discussed in the "Changes in Accounting Standards" section of this MD&A..

Statement of Cash Flows: Q3 2019 vs. Q3 2018

Cash flow from operations in Q3 2019 totaled $81.9 million, $40.2 million more than the $41.7 million generated in Q3 2018. The increase was mainly attributable to the addition of the Acquired Mines and improved cash mine operating earnings at Dolores, which was partially offset by lower operating cash flows at Manantial Espejo due to the impact of lower margins and a build-up in working capital largely due to the timing of sales.

Working capital changes in Q3 2019 resulted in a $14.9 million use of cash compared with a $4.2 million source of cash in Q3 2018. The Q3 2019 use of cash was driven by a $20.2 million build-up in trade and other receivables, most of which was related to La Colorada, Huaron and La Arena sales.

Investing activities utilized $47.5 million in Q3 2019, which related primarily to the $49.9 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 Q3 2018, investing activities utilized $35.3 million inclusive of $3.5 million used for the net purchase of short-term investments, with $33.6 million spent on mineral properties, plant and equipment at the Company’s mines and projects.

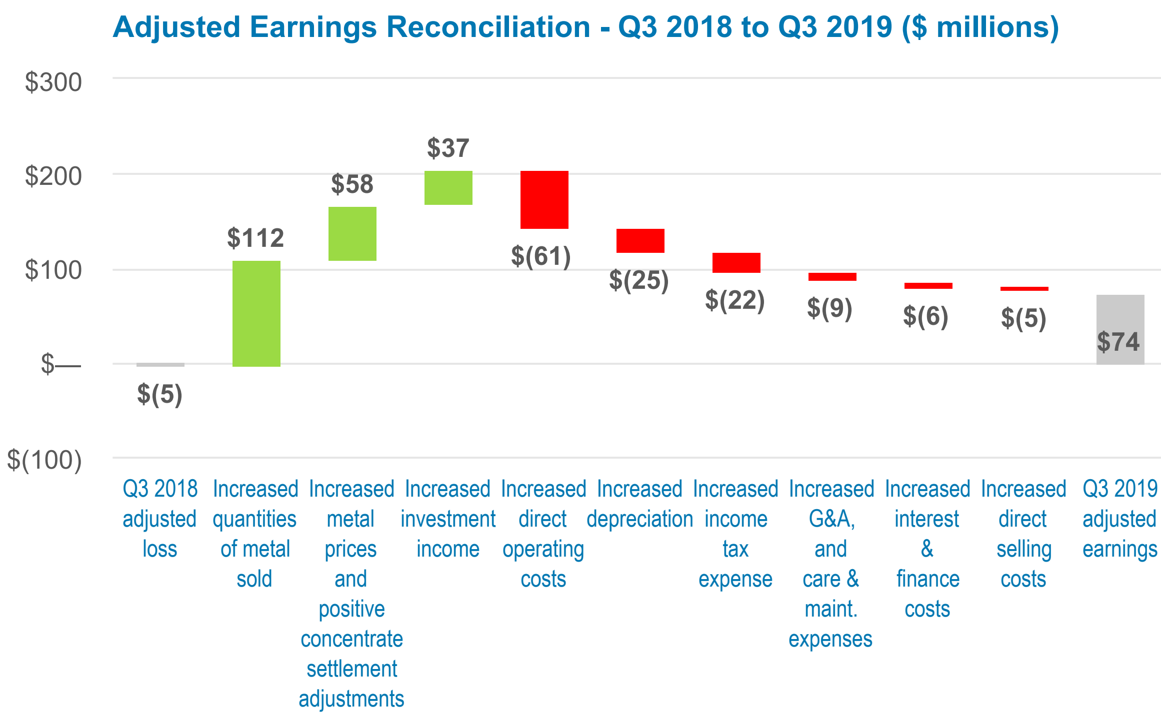
Financing activities in Q3 2019 used $31.2 million compared to $7.4 million in Q3 2018. Cash used in Q3 2019 primarily consisted of a $20.0 million repayment of the Credit Facility, $7.3 million in dividends, and $4.7 million of lease repayments. In Q3 2018, cash used in financing activities consisted of $5.4 million in dividends and $2.2 million of lease repayments.

Adjusted Earnings: Q3 2019 vs Q3 2018

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 Q3 2019 Financial Statements.

Adjusted Earnings in Q3 2019 was $74.2 million, representing basic adjusted earnings per share of $0.35, which was $78.9 million, or $0.38 per share, higher than Q3 2018 adjusted loss of $4.7 million, and basic adjusted earnings per share of $0.03, respectively.

The following chart illustrates the key factors leading to the change in adjusted earnings from Q3 2018 to Q3 2019



Income Statement: YTD 2019 vs. YTD 2018

Net earnings of $90.0 million were recorded in YTD 2019 compared to $75.6 million in YTD 2018, which corresponds to basic earnings per share of $0.45 and $0.48, respectively.

The following table highlights the difference between net earnings in YTD 2019 compared with YTD 2018:

Net earnings, nine months ended September 30, 2018 (in thousands of USD)		**$ 75,618**	**Note**
Revenue:			
Increased realized metal prices	$ 4,967		
Higher quantities of metal sold	331,508		
Increased direct selling costs	(13,870)		
Decreased negative settlement adjustments	12,637		
Total increase in revenue		**335,242**	**(1)**
Cost of sales:			
Increased production costs and increased royalty charges	$ (234,957)		**(2)**
Increased asset held for sale reclassification adjustment	(15,596)		**(3)**
Increased depreciation and amortization	(59,574)		**(4)**
Total increase in cost of sales		**(310,127)**	
Total increase in mine operating earnings		**25,115**	
Increased investment income and other expense		51,501	**(5)**
Increased income tax expense		(30,207)	**(6)**
Increased bargain purchase gain		30,492	**(7)**
Increased care and maintenance costs		(15,654)	**(8)**
Increased interest and finance expense		(15,121)	**(9)**
Decreased dilution gain, net of share of loss from associate		(12,862)	**(10)**
Increased transaction and integration costs		(7,712)	**(11)**
Decreased net gain on asset sales, commodity contracts and derivatives		(6,862)	
Increased general and administrative expense		(4,544)	
Decreased foreign exchange loss		1,759	
Increased exploration and project development expense		(1,493)	
Net earnings, nine months ended September 30, 2019		**$ 90,030**	

1. ***Revenue*** for YTD 2019 was $335.2 million higher than in YTD 2018. The major factor for the increase was an approximately $331.5 million contribution from larger quantities of metal sold, primarily from a 239.9 thousand ounce increase in gold sales, reflecting production from the Acquired Mines. Changes in metal prices also increased revenue by approximately $5.0 million, the result of a 7% increase in gold prices more than offsetting decreased prices for all other metals.

   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]	
	Nine months September 30,		Nine months September 30,	
	2019	2018	**2019**	**2018**
Silver[1]	**$ 15.81**	$ 15.98	**18,284**	17,860
Gold[1]	**$ 1,373**	$ 1,283	**377.2**	137.3
Zinc[1]	**$ 2,605**	$ 2,981	**44.9**	39.1
Lead[1]	**$ 1,972**	$ 2,286	**19.7**	15.2
Copper[1]	**$ 6,019**	$ 6,641	**5.6**	7.1

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 YTD 2019 were $235.0 million higher than in YTD 2018. The increase was mainly attributable to production costs being $232.2 million higher due largely to: (i) additional production costs from the newly Acquired Mines ($232.3 million); (ii) increased production costs at Dolores and San Vicente, from higher sales volumes and costs; partially offset by (iii) lower production costs at Manantial Espejo due to lower gold and silver sales volumes and the depreciation of the ARS. Royalty charges in YTD 2019 were $2.7 million higher, due primarily to royalty charges at the Timmins mines which were acquired in 2019.

3. ***Assets held for sale reclassification adjustment*** in YTD 2019 represents the same non-cash $15.6 million revaluation accounting adjustment previously described in Q3 2019 versus Q3 2018 income statement discussion section of this MD&A.

4. ***D&A expense*** was $59.6 million higher than in YTD 2018, largely as a result of additional depreciation expense from the Acquired Mines ($40.2 million), and increased depreciation at Dolores due to a higher asset base.

5. ***Investment income*** in YTD 2019 was $51.0 million compared to $1.1 million in YTD 2018, the increase reflects the fair value mark-to-market adjustment of certain of the Company's equity investments for which prices appreciated during 2019.

6. ***Income tax expense*** of $45.3 million in YTD 2019 was $30.2 million higher than in YTD 2018. The higher taxes were largely attributable to the same factors described in the quarter-over-quarter differences.

7. *A **Bargain purchase gain*** was recognized as part of the purchase price allocation of the Tahoe Acquisition as described in the "Acquisition of Tahoe" section of this MD&A.

8. ***Care and maintenance costs*** totaled $15.7 million in YTD 2019 and related primarily to the Company's Escobal mine where operations are currently suspended.

9. ***Interest and finance costs*** of $21.0 million in YTD 2019 increased by $15.1 million from YTD 2018, reflecting the interest expense relating to the debt drawn on the Credit Facility, and increased interest expense related to IFRS 16 leases.

10. ***Share of income from associate and dilution gains*** were $1.0 million in YTD 2019 compared to $13.9 million in YTD 2018, and relate to the Company's investment in Maverix Metals Inc. ("Maverix") which is accounted for using the equity method whereby the Company records its portion of Maverix's net income based on Pan American's fully diluted ownership interest. The period over period decrease was attributable to Maverix issuing common shares in 2018 to acquire certain royalty assets which diluted Pan American's ownership in Maverix and resulted in the recognition of a $13.4 million dilution gain.

11. ***Transaction and integration costs*** in YTD 2019 of $7.7 million related to costs incurred as part of the acquisition and integration of Tahoe.

Statement of Cash Flows: YTD 2019 vs. YTD 2018

Cash flow from operations in YTD 2019 was $152.6 million, $9.5 million more than the $143.0 million generated in YTD 2018. The increase was due to the additional operating cash flow from the newly Acquired Mines, which was mostly offset by lower cash mine operating earnings at Dolores and Manantial Espejo due to a combination of lower revenues and higher operating costs per ounce (see "Individual Mine Performance" section of this MD&A), and a $33.3 million increase in use of cash from working capital changes.

Working capital changes in YTD 2019 resulted in a $32.7 million use of cash reflecting a $47.1 million pay down of accounts payable and accrued liabilities partially offset by a $32.5 million draw-down of inventories. These working capital movements compared to the $0.6 million source of cash in YTD 2018, which was driven by collections of accounts receivables, partially offset by the settlement of liabilities.

Investing activities utilized $350.6 million in YTD 2019, inclusive of $41.6 million received from the net sale of short-term investments. The investing cash outflow reflects the $247.5 million investment (net of cash acquired) related to the Acquisition, as described in the "Acquisition of Tahoe" section of this MD&A, and $155.5 million spent on mineral properties, plant and equipment at the Company's mines and projects.

In YTD 2018, investing activities utilized $108.1 million, primarily related to $102.0 million spent on mineral properties, plant and equipment at the Company's mines and projects, and $7.5 million spent on the acquisition of the COSE project.

Cash from the sale of certain non-core assets in YTD 2019 and YTD 2018 totaled $10.2 million and $15.8 million, respectively.

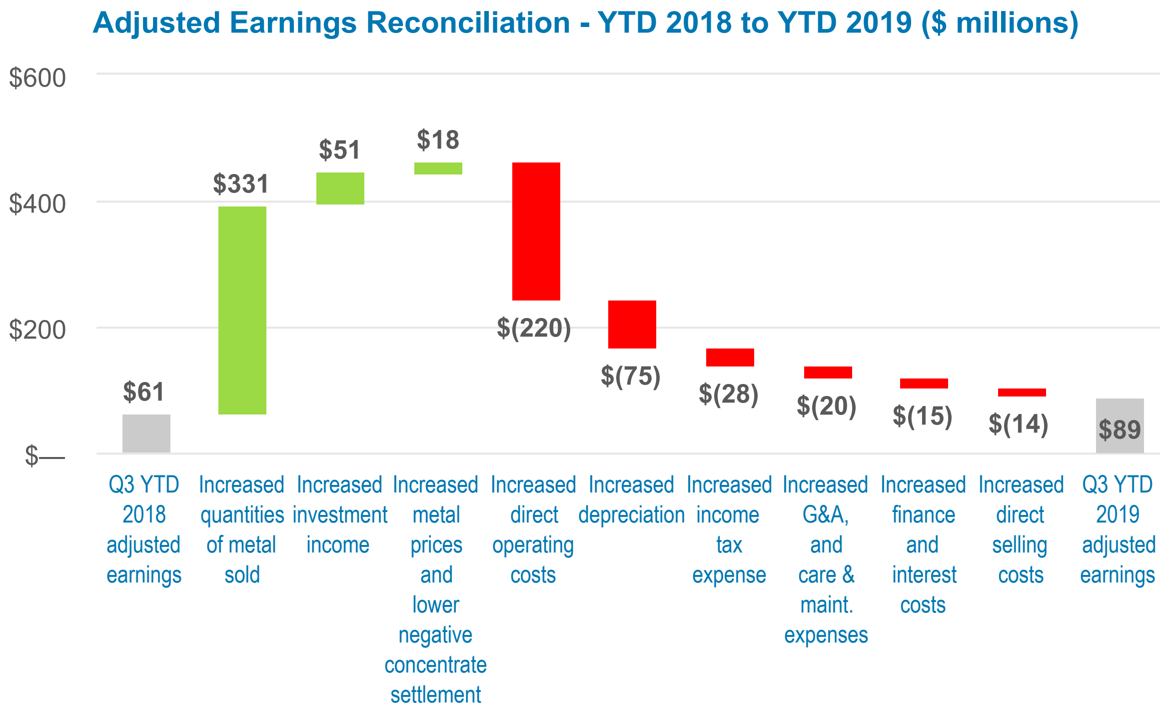
Financing activities in YTD 2019 generated a net $155.2 million compared to a $24.4 million net use of cash in YTD 2018. Financing activities in YTD 2019 were primarily related to financing the Tahoe Acquisition. The net cash generated consisted of a net $315.0 million drawn on the Company's Credit Facility, described in the "Liquidity and Capital" section of this MD&A, and $125.0 million used to settle Tahoe's previously drawn credit facility. In addition to these acquisition related financing activities, $22.0 million was paid as dividends and $13.5 million of lease repayments were made in YTD 2019. Financing activities in YTD 2018 consisted of $15.9 million paid as dividends to shareholders, $5.7 million of lease repayments, and $3.0 million used to repay short-term loans.

Adjusted Earnings: YTD 2019 vs YTD 2018

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 Q3 2019 Financial Statements.

Adjusted Earnings in YTD 2019 were $89.1 million, representing basic adjusted earnings per share of $0.45, which was $27.6 million, or $0.05 per share, higher than YTD 2018 adjusted earnings of $61.5 million, and basic adjusted earnings per share of $0.40.

The following chart illustrates the key factors leading to the change in adjusted earnings from YTD 2018 to YTD 2019:



ACQUISITION OF TAHOE

The Company completed the Acquisition on February 22, 2019 (the "Closing Date").

In aggregate, Pan American paid Tahoe shareholders $275.0 million in cash, issued 55,990,512 Pan American shares, and issued contingent consideration in the form of 313,887,490 contingent value rights (CVRs). Each CVR 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 CVRs are transferable and have a term of 10 years. Upon closing of the Arrangement, existing Pan American and former Tahoe shareholders owned approximately 73% and 27% of Pan American, respectively. Upon satisfaction of the payment conditions under the terms of the CVRs, Pan American and Tahoe shareholders will own approximately 68% and 32%, respectively, of the combined company (based upon the number of Pan American shares outstanding as at the Closing Date).

Revolving credit facility increase and draw-down

The Company amended and extended its Credit Facility. The Credit Facility was increased by $200.0 million to $500.0 million in Q1 2019, and now matures on February 1, 2023. At Pan American's option, amounts can be drawn under the Credit 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 Credit Facility are subject to a stand-by fee of 0.4219% to 0.6188% per annum, dependent on the Company's leverage ratio.

In conjunction with the Acquisition, the Company drew down $335.0 million on the Credit Facility in Q1 2019 under LIBOR-based interest rates to fund, in part, the cash purchase price under the Arrangement and to repay Tahoe's revolving facility, under which $125.0 million was outstanding at the date of acquisition. The Company repaid $20 million of the Credit Facility during Q3 2019.

Consolidation of Tahoe

As described in Note 4 of the Q3 2019 Financial Statements, the Company determined that the Acquisition represents 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 approximately $1.14 billion. We commenced the consolidation of the operating results, cash flows and net assets of Tahoe from February 22, 2019 onwards. As such, all 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.

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) Assumed fair value of the CVRs is based on the residual amount of the value of the Tahoe shares acquired (based on the NYSE closing price closing of $3.64 on February 21, 2019) after deducting the cash consideration of $275 million and the fair value of the Company's common share consideration paid (based on the February 21, 2019 NASDAQ closing price of $14.21).
(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:		Consideration
Cash and cash equivalents	$	27,529
Accounts receivable		17,854
VAT Receivable		87,268
Inventory		152,534
Other current assets		4,135
Mineral properties, plant and equipment		1,298,037
Other assets		3,450
Accounts payable and accrued liabilities		(159,675)
Provision for closure and decommissioning liabilities		(70,119)
Debt		(125,000)
Net current and deferred income tax liabilities		(62,847)
Bargain purchase gain		(30,492)
	$	**1,142,674**

As at September 30, 2019, the allocation of the purchase price had not been finalized. The Company is currently in the process of determining the fair values of identifiable assets acquired and liabilities assumed and measuring the associated deferred income tax assets and liabilities, and will finalize the allocation of the purchase price no later than February 21, 2020.

Held for Sale Assets

Concurrent with the Acquisition, the Company formally initiated an active program to locate a buyer of the Timmins mines. Based on Management's assessment, the Company's sales process met the criteria under IFRS 5 - Non-current assets held for sale and discontinued operations. As such, upon the Acquisition, and as at June 30, 2019, the assets and liabilities related to the Timmins mines were classified as assets and liabilities held for sale and were presented separately under current assets and current liabilities, respectively, and the post-tax profit or loss from the Timmins operations were presented as a single and separate item on the Company's consolidated income statement.

A change in Management's intentions related to the sale of Timmins during Q3 2019 resulted in the Company no longer meeting the IFRS criteria to classify Timmins as held for sale. As a result, the Timmins assets and liabilities are no longer presented separately on the Company's September 30, 2019 balance sheet and the net income generated by Timmins for the three and nine months are reflected on the Company's income statements in the normal course.

LIQUIDITY AND CAPITAL POSITION

Liquidity and Capital Measures (in $000s)	September 30, 2019	June 30, 2019	Dec. 31, 2018	Q3 2019 Change	YTD 2019 Change
Cash and cash equivalents ("Cash")	**$ 94,713**	$ 92,221	$ 138,510	$ 2,492	$ (43,797)
Short-term Investments	**$ 82,310**	$ 46,594	$ 74,004	$ 35,716	$ 8,306
Cash and Short-term investments	**$ 177,023**	$ 138,815	$ 212,514	$ 38,208	$ (35,491)
Working Capital	**$ 459,272**	$ 793,090	$ 397,846	$ (333,818)	$ 61,426
Credit Facility committed amount	**$ 500,000**	$ 500,000	$ 300,000	$ —	$ 200,000
Credit Facility amounts drawn	**$ 315,000**	$ 335,000	$ —	$ (20,000)	$ 315,000
Shareholders' equity	**$ 2,450,231**	$ 2,418,929	$ 1,513,349	$ 31,302	$ 936,882
Total debt (1)	**$ 360,492**	$ 378,758	$ 6,676	$ (18,266)	$ 353,816
Capital (2)	**$ 2,633,700**	$ 2,658,872	$ 1,307,511	$ (25,172)	$ 1,326,189

(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 $38.2 million during Q3 2019. Operating cash flows of $81.9 million, which included $16.2 million in tax payments and a $14.9 million use of cash from working capital changes, more than funded the Company's investing and financing activities in the quarter, including a $20.0 million repayment of the Credit Facility. The working capital changes, primarily reflect a build-up in trade receivables from concentrate and doré sales.

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 of the Company (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 $459.3 million at September 30, 2019 was $333.8 million lower than working capital of $793.1 million at June 30, 2019. The working capital decrease primarily reflects the reclassification of Timmins net assets previously classified as held for sale assets and liabilities, which as at June 30, 2019 were included as separate components of both current assets ($406.8 million), and current liabilities ($30.9 million). These Timmins' assets and liabilities, presented as current, included long-term assets of $380.0 million and long-term liabilities of $11.1 million, which represented a $368.9 million net working capital inclusion as of June 30, 2019. As of September 30, 2019 Timmins' long-term assets and liabilities are no longer presented as current. The remaining working capital increase was the result of the previously discussed increase in cash and short-term investments.

At September 30, 2019, the Company had $315.0 million in amounts drawn on its four-year $500 million Credit Facility, and as a result of repayments during Q3 2019, the amount drawn on the Credit Facility is reduced by $20.0 million as compared with June 30, 2019. As of September 30, 2019, the Company was in compliance with all covenants required by the Credit Facility.

The Company’s financial position at September 30, 2019, 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 2019 working capital requirements, fund currently planned capital expenditures, and to discharge liabilities as they come due. The Company remains well positioned to take advantage of strategic opportunities as they become available. Liquidity risks are discussed further in the “Risks and Uncertainties” section of this MD&A.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments, details of which are described in Note 8(e)(ii) of the 2018 Financial Statements, and in the Liquidity and Capital Position section of the Company's annual 2018 Management Discussion and Analysis (the "2018 Annual MD&A"). Since December 31, 2018, there have been no significant changes to these contractual obligations and commitments other than the new liabilities and provisions assumed as part of the Tahoe acquisition as described in the purchase price allocation table included in the "Acquisition of Tahoe" section of this MD&A.

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.

Outstanding Share Amounts

As at September 30, 2019, the Company had approximately 1.2 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 $97.26 and a weighted average life of 25 months. Approximately 1.0 million of the stock options were vested and exercisable at September 30, 2019, with an average weighted exercise price of CAD $35.64 per share.

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

	Outstanding as at November 6, 2019
Common shares	209,609,855
Options	1,238,687
Total	**210,848,542**

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

CLOSURE AND DECOMMISSIONING COST PROVISION

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

The total inflated and undiscounted amount of estimated cash flows required to settle the Company’s estimated future closure and decommissioning costs as of September 30, 2019 was $252.0 million (December 31, 2018 - $159.1 million) using inflation rates of between 2% and 4% (December 31, 2018 - between 2% and 17%). The inflated and discounted provision on the statement of financial position as at September 30, 2019, using discount rates between 1% and 9% (December 31, 2018 - between 2% and 22%), was $161.7 million. Spending with respect to decommissioning obligations at Alamo Dorado and Manantial Espejo began in 2016, while the remainder of the obligations are expected to be paid through 2046, or later if the mine lives are extended. Revisions made to the reclamation obligations in Q3 2019 were primarily a result of 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 Q3 2019 and YTD 2019 as finance expense was $2.7 million and $7.3 million (Q3 2018 and YTD 2018: $1.6 million and $4.9 million). Reclamation expenditures incurred during Q3 2019 and YTD 2019 were $0.3 million and $1.8 million, respectively (Q3 2018 and YTD 2018: $1.3 million and $5.8 million).

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 10 of the Q3 2019 Financial Statements. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

ALTERNATIVE PERFORMANCE (NON-GAAP) MEASURES

Per Ounce Measures

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

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

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

Prior period cash costs per ounce reported in previous MD&As were based on cash costs per ounce of payable silver produced and were net of by-product credits calculated with average market prices applied to all metals produced other than silver. Given the increased complexity of the business with the addition of the new gold operations, the Company determined that conforming the calculation of Cash Costs with a consistent method to that used for AISC, using realized by-product sales as by-product credits and based on per ounce of silver sold, would provide a more consistent per-ounce measure. As such the comparative Cash Costs amounts in this MD&A have been quantified using the current methodology and are different from those previously reported. As shown in the detailed quantification of consolidated AISC below, corporate general and administrative expense, and exploration and project development expenses are included in the calculation of consolidated (silver basis) AISC, but are not allocated amongst the operations and thus are not included in either the silver or gold segment AISC totals. In prior years these costs were similarly included only in the consolidated all-in-sustaining costs per silver ounce sold ("AISCSOS") metrics and not allocated to each mine's AISCSOS amount. As such, consolidated AISCSOS in previous years included such costs where total silver segment AISC in the current period do not. A detailed description of how previously reported Cash Costs were quantified is provided in the Company's prior period MD&As.

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 operating results from the Acquired Mines, only include results from February 22, 2019 to September 30, 2019 and the year-to-date amounts do not represent a full nine months of operations.

(In thousands of USD, except as noted)	Three months ended September 30, 2019 Silver Segment	Gold Segment	Corporate	Consolidated (silver basis)[2]	Three months ended September 30, 2018[1] Silver Segment	Corporate	Consolidated (silver basis)
Production costs	$ 114,137	$ 90,491		$ 204,628	$ 150,597		$ 150,597
Purchase Price Allocation Inventory Fair Value Adjustment		(12,783)		(12,783)	—	—	—
NRV inventory adjustments	6,723	—		6,723	(23,432)		(23,432)
On-site direct operating costs	**120,860**	**77,708**	**—**	**198,568**	**127,165**	**—**	**127,165**
Royalties	3,937	1,506		5,442	3,652		3,652
Smelting, refining and direct selling charges[3]	17,519	304		17,823	12,434		12,434
Cash cost of sales before by-product credits [4]	**142,316**	**79,518**	**—**	**221,833**	**143,251**	**—**	**143,251**
Silver segment by-product credits[3]	(111,491)	—		—	(115,177)		—
Gold segment by-product credits[3]	—	(795)		—	—		—
Total Silver basis consolidated by-product credits[2][3]	—	—		(271,036)	—		(115,177)
Cash Costs[4]	**$ 30,825**	**$ 78,723**	**$ —**	**$ (49,203)**	**$ 28,074**	**$ —**	**$ 28,074**
NRV inventory adjustments	(6,723)	—		(6,723)	23,432		23,432
Sustaining capital	23,373	18,883		42,256	26,870		26,870
Exploration and project development	494	1,016	555	2,066	1,395	1,613	3,008
Reclamation cost accretion	1,652	775	291	2,718	1,475	156	1,631
General and administrative expense	—	—	8,237	8,237	—	5,675	5,675
All-in sustaining costs[4]	**$ 49,621**	**$ 99,398**	**$ 9,083**	**$ (649)**	**$ 81,246**	**$ 7,444**	**$ 88,690**
Silver segment silver ounces sold	5,639	—		—	6,366		—
Gold segment gold ounces sold	—	108		—	—		—
Total silver ounces sold[2]	—	—		5,683	—		6,366
Cash costs per ounce sold[5]	**$ 5.47**	**$ 729**		**$ (8.66)**	**$ 4.41**		**$ 4.41**
AISC per ounce sold	**$ 8.80**	**$ 920**		**$ (0.11)**	**$ 12.76**		**$ 13.93**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 9.99**	**$ 920**		**$ 1.07**	**$ 9.08**		**$ 10.25**

(In thousands of USD, except as noted)	Nine months ended September 30, 2019[6] Silver Segment	Gold Segment [6]	Corporate	Consolidated (silver basis)[2]	Nine months ended September 30, 2018[1] Silver Segment	Corporate	Consolidated (silver basis)
Production costs	$ 380,199	$ 231,504		$ 611,703	$ 379,459		$ 379,459
Purchase Price Allocation Inventory Fair Value Adjustment		(41,712)		(41,712)	—	—	—
NRV inventory adjustments	842	—		842	(11,067)		(11,067)
On-site direct operating costs	**381,041**	**189,792**	**—**	**570,833**	**368,392**	**—**	**368,392**
Royalties	15,390	3,396		18,785	16,072		16,072
Smelting, refining and direct selling charges[3]	51,747	628		52,375	38,505		38,505
Cash cost of sales before by-product credits [4]	**448,178**	**193,816**	**—**	**641,993**	**422,969**	**—**	**422,969**
Silver segment by-product credits[3]	(340,917)	—		—	(375,857)		
Gold segment by-product credits[3]	—	(1,277)		—	—		
Total Silver basis consolidated by-product credits[2][3]	—	—		(707,533)	—		(375,857)
Cash Costs[4]	**$ 107,261**	**$ 192,539**	**$ —**	**$ (65,540)**	**$ 47,112**	**$ —**	**$ 47,112**
NRV inventory adjustments	(842)	—		(842)	11,067		11,067
Sustaining capital	71,048	61,861		132,909	75,773		75,773
Exploration and project development	2,266	2,771	2,204	7,241	3,343	4,286	7,629
Reclamation cost accretion	4,954	1,860	506	7,320	4,427	467	4,893
General and administrative expense			21,743	21,743		17,199	17,199
All-in sustaining costs[4]	**$ 184,687**	**$ 259,031**	**$ 24,453**	**$ 102,831**	**$ 141,722**	**$ 21,952**	**$ 163,673**
Silver segment silver ounces sold	18,207	—		—	17,860		—
Gold segment gold ounces sold	—	266		—	—		—
Total silver ounces sold[2]	—	—		18,284	—		17,860
Cash costs per ounce sold[5]	**$ 5.89**	**$ 722**		**$ (3.58)**	**$ 2.64**		**$ 2.64**
AISC per ounce sold	**$ 10.14**	**$ 972**		**$ 5.62**	**$ 7.93**		**$ 9.16**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 10.19**	**$ 972**		**$ 5.67**	**$ 7.32**		**$ 8.54**

(1) 2018 AISC per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the company to calculate the 2019 AISC per ounce sold. The change in methodology relates to the sustaining capital calculation to account for the adoption of IFRS 16, and the inclusion of lease payments. Previously leased assets were included as sustaining capital in the period of acquisition, while future related lease payments were excluded.

(2) Consolidated silver basis calculated by treating all revenues from metals other than silver, including gold, as a by-product credit in Cash Costs. Total silver basis consolidated 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.

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

(4) Totals may not add due to rounding.

(5) Cash costs per ounce sold are calculated based on Cash Costs, net of by-product credits divided by per ounce of silver sold and are therefore different than previously reported 2018 "Cash Costs" which were calculated based on cash costs net of by-product credits divided by payable silver ounces produced. The 2018 cash costs per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the company to calculate the 2019 Cash Cost per ounce sold.

(6) All operating results from the Acquired Mines, described in detail in the "Acquisition of Tahoe" section of this MD&A, are only from the Closing Date to September 30, 2019, and do not represent a full nine months of operations.

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 September 30,**		**Nine months ended September 30,**	
(in thousands of USD)	**2019**	2018	**2019**	2018
Payments for mineral properties, plant and equipment[1]	**$ 49,891**	$ 33,555	**$ 155,488**	$ 102,046
Add/(Subtract)				
Lease Payments[1]	**4,674**	2,181	**13,544**	5,698
Investment (non-sustaining) capital	**(12,309)**	(8,866)	**(36,123)**	(31,971)
Sustaining Capital[2]	**$ 42,256**	$ 26,870	**$ 132,909**	$ 75,773

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

SILVER SEGMENT(1)	Three Months Ended September 30, 2018						
(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 22,255	$ 53,118	$ 19,700	$ 17,953	$ 10,054	$ 27,519	$ 150,597
NRV inventory adjustments	—	(16,301)	—	—	—	(7,130)	(23,432)
On-site direct operating costs	**22,255**	**36,817**	**19,700**	**17,953**	**10,054**	**20,389**	**127,165**
Royalties	150	1,897	—	—	1,207	398	3,652
Smelting, refining & direct selling costs	2,168	32	5,537	3,274	1,152	271	12,434
Cash Costs before by-product credits	**24,573**	**38,746**	**25,237**	**21,227**	**12,413**	**21,058**	**143,251**
Silver segment by-product credits	(14,505)	(41,512)	(22,449)	(21,891)	(4,475)	(10,344)	(115,177)
Cash Costs	**$ 10,068**	**$ (2,766)**	**$ 2,788**	**$ (664)**	**$ 7,938**	**$ 10,714**	**$ 28,074**
NRV inventory adjustments	—	16,301	—	—	—	7,130	23,432
Sustaining capital	3,902	9,971	5,698	4,797	1,740	763	26,870
Exploration and project development	74	384	14	174	—	749	1,395
Reclamation cost accretion	114	351	152	87	63	708	1,475
All-in sustaining costs	**$ 14,158**	**$ 24,241**	**$ 8,652**	**$ 4,394**	**$ 9,741**	**$ 20,064**	**$ 81,246**
Silver segment silver ounces sold (koz)	**2,258**	**950**	**785**	**688**	**876**	**810**	**6,366**
Cash cost per ounce sold(2)	**$ 4.46**	**$ (2.91)**	**$ 3.55**	**$ (0.97)**	**$ 9.07**	**$ 13.23**	**$ 4.41**
AISC per ounce sold	**$ 6.27**	**$ 25.52**	**$ 11.03**	**$ 6.39**	**$ 11.12**	**$ 24.78**	**$ 12.76**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 6.27**	**$ 8.36**	**$ 11.03**	**$ 6.39**	**$ 11.12**	**$ 15.97**	**$ 9.08**

SILVER SEGMENT	Nine months ended September 30, 2019						
(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morocacha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 56,495	$ 140,110	$ 57,282	$ 53,609	$ 34,120	$ 38,584	$ 380,199
NRV inventory adjustments	—	(7,449)	—	—	—	8,291	842
On-site direct operating costs	**56,495**	**132,661**	**57,282**	**53,609**	**34,120**	**46,875**	**381,041**
Royalties	416	6,138	—	—	7,854	982	15,390
Smelting, refining & direct selling costs	12,645	84	15,496	11,583	7,362	4,577	51,747
Cash Costs before by-product credits [1]	**69,556**	**138,883**	**72,778**	**65,192**	**49,336**	**52,434**	**448,178**
Silver segment by-product credits	(54,505)	(127,375)	(63,206)	(60,611)	(16,630)	(18,590)	(340,917)
Cash Costs	**$ 15,051**	**$ 11,508**	**$ 9,572**	**$ 4,581**	**$ 32,706**	**$ 33,844**	**$ 107,261**
NRV inventory adjustments	—	7,449	—	—	—	(8,291)	(842)
Sustaining capital	7,764	41,554	8,102	8,654	2,912	2,062	71,048
Exploration and project development	880	831	13	276	—	266	2,266
Reclamation cost accretion	432	1,680	542	327	234	1,739	4,954
All-in sustaining costs[1]	**$ 24,127**	**$ 63,022**	**$ 18,229**	**$ 13,838**	**$ 35,852**	**$ 29,620**	**$ 184,687**
Silver segment silver ounces sold (koz)	**5,814**	**3,522**	**2,517**	**1,820**	**3,002**	**1,532**	**18,207**
Cash cost per ounce sold	**$ 2.59**	**$ 3.27**	**$ 3.80**	**$ 2.52**	**$ 10.90**	**$ 22.09**	**$ 5.89**
AISC per ounce sold	**$ 4.15**	**$ 17.89**	**$ 7.24**	**$ 7.60**	**$ 11.94**	**$ 19.33**	**$ 10.14**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 4.15**	**$ 15.78**	**$ 7.24**	**$ 7.60**	**$ 11.94**	**$ 24.75**	**$ 10.19**

(1) Totals may not add due to rounding.

SILVER SEGMENT[1]	Nine months ended September 30, 2018						
(In thousands of USD, except as noted)	La Colorada	Dolores	Huaron	Morococha	San Vicente	Manantial Espejo	Consolidated Silver Segment
Production Costs	$ 53,301	$ 128,061	$ 55,673	$ 51,971	$ 26,479	$ 63,974	$ 379,459
NRV inventory adjustments		(13,127)				2,060	(11,067)
On-site direct operating costs	**53,301**	**114,934**	**55,673**	**51,971**	**26,479**	**66,034**	**368,392**
Royalties	486	6,349	—	—	7,388	1,848	16,072
Smelting, refining & direct selling costs	6,487	97	15,266	10,789	5,635	231	38,505
Cash Costs before by-product credits	**60,274**	**121,380**	**70,939**	**62,760**	**39,502**	**68,113**	**422,969**
Silver segment by-product credits	(48,693)	(134,475)	(67,459)	(74,129)	(14,598)	(36,503)	(375,857)
Cash Costs	**$ 11,581**	**$ (13,095)**	**$ 3,480**	**$ (11,369)**	**$ 24,904**	**$ 31,610**	**$ 47,112**
NRV inventory adjustments	—	13,127	—	—	—	(2,060)	11,067
Sustaining capital	10,097	35,587	11,671	10,681	5,346	2,391	75,773
Exploration and project development	168	1,353	653	475	—	694	3,343
Reclamation cost accretion	343	1,054	457	260	189	2,124	4,427
All-in sustaining costs	**$ 22,189**	**$ 38,026**	**$ 16,261**	**$ 47**	**$ 30,439**	**$ 34,759**	**$ 141,722**
Silver segment silver ounces sold (koz)	**5,289**	**3,335**	**2,236**	**1,978**	**2,551**	**2,471**	**17,860**
Cash cost per ounce sold[2]	**$ 2.19**	**$ (3.93)**	**$ 1.56**	**$ (5.75)**	**$ 9.76**	**$ 12.79**	**$ 2.64**
AISC per ounce sold	**$ 4.20**	**$ 11.40**	**$ 7.27**	**$ 0.02**	**$ 11.93**	**$ 14.07**	**$ 7.93**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 4.20**	**$ 7.47**	**$ 7.27**	**$ 0.02**	**$ 11.93**	**$ 14.90**	**$ 7.32**

(1) 2018 AISC per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the company to calculate the 2019 AISC per ounce sold. The change in methodology relates to the sustaining capital calculation to account for the adoption of IFRS 16, and sustaining capital now includes lease payments. Previously leased assets were included as sustaining capital in the period of acquisition, while future related lease payments were excluded.

(2) Cash costs per ounce sold are calculated based on Cash Costs, net of by-product credits divided by per ounce of silver sold and are therefore different from previously reported 2018 "Cash Costs" which were calculated based on cash costs net of by-product credits divided by payable silver ounces produced. The 2018 cash costs per ounce sold included in the table above have been calculated and presented as comparative amounts to conform to the methodology used by the company to calculate the 2019 cash cost per ounce sold.

Gold Segment Cash Costs and AISC by mine:

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

GOLD SEGMENT	Nine months ended September 30, 2019			
(In thousands of USD, except as noted)	Shahuindo	La Arena	Timmins	Total
Production Costs	$ 65,502	$ 71,312	$ 94,690	$ 231,504
Purchase Price Allocation Inventory Fair Value Adjustment	(13,087)	(19,228)	(9,397)	(41,712)
NRV inventory adjustments	—	—	—	—
On-site direct operating costs	**52,415**	**52,084**	**85,293**	**189,792**
Royalties	—	—	3,396	3,396
Smelting, refining & direct selling costs	328	228	72	628
Cash Costs before by-product credits	**52,743**	**52,312**	**88,761**	**193,816**
Gold segment by-product credits	(903)	(186)	(188)	(1,277)
Cash Costs of Sales	**$ 51,840**	**$ 52,126**	**$ 88,573**	**$ 192,539**
NRV inventory adjustments	—	—	—	—
Sustaining capital	15,717	39,176	6,969	61,861
Exploration and project development	705	325	1,741	2,771
Reclamation cost accretion	693	1,068	99	1,860
All-in sustaining costs	**$ 68,955**	**$ 92,695**	**$ 97,382**	**$ 259,031**
Gold segment gold ounces sold	**93,449**	**76,145**	**96,900**	**266,494**
Cash cost per ounce sold	**$ 555**	**$ 685**	**$ 914**	**$ 722**
AISC per ounce sold	**$ 738**	**$ 1,217**	**$ 1,005**	**$ 972**
AISC per ounce sold (excluding NRV inventory adjustments)	**$ 738**	**$ 1,217**	**$ 1,005**	**$ 972**

Adjusted Earnings and Basic Adjusted Earnings Per Share

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

The following table shows a reconciliation of adjusted earnings for the three and nine months ended September 30, 2019 and 2018, to the net earnings for each period.

	Three months ended September 30,		Nine months ended September 30,	
(In thousands of USD, except as noted)	**2019**	2018	**2019**	2018
Net earnings for the period	**$ 37,719**	$ (9,234)	**$ 90,030**	$ 75,618
Adjust for:				
- Derivative losses	**—**	238	**14**	1,018
- Write-down of project development costs	**—**	—	**1,882**	—
- Unrealized foreign exchange (gains) losses	**5,888**	4,538	**7,452**	10,685
- Net realizable value adjustments to heap inventory	**6,860**	11,766	**25,705**	11,105
- Unrealized gains on commodity contracts	**1,182**	(289)	**400**	(3,246)
- Income from associate, net of dilution gain	**(79)**	411	**(999)**	(13,861)
- Reversal of previously accrued tax liabilities	**—**	—		(1,188)
- Gains (losses) on sale of assets	**673**	(225)	**(2,818)**	(8,029)
- Asset held for sale revaluation adjustment	**15,596**	—	**—**	—
- Bargain purchase gain	**—**	—	**(30,492)**	—
- Transaction and integration costs	**2,863**	—	**7,712**	—
Adjust for effect of taxes relating to the above	**$ (2,447)**	$ (3,731)	**$ (9,753)**	$ (4,082)
Adjust for effect of foreign exchange on taxes	**$ 5,977**	$ (8,147)	**(54)**	(6,564)
Adjusted earnings (loss) or the period	**$ 74,232**	$ (4,673)	**$ 89,079**	$ 61,456
Weighted average shares for the period	**209,535**	153,301	**198,609**	153,302
Adjusted earnings (loss) per share for the period	**$ 0.35**	$ (0.03)	**$ 0.45**	$ 0.40

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 Revolving 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 Peru, Mexico, Argentina, Bolivia and Guatemala; environmental risks; and risks related to its relations with employees and local communities where we operate. 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 2018 Annual MD&A, and the 2018 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's 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 is described in Note 8(f) to the Company's 2018 Financial Statements. There were no significant changes to those risks or to the Company's management of exposure to those risks during the three and nine months ended September 30, 2019. The following provides an update to certain relevant financial instrument risks for the quarter:

Metal Price Risk

A decrease in the market price of silver, gold and other metals could affect our profitability, along with the commercial viability of our mines and production from some of our mining properties. From time to time, Pan American mitigates the price risk associated with its base metal production by committing some of its future production under forward sales or option contracts. However, decisions relating to hedging may have material adverse effects on our financial performance, financial position, and results of operations. The Board of Directors continually assesses Pan American's strategy towards our base metal exposure. As at September 30, 2019, the Company had no outstanding contracts for its exposure base metals. The Company recorded total gains on zinc and copper base metal collar positions made up of put and call contracts of $0.5 million and $1.2 million in Q3 2019 and YTD 2019, respectively (Q3 2018 and YTD 2018: gains of $1.7 million and $4.3 million).

Trading and Credit Risk

As at September 30, 2019, we had receivable balances associated with buyers of our concentrates of $61.0 million (December 31, 2018 - $40.8 million). The vast majority of the Company's concentrate is sold to a limited number of concentrate buyers.

As at September 30, 2019, we had approximately $66.1 million contained in precious metal inventory at refineries (December 31, 2018 - $19.7 million). Silver doré production is refined under long-term agreements with fixed refining terms at three 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. For example, in November 2018, Republic Metals Corporation ("Republic"), a refinery used by us, filed for bankruptcy. At the time of the bankruptcy, Republic had possession of approximately $4.9 million of our metal, which for accounting purposes has been fully provided for. While we are pursuing a claim to collect the metals, or in lieu thereof, damages, the prospects for recovery are uncertain.

Supplier advances for products and services yet to be provided are a common practice in some jurisdictions in which the Company operates. These advances represent a credit risk to the Company to the extent that suppliers do not deliver products or perform services as expected. As at September 30, 2019, the Company had made $8.3 million of supplier advances (December 31, 2018 - $14.4 million), which are reflected in “Trade and other receivables” on the Company’s balance sheet.

Foreign currency exchange rate risk

A part of the Company’s operating and capital expenditures is denominated in local currencies other than USD. These expenditures are exposed to fluctuations in USD exchange rates relative to the local currencies. From time to time, the Company mitigates part of this currency exposure by accumulating local currencies, entering into contracts designed to fix or limit the Company’s exposure to changes in the value of local currencies relative to the USD, or assuming liability positions to offset financial assets subject to currency risk. At September 30, 2019, the Company had outstanding positions on its foreign currency exposure of MXN purchases. The MXN positions are collars with a notional amount of $17.0 million USD, with weighted average USD put and call exchange rates of $19.74 and $22.49, respectively. The Company recorded a $0.4 million loss and a $0.5 million gain on MXN derivative contracts for the three and nine months ended September 30, 2019, respectively (Q3 2018 and YTD 2018 - nil). At September 30, 2019, the Company held cash and short-term investments of $85.9 million in Canadian dollars, $2.2 million in Mexican pesos, $4.4 million in Peruvian soles, $2.0 million in Argentine pesos, $2.2 million in Bolivian bolivianos, and $0.1 million in Guatemalan quetzals.

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 2018 Annual MD&A, and in Note 29(c) to the Company's 2018 Financial Statements. There were no significant changes to those risks or to the Company's management of exposure to those risks during the three months ended September 30, 2019.

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 2018 Annual MD&A, and in Note 24 to the Company's Q3 2019 Financial Statements.

In July 2017, the Escobal mining license, held by Tahoe’s Guatemalan subsidiary Minera San Rafael (“MSR”) was suspended as a result of a court proceeding initiated by a non-governmental organization (an “NGO”) in Guatemala, based upon the allegation that Guatemala’s Ministry of Energy and Mines (“Guatemala MEM”) violated the Xinka indigenous people’s right of consultation. After several decisions and appeals on the matter, a decision of the Constitutional Court of Guatemala was rendered on September 3, 2018, determining that the Escobal mining license would remain suspended until the Guatemala MEM completes an ILO 169 consultation. The consultation process is proceeding, with the pre-consultation stage underway. Normal operations at Escobal mine remain suspended. Legal challenges to the consultation process have been filed with the Guatemalan Supreme Court and the outcome of those challenges is unknown. The process and timing for completing the ILO 169 consultation remains uncertain. In addition, in June 2017, MSR filed its annual request to renew the Escobal mine’s export credential with the Guatemala MEM. However, the Guatemala MEM did not renew the export credential because its renewal had become contingent on the Supreme Court's reinstatement of the Escobal mining license. The export credential therefore expired in August 2017 and has not been renewed.

Tahoe and certain of its officers and directors were named in three purported class action claims in the United States, which have been consolidated in the US District Court, District of Nevada, including alleging violations of Section 10(b) and Section 20(a) of the US Exchange Act and Rule 10b-5, and one purported class action filed in Canada in the Ontario Supreme Court concerning Tahoe’s disclosure with respect to the Escobal mine. These class action claims were filed following the issuance of a provisional decision by the Guatemalan Supreme Court suspending the Escobal mining license issued to MSR.

On June 18, 2014, seven plaintiffs filed an action against Tahoe in the British Columbia Supreme Court alleging battery and negligence regarding a security incident that occurred at the Escobal mine on April 27, 2013. The plaintiffs sought compensatory and punitive damages. In April 2017, three of the seven plaintiffs settled their claims against Tahoe. On July 30, 2019, the Company settled, on behalf of Tahoe, the remaining four plaintiffs' claims and the British Columbia Supreme Court action has been dismissed.

In April 2012, Pan American sold all of its interest in the Quiruvilca mine ("Quiruvilca") in Peru, which was previously owned by our subsidiary, Pan American Silver Huaron S.A. ("Huaron"). Since the 2012 sale, a substantial number of labour-related claims have been made by persons alleging to be former or then-current employees working at the Quiruvilca mine. Notwithstanding that an overwhelming majority of these claims were made exclusively against the subsequent owners of Quiruvilca and that Huaron has not owned or been involved with Quiruvilca for a number of years, the labour courts in Trujillo, Peru, have in many cases, imputed liability on Huaron. In some cases, the courts ordered seizure of monies from Huaron's local bank accounts and garnishment of funds due to Huaron from certain of its trading partners. In August 2018, the current owner of Quiruvilca declared bankruptcy, further exacerbating the situation. Huaron has challenged the basis of the labour court's decisions in Trujillo, and in the Commercial Court and Constitutional Courts of Peru. Pan American believes it has a strong legal position against liability for these claims and intends to continue to vigorously challenge them and enforce certain contractual rights to indemnification. However, there can be no assurance that the outcome of the proceedings or any enforcement of our rights will be favorable to us or that it will not have a material adverse impact on our financial position. In addition, Huaron will likely be directly or indirectly subject to further labour-related claims, and potentially to claims by creditors of the current owner of Quiruvilca, which in aggregate could be material.

These matters may give rise to legal uncertainties or have unfavourable results and divert Management's attention and resources.

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. We are also subject to extensive laws and regulations in the jurisdictions in which we do business. The costs associated with compliance with these and future laws and regulations can be substantial, and changes to existing laws and regulations could cause additional expense, restrictions on or suspensions of our operations, and delays in the development and permitting of our properties. The nature of the foreign jurisdiction risks and the Company's exposures to and management of those risks, are described in more detail in the Risks and Uncertainties section of the 2018 Annual MD&A.

With respect to Guatemala, incidents of civil unrest, violence and vandalism have occasionally affected the Escobal mine, along with its employees, contractors and their families, including incidents surrounding the roadblock in Casillas, Guatemala. Pan American can provide no assurance that security incidents or roadblocks, in the future, will not have a material adverse effect on our ability to restart operations or conduct future operations at the Escobal mine. Renewed political unrest, including events related to Guatemalan Presidential elections held in 2019, could adversely affect our restart of and future operations at the Escobal mine.

Other than risk associated with the new jurisdictions the Company is now operating in subsequent to the Tahoe Acquisition, specifically Guatemala, there were no significant changes to those risks or to the Company's management of exposure to those risks during the three months ended September 30, 2019.

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. In certain circumstances, such actions might ultimately result in the cessation of mining activities and the revocation of permits and licenses. These actions relate not only to current activities but are often in respect of past activities by prior owners of mining properties. For example, since June 7, 2017, a group of protesters near the town of Casillas have blocked the primary highway that connects Guatemala City to San Rafael Las Flores and the Escobal mine. Tahoe's operations were reduced between June 8, 2017 and June 19, 2017 to conserve fuel, and on July 5, 2017, were ceased following the Supreme Court's provisional decision to suspend the Escobal mining license while the case against the Guatemala MEM was heard on the merits. A second roadblock was initiated in 2018 near the community of

Mataquescuintla. MSR representatives have been pursuing engagement with community leaders, government agencies, and NGOs to develop a dialogue process aimed at resolving this protracted dispute and reaching a peaceful conclusion to the roadblocks, but there is no guarantee that a positive conclusion will be reached.

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. For example, currently at the Shahuindo and La Arena operations we do not own all surface rights necessary for completion of the current mining plans.

In most of the jurisdictions where we operate the land title system is not well developed, recorded or maintained. There can also be uncertainty and conflicts with respect to physical land boundaries. Where we do own title to surface lands, legal challenges to our title are not uncommon. For example, a legal action was filed in the Guatemala courts in June 2019, by an individual claiming to own title to certain lands within the Escobal mine site, which Mineral San Rafael had previously purchased. In Mexico at our La Colorada mine, certain individuals have asserted community rights and land ownership over our surface lands in the Agrarian Courts and they have also initiated a process before the Ministry of Agrarian, Territorial and Urban Development of Mexico’s Federal Government to declare such lands as national property. On June 4, 2019, we filed an amparo against such process and obtained an injunction to protect our surface rights of our La Colorada mine. If we are unable to acquire or maintain access to those surface rights, there could be material adverse impacts on our future mining 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 2018 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, 2018, except for the following:

Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 - *Leases and its associated interpretative guidance*, including IFRIC 4 and SIC 15. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a non-lease component on the basis of whether the customer controls the specific asset. For those contracts that are or contain a lease, IFRS 16 introduces significant changes for lessees to the accounting for contracts that are or contain a lease, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases less than 12 months in duration or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15.

The Company has applied IFRS 16 using the modified retrospective approach from January 1, 2019 and has elected the record the transition date right of use assets at amounts equal to the present value of the minimum lease payments, on a lease by lease basis. Short-term and low-value recognition exemptions were applied, as well as certain practical expedients allowing for the use of hindsight to assess the lease term for contracts with extension options, the exclusion of initial direct costs from measurement of the ROU asset and the exclusion of leases with a term of less than one year remaining at the transition date.

Policy applicable from January 1, 2019:

Lease Definition

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. The Company has the right to control an identified asset if it obtains substantially all of its economic benefits and either pre-determines, or directs how and for what purpose the asset is used.

Measurement of Right-of-Use Assets ("ROU Assets") and Lease Obligations

At lease commencement, the Company recognizes a ROU asset and a lease obligation. The ROU asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is subsequently amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Company's property, plant and equipment. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date, discounted using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease obligation, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise.

The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset.

Recognition Exemptions

The Company has elected not to recognize ROU assets and lease obligations for short-term leases that have a lease term of twelve months or less or for leases of low-value assets. Payments associated with these leases are recognized as an operating expense on a straight-line basis over the lease term within costs and expenses on the consolidated income statement.

Additional disclosures have been presented in Note 14 of the Q3 2019 Financial Statements as a result of adopting IFRS 16.

Changes in accounting standards 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.

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 September 30, 2019 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, 2018 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, 2019, 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: future financial and operational performance; future production of silver, gold and other metals produced by the Company, including the Acquired Mines; 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 timing and disclosure of the allocation of purchase price for the Acquisition; 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 anticipated timing for commencement of commercial production at our COSE and Joaquin projects; 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: 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: 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 mineral reserve and mineral resource 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 NINE MONTHS ENDING SEPTEMBER 30, 2019

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

		September 30, 2019		December 31, 2018
Assets				
Current assets				
Cash and cash equivalents (Note 21)	$	94,713	$	138,510
Short-term investments (Note 6)		82,310		74,004
Trade and other receivables		168,882		96,091
Income taxes receivable		32,956		13,108
Inventories (Note 7)		328,743		214,465
Derivative financial instruments (Note 5a)		175		640
Prepaid expenses and other current assets		12,030		11,556
		719,809		548,374
Non-current assets				
Mineral properties, plant and equipment (Note 8)		2,584,684		1,301,002
Inventories (Note 7)		24,429		—
Long-term refundable tax		41,041		70
Deferred tax assets		11,324		12,244
Investment in associates (Note 10)		69,885		70,566
Goodwill and other assets (Note 11)		4,959		5,220
Total Assets	$	3,456,131	$	1,937,476
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 12)	$	218,335	$	131,743
Derivative financial instruments (Note 5a)		—		51
Current portion of provisions (Note 13)		4,190		5,072
Current portion of lease obligations (Note 14)		16,533		5,356
Income tax payable		21,479		8,306
		260,537		150,528
Non-current liabilities				
Long-term portion of provisions (Note 13)		163,249		70,083
Deferred tax liabilities		182,778		148,819
Long-term portion of lease obligations (Note 14)		28,959		1,320
Debt (Note 15)		315,000		—
Deferred revenue (Note 10)		12,573		13,288
Other long-term liabilities (Note 16)		27,859		25,425
Share purchase warrants (Note 10)		14,945		14,664
Total Liabilities		1,005,900		424,127
Equity				
Capital and reserves (Note 17)				
Issued capital		3,119,472		2,321,498
Reserves		94,568		22,573
Investment revaluation reserve		—		208
Deficit		(768,777)		(836,067)
Total Equity attributable to equity holders of the Company		2,445,263		1,508,212
Non-controlling interests		4,968		5,137
Total Equity		2,450,231		1,513,349
Total Liabilities and Equity	$	3,456,131	$	1,937,476

See accompanying notes to the condensed interim consolidated financial statements

APPROVED BY THE BOARD ON NOVEMBER 6, 2019

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

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

	Three months ended September 30,		Nine months ended September 30,[1]	
	2019	2018	**2019**	2018
Revenue (Note 22)	**$ 352,187**	$ 187,717	**$ 946,380**	$ 611,138
Cost of sales (Note 22)				
Production costs (Note 18)	**(204,628)**	(150,597)	**(611,703)**	(379,459)
Depreciation and amortization	**(62,671)**	(37,880)	**(169,618)**	(110,044)
Adjustment on reclassification of held for sale assets (Note 4)	**(15,596)**	—	**(15,596)**	—
Royalties	**(5,442)**	(3,652)	**(18,785)**	(16,072)
	(288,337)	(192,129)	**(815,702)**	(505,575)
Mine operating earnings (loss) (Note 22)	**63,850**	(4,412)	**130,678**	105,563
General and administrative	**(8,237)**	(5,675)	**(21,743)**	(17,199)
Exploration and project development	**(2,066)**	(3,008)	**(9,122)**	(7,629)
Mine care and maintenance	**(6,365)**	—	**(15,654)**	—
Foreign exchange losses	**(6,012)**	(3,140)	**(7,973)**	(9,732)
Gains on commodity and foreign currency contracts (Note 5d)	**170**	1,767	**1,751**	4,406
(Losses) gains on sale of mineral properties, plant and equipment	**(673)**	225	**2,818**	8,029
Share of income (loss) from associate and dilution gain (Note 10)	**79**	(411)	**999**	13,861
Transaction and integration costs (Note 4)	**(2,863)**	—	**(7,712)**	—
Bargain purchase gain (Note 4)	**—**	—	**30,492**	—
Other income (expense)	**1,042**	(273)	**818**	(864)
Earnings (loss) from operations	**38,925**	(14,927)	**105,352**	96,435
Loss on derivatives (Note 5d)	**—**	(238)	**(14)**	(1,018)
Investment income	**36,139**	317	**50,963**	1,144
Interest and finance expense (Note 19)	**(8,256)**	(2,301)	**(20,955)**	(5,834)
Earnings (loss) before income taxes	**66,808**	(17,149)	**135,346**	90,727
Income tax (expense) recovery (Note 23)	**(29,089)**	7,915	**(45,316)**	(15,109)
Net earnings (loss) for the period	**$ 37,719**	$ (9,234)	**$ 90,030**	$ 75,618
Attributable to:				
Equity holders of the Company	**$ 37,657**	$ (9,460)	**$ 89,303**	$ 74,103
Non-controlling interests	**62**	226	**727**	1,515
	$ 37,719	$ (9,234)	**$ 90,030**	$ 75,618
Earnings (loss) per share attributable to common shareholders (Note 20)				
Basic earnings (loss) per share	**$ 0.18**	$ (0.06)	**$ 0.45**	$ 0.48
Diluted earnings (loss) per share	**$ 0.18**	$ (0.06)	**$ 0.45**	$ 0.48
Weighted average shares outstanding (in 000's) Basic	**209,535**	153,301	**198,609**	153,302
Weighted average shares outstanding (in 000's) Diluted	**209,730**	153,485	**198,757**	153,515

See accompanying notes to the condensed interim consolidated financial statements.

(1) Includes amounts recast, and presented, for the six months ended June 30, 2019 as if Timmins had not been classified as held for sale (Note 4).

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

	Three months ended		Nine months ended	
	2019	2018	**2019**	2018
Net earnings (loss) for the period	**$ 37,719**	$ (9,234)	**$ 90,030**	$ 75,618
Items that may be reclassified subsequently to net earnings:				
Unrealized net (losses) gains on short-term investments (Note 5c)	**(1)**	318	**—**	661
Reclassification adjustment for realized gains on short-term	**—**	(164)	**(208)**	(494)
Total comprehensive earnings (loss) for the period	**$ 37,718**	$ (9,080)	**$ 89,822**	$ 75,785
Total comprehensive earnings (loss) attributable to:				
Equity holders of the Company	**$ 37,656**	$ (9,306)	**$ 89,095**	$ 74,270
Non-controlling interests	**62**	226	**727**	1,515
	$ 37,718	$ (9,080)	**$ 89,822**	$ 75,785

See accompanying notes to the condensed interim consolidated financial statements.

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Cash flow from operating activities				
Net earnings (loss) for the period	**$ 37,719**	$ (9,234)	**$ 90,030**	$ 75,618
Current income tax expense (Note 23)	**23,309**	8,160	**55,696**	43,902
Deferred income tax expense (recovery) (Note 23)	**5,780**	(16,075)	**(10,380)**	(28,793)
Interest expense (recovery) (Note 19)	**5,179**	118	**12,117**	(795)
Depreciation and amortization	**62,671**	37,880	**169,618**	110,044
Accretion on closure and decommissioning provision (Note 13)	**2,718**	1,631	**7,320**	4,893
Unrealized losses on foreign exchange	**5,888**	4,538	**7,452**	10,685
Loss (gain) on sale of mineral properties, plant and equipment (Note 8)	**669**	(225)	**(2,818)**	(8,029)
Project development write-down	**—**	—	**1,882**	—
Bargain purchase gain (Note 4)	**—**	—	**(30,492)**	—
Other operating activities (Note 21)	**(26,010)**	23,565	**(34,933)**	(2,100)
Changes in non-cash operating working capital (Note 21)	**(14,894)**	4,184	**(32,690)**	636
Operating cash flows before interest and income taxes	**$ 103,029**	$ 54,542	**$ 232,802**	$ 206,061
Interest paid	**(4,951)**	(424)	**(12,906)**	(1,267)
Interest received	**96**	437	**701**	1,383
Income taxes paid	**(16,226)**	(12,856)	**(68,042)**	(63,129)
Net cash generated from operating activities	**$ 81,948**	$ 41,699	**$ 152,555**	$ 143,048
Cash flow from investing activities				
Payments for mineral properties, plant and equipment	**$ (49,891)**	$ (33,555)	**$ (155,488)**	$ (102,046)
Tahoe Resources Inc. ("Tahoe") acquisition (Note 4)	**—**	—	**(247,479)**	—
Acquisition of mineral interests	**—**	—	**(1,545)**	(7,500)
Net (purchase of) proceeds from short-term investments	**(2)**	(3,520)	**41,576**	(15,534)
Proceeds from sale of mineral properties, plant and equipment	**1,026**	298	**10,164**	15,777
Net proceeds from commodity, diesel fuel swaps, and foreign currency contracts	**1,352**	1,478	**2,151**	1,160
Net cash used in investing activities	**$ (47,515)**	$ (35,299)	**$ (350,621)**	$ (108,143)
Cash flow from financing activities				
Proceeds from issue of equity shares	**$ 1,416**	$ 455	**$ 1,610**	$ 1,081
Distributions to non-controlling interests	**(653)**	(306)	**(914)**	(862)
Dividends paid	**(7,334)**	(5,367)	**(21,995)**	(15,918)
Proceeds from credit facility (Note 15)	**—**	—	**335,000**	—
Repayment of credit facility (Note 15)	**(20,000)**	—	**(145,000)**	—
Repayment of short-term loans	**—**	—	**—**	(3,000)
Payment of equipment leases	**(4,674)**	(2,171)	**(13,544)**	(5,688)
Net cash (used in) generated from financing activities	**$ (31,245)**	$ (7,389)	**$ 155,157**	$ (24,387)
Effects of exchange rate changes on cash and cash equivalents	**(696)**	10	**(888)**	(47)
Net increase (decrease) in cash and cash equivalents	**2,492**	(979)	**(43,797)**	10,471
Cash and cash equivalents at the beginning of the period	**92,221**	187,403	**138,510**	175,953
Cash and cash equivalents at the end of the period	**$ 94,713**	$ 186,424	**$ 94,713**	$ 186,424

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

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

	Attributable to equity holders of the Company							
	Issued shares	Issued capital	Reserves[1]	Investment revaluation reserve	Deficit	Total	Non-controlling interests	Total equity
Balance, December 31, 2017	**153,302,976**	**$ 2,318,252**	**$ 22,463**	**$ 1,605**	**$ (825,470)**	**$ 1,516,850**	**$ 4,201**	**$ 1,521,051**
Impact of adopting IFRS 9	—	—	—	(1,602)	1,602	—	—	—
Balance, January 1, 2018 (restated)	**153,302,976**	**$ 2,318,252**	**$ 22,463**	**$ 3**	**$ (823,868)**	**$ 1,516,850**	**$ 4,201**	**$ 1,521,051**
Total comprehensive earnings								
Net earnings for the year	—	—	—	—	10,294	10,294	1,747	12,041
Other comprehensive income	—	—	—	205	—	205	—	205
	—	—	—	205	10,294	10,499	1,747	12,246
Cancellation of expired shares	(120,339)	—	—	—	178	178	—	178
Shares issued on the exercise of stock options	125,762	1,367	(286)	—	—	1,081	—	1,081
Shares issued as compensation	139,957	1,879	—	—	—	1,879	—	1,879
Share-based compensation on option grants	—	—	396	—	—	396	—	396
Distributions by subsidiaries to non-controlling interests	—	—	—	—	(1,209)	(1,209)	(811)	(2,020)
Dividends paid	—	—	—	—	(21,462)	(21,462)	—	(21,462)
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	—	—	—	—	89,303	89,303	727	90,030
Other comprehensive loss	—	—	—	(208)	—	(208)	—	(208)
	—	—	—	(208)	89,303	89,095	727	89,822
Shares issued on the exercise of stock options	148,652	2,105	(495)	—	—	1,610	—	1,610
Shares issued as compensation	22,335	243	—	—	—	243	—	243
Share-based compensation on option grants	—	—	450	—	—	450	—	450
Tahoe acquisition consideration (Note 4)	55,990,512	795,626	72,040	—	—	867,666	—	867,666
Distributions by subsidiaries to non-controlling interests	—	—	—	—	(18)	(18)	(896)	(914)
Dividends paid	—	—	—	—	(21,995)	(21,995)	—	(21,995)
Balance, September 30, 2019	**209,609,855**	**$ 3,119,472**	**$ 94,568**	**$ —**	**$ (768,777)**	**$ 2,445,263**	**$ 4,968**	**$ 2,450,231**

(1) Includes reserves for share options and contingent value rights ("CVRs") (Note 4).
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	Share option reserve	Investment revaluation reserve	Deficit	Total	Non-controlling interests	Total equity
Balance, December 31, 2017	**153,302,976**	**$ 2,318,252**	**$ 22,463**	**$ 1,605**	**$ (825,470)**	**$ 1,516,850**	**$ 4,201**	**$ 1,521,051**
Impact of adopting IFRS 9	—	—	—	(1,602)	1,602	—	—	—
Balance, January 1, 2018 (restated)	**153,302,976**	**$ 2,318,252**	**$ 22,463**	**$ 3**	**$ (823,868)**	**$ 1,516,850**	**$ 4,201**	**$ 1,521,051**
Total comprehensive earnings								
Net earnings for the period	—	—	—	—	74,103	74,103	1,515	75,618
Other comprehensive income	—	—	—	167	—	167	—	167
	—	—	—	167	74,103	74,270	1,515	75,785
Cancellation of expired shares	(121,439)	—	—	—	178	178	—	178
Shares issued on exercise of stock options	125,762	1,367	(286)	—	—	1,081	—	1,081
Shares issued as compensation	10,338	182	—	—	—	182	—	182
Share-based compensation on option grants	—	—	283	—	—	283	—	283
Distributions by subsidiaries to non-controlling interests	—	—	—	—	(50)	(50)	(812)	(862)
Dividends paid	—	—	—	—	(16,096)	(16,096)	—	(16,096)
Balance, September 30, 2018	**153,317,637**	**$ 2,319,801**	**$ 22,460**	**$ 170**	**$ (765,733)**	**$ 1,576,698**	**$ 4,904**	**$ 1,581,602**

See accompanying notes to the condensed interim consolidated financial statements.

(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 September 30, 2019, the Company's Escobal mine in Guatemala continues to be on care and maintenance pending satisfactory completion of an ILO 169 consultation process led by the Ministry of Energy and Mines in Guatemala.

Principal subsidiaries:

The principal subsidiaries, including those from the Tahoe Acquisition (Note 4), of the Company and their geographic locations at September 30, 2019 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, 2018.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2018, except for the following:

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 - *Leases and its associated interpretative guidance*, including IFRIC 4 and SIC 15. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a non-lease component on the basis of whether the customer controls the specific asset. For those contracts that are or contain a lease, IFRS 16 introduces significant changes for lessees to the accounting for contracts that are or contain a lease, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases less than 12 months in duration or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15.

The Company has applied IFRS 16 using the modified retrospective approach from January 1, 2019 and has elected to record the transition date right-of-use assets at amounts equal to the present value of the minimum lease payments, on a lease by lease basis. Short-term and low-value recognition exemptions were applied, as well as certain practical expedients allowing for the use of hindsight to assess the lease term for contracts with extension options, the exclusion of initial direct costs from measurement of the Right-of-Use-Assets ("ROU Assets") and the exclusion of leases with a term of less than one year remaining at the transition date.

Policy applicable from January 1, 2019

Lease Definition

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. The Company has the right to control an identified asset if it obtains substantially all of its economic benefits and either pre-determines, or directs how and for what purpose the asset is used.

Measurement of ROU Assets and Lease Obligations

At lease commencement, the Company recognizes a ROU Asset and a lease obligation. The ROU Asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU Asset is subsequently amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Company's property, plant and equipment. The ROU Asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date, discounted using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease obligation, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise.

The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU Asset.

Recognition Exemptions

The Company has elected not to recognize ROU Assets and lease obligations for short-term leases that have a lease term of twelve months or less or for leases of low-value assets. Payments associated with these leases are recognized as an operating expense on a straight-line basis over the lease term within costs and expenses on the consolidated income statement.

Leases

The Company's leased assets include land, buildings, vehicles, and machinery and equipment with a carrying value of $48.9 million at September 30, 2019. Effective January 1, 2019, the Company adopted IFRS 16 as outlined in Note 14, recognizing $21.4 million of ROU assets, $18.9 million of lease obligations and deferred tax assets/liabilities of $nil.

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.

4. TAHOE ACQUISITION

On February 22, 2019, the Company completed the acquisition of 100% of the issued and outstanding shares of Tahoe (the "Acquisition"). Each Tahoe shareholder had the right to elect to receive either $3.40 in cash (the "Cash Election") or 0.2403 of a Common Share (the "Share Election") for each Tahoe share, subject in each case to pro-ration based on a maximum cash consideration of $275 million and a maximum number of Common Shares issued of 56.0 million. Tahoe shareholders who did not make an election by the election deadline were deemed to have made the Share Election. Holders of 23,661,084 Tahoe shares made the Cash Election and received all cash consideration in the amount of $3.40 per Tahoe share. The holders of 290,226,406 Tahoe shares that made or were deemed to have made, the Share Election were subject to pro-ration, and received consideration of approximately $0.67 in cash and 0.1929 of a Common Share per Tahoe share.

In addition, Tahoe shareholders received contingent consideration in the form of one CVR for each Tahoe share. Each CVR will be exchanged for 0.0497 of a Common Share upon the first commercial shipment of concentrate following restart of operations at the Escobal mine (the "First Shipment"). The CVRs are transferable and have a term of 10 years. The First Shipment contingency is a discrete event upon which a fixed number of Common Shares will be issued. As there is no variability in the number of shares to be issued if the contingency is met the Company has concluded that the CVR consideration meets the 'fixed-for-fixed' requirement in IAS 32 - *Financial Instruments: Presentation*. As such the CVRs are classified as a component of equity, recognized initially at fair value with no remeasurement, and any subsequent settlement to be accounted for within equity.

As a result of the Acquisition, the Company paid $275 million in cash, issued 55,990,512 Common Shares, and issued 313,887,490 CVRs. After this share issuance, Pan American shareholders owned approximately 73%, while former Tahoe shareholders owned approximately 27% of the shares of the combined company. The Company has determined that this transaction represents a business combination with Pan American identified as the acquirer. Based on the February 21, 2019 closing share price of Common Shares, the total consideration of the Acquisition is approximately $1.1 billion. The Company began consolidating the operating results, cash flows and net assets of Tahoe from February 22, 2019 onwards.

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

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: Timmins West and Bell Creek in Canada; La Arena and Shahuindo in Peru; and Escobal in Guatemala (the "Acquired Mines"). The Escobal mine's operations have been suspended since June 2017.

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

Consideration:	Shares Issued	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 share (based on the NASDAQ closing price on February 21, 2019).
2. Assumed fair value of the CVRs is based on the residual amount of the value of the Tahoe Shares acquired (based on the NYSE closing price closing of $3.64 on February 21, 2019) after deducting the cash consideration of $275 million and the fair value of the Company's share consideration paid (based on the February 21, 2019 Nasdaq closing price of $14.21).
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 date, the assumptions of which are described in the Company's Q1 2019 Financial Statements.

Share price at February 21, 2019 (Canadian dollars, "CAD")	$	19.01
Exercise price	$	11.67 - 97.26
Expected volatility		0.4075
Expected life (years)		0.2 - 1.0
Expected dividend yield		0.78 %
Risk-free interest rate		0.93 %
Fair value (CAD)	$	163,273.36
CAD to USD exchange rate at December 31, 2018	$	0.7578
Fair value (USD)	$	123,729.43

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

Allocation of consideration:	Consideration
Cash and cash equivalents	$ 27,529
Accounts receivable	17,854
VAT Receivable	87,268
Inventory	152,534
Other current assets	4,135
Mineral properties, plant and equipment	1,298,037
Other assets	3,450
Accounts payable and accrued liabilities	(159,675)
Provision for closure and decommissioning liabilities	(70,119)
Debt	(125,000)
Net current and deferred income tax liabilities	(62,847)
Bargain purchase gain	(30,492)
	$ 1,142,674

As at September 30, 2019, the allocation of the purchase price had not been finalized. The Company is currently in the process of determining the fair values of identifiable assets acquired and liabilities assumed and measuring the associated deferred income tax assets and liabilities and will finalize the allocation of the purchase price no later than February 21, 2020.

Held for Sale Assets

Concurrent with the Acquisition, the Company formally initiated an active program to locate a buyer of Lake Shore Gold Inc. ("Lake Shore"), a subsidiary acquired by the Company as part of the Acquisition. Lake Shore's principal assets are the Bell Creek and Timmins mines (collectively, "Timmins"). Based on management's assessment of the Company's sales process, it was determined that Lake Shore met the criteria, under IFRS 5 - *Non-current assets held for sale and discontinued operations,* to be a discontinued operation to be classified as held for sale upon acquisition. As such, upon the Acquisition and prior to the third quarter of 2019, the assets and liabilities of Timmins were presented separately under current assets and current liabilities on the Company's consolidated balance sheet. Further, the Timmins' net income after tax was presented as a single and separate item on the Company's consolidated income statement.

A change in Management's intentions related to the sale of Timmins during Q3 2019 resulted in the Company no longer meeting the IFRS criteria to classify Timmins as held for sale. As a result, the Timmins assets and liabilities are no longer presented separately on the Company's September 30, 2019 balance sheet and the net income generated by Timmins for the three and nine months are reflected on the Company's income statements in the normal course. The reclassification of Timmins described above resulted in the Company no longer being required to present long-term assets and liabilities as current, which was required while classified as held for sale. As such these long term assets and liabilities are included in the long term portion of the Company's September 30, 2019 balance sheet.

Upon reclassification, during the three and nine months ended September 30, 2019, the Company recorded a charge of $15.6 million equivalent to the depreciation that would have been recognized during the six months ended June 30, 2019 if Timmins had not been 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)

The below table presents the condensed interim consolidated income statement for the six months ended June 30, 2019 as if the assets had not been classified as held for sale:

	As Reported	Recast	Change
Revenue	$ 515,591	$ 594,193	$ 78,602
Cost of sales			
Production costs	(343,857)	(407,075)	(63,218)
Depreciation and amortization	(106,947)	(106,947)	—
Royalties	(11,453)	(13,343)	(1,890)
	(462,257)	(527,365)	(65,108)
Mine operating earnings	53,334	66,828	13,494
General and administrative	(13,506)	(13,506)	—
Exploration and project development	(6,079)	(7,056)	(977)
Mine care and maintenance	(9,289)	(9,289)	—
Foreign exchange losses	(2,148)	(1,961)	187
Gains on commodity and foreign currency contracts	1,581	1,581	—
Gains on sale of mineral properties, plant and equipment	3,487	3,491	4
Share of income from associate and dilution gain	920	920	—
Transaction and integration costs	(4,849)	(4,849)	—
Bargain purchase gain	30,492	30,492	—
Other expense	(243)	(224)	19
Earnings from operations	53,700	66,427	12,727
Loss on derivatives	(14)	(14)	—
Investment income	14,816	14,824	8
Interest and finance expense	(12,669)	(12,699)	(30)
Earnings before income taxes	55,833	68,538	12,705
Income tax expense	(16,227)	(16,227)	—
Net earnings from continuing operations	39,606	52,311	12,705
Net earnings from discontinued operations	12,705	—	(12,705)
Net earnings for the period	$ 52,311	$ 52,311	$ —

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

5. FINANCIAL INSTRUMENTS

a) Financial assets and liabilities by categories

September 30, 2019	Amortized cost	FVTPL	FVTOCI	Total
Financial Assets:				
Cash and cash equivalents	$ 94,713	$ —	$ —	$ 94,713
Trade receivables from provisional concentrates sales[1]	—	61,005	—	61,005
Receivable not arising from sale of metal concentrates[1]	99,576	—	—	99,576
Short-term investments, equity securities	—	81,794	—	81,794
Short-term investments, other than equity securities	—	—	516	516
Derivative financial assets	—	175	—	175
	$ 194,289	$ 142,974	$ 516	$ 337,779

(1) Included in Trade and other receivables.

December 31, 2018	Amortized cost	FVTPL	FVTOCI	Total
Financial Assets:				
Cash and cash equivalents	$ 138,510	$ —	$ —	$ 138,510
Trade receivables from provisional concentrates sales[1]	—	40,803	—	40,803
Receivable not arising from sale of metal concentrates[1]	40,918	—	—	40,918
Short-term investments, equity securities	—	19,178	—	19,178
Short-term investments, other than equity securities	—	—	54,826	54,826
Derivative financial assets	—	640	—	640
	$ 179,428	$ 60,621	$ 54,826	$ 294,875
Financial Liabilities:				
Derivative financial liabilities	$ —	$ 51	$ —	$ 51
	$ —	$ 51	$ —	$ 51

(1) Included in Trade and other receivables.

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

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 net gains (losses) from short-term investments in equity securities for the three and nine months ended September 30, 2019 and 2018 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Unrealized net gains (losses) on short-term investments, equity securities	**$ 35,713**	$ (287)	**$ 50,087**	$ (1,010)
Realized net losses on short-term investments, equity securities	**—**	—	**—**	(49)
	$ 35,713	$ (287)	**$ 50,087**	$ (1,059)

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

The Company's short-term investments other than equity securities are recorded at fair value through other comprehensive income. The unrealized gains (losses) from short-term investments other than equity securities for the three and nine months ended September 30, 2019 and 2018 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Unrealized net (losses) gains on short-term investments, other than equity securities	**$ (1)**	$ 318	**$ —**	$ 661
Reclassification adjustment for realized gains on short-term investments, other than equity securities	**—**	(164)	**(208)**	(494)
	$ (1)	$ 154	**$ (208)**	$ 167

d) Derivative instruments

The Company's derivative financial instruments are comprised of foreign currency and commodity contracts. The net gains (losses) on derivatives for the three and nine months ended September 30, 2019 and 2018 were comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Gains on foreign currency and commodity contracts:				
Realized gains on foreign currency and commodity contracts	**$ 1,351**	$ 1,478	**$ 2,150**	$ 1,160
Unrealized (losses) gains on foreign currency and commodity contracts	**(1,181)**	289	**(399)**	3,246
	$ 170	$ 1,767	**$ 1,751**	$ 4,406
Loss on derivatives:				
Loss on warrants	**$ —**	$ (238)	**$ (14)**	$ (1,018)

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

e) Fair value information

i) Fair Value Measurement

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

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

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

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

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

	At September 30, 2019		At December 31, 2018	
	Level 1	Level 2	Level 1	Level 2
Assets and Liabilities:				
Short-term investments	**$ 82,310**	**$ —**	$ 74,004	$ —
Trade receivables from provisional concentrate sales	**—**	**61,005**	—	40,803
Derivative financial assets	**—**	**175**	—	640
Derivative financial liabilities	**—**	**—**	—	(51)
	$ 82,310	**$ 61,180**	$ 74,004	$ 41,392

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, 2018.

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. Derivative instruments are classified within Level 2 of the fair value hierarchy.

Receivables from Provisional Concentrate Sales

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

f) Financial Instruments and related risks

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

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

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

i) Credit Risk

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

The Company has long-term concentrate contracts to sell the zinc, lead, copper and silver concentrates produced by the Huaron, Morococha, San Vicente and La Colorada mines. Concentrate contracts are a common business practice in the mining industry. The terms of the concentrate contracts may require the Company to deliver concentrate that has a value greater than the payment received at the time of delivery, thereby introducing the Company to credit risk of the buyers of concentrates. Should any of these counterparties not honour supply arrangements, or should any of them become insolvent, the Company may incur losses for products already shipped and be forced to sell its concentrates on the spot market or it may not have a market for its concentrates and therefore its future operating results may be materially adversely impacted. At September 30, 2019, the Company had receivable balances associated with buyers of its concentrates of $61.0 million (December 31, 2018 - $40.8 million). The vast majority of the Company's concentrate is sold to five well-known concentrate buyers.

Doré production from La Colorada, Dolores, Manantial Espejo, Shahuindo, La Arena, Bell Creek and Timmins is refined under long term agreements with fixed refining terms at four separate refineries worldwide. The Company generally retains the risk and title to the precious metals throughout the process of refining and therefore is exposed to the risk that the refineries will not be able to perform in accordance with the refining contract and that the Company may not be able to fully recover precious metals in such circumstances. At September 30, 2019, the Company had approximately $66.1 million (December 31, 2018 - $19.7 million) of value contained in precious metal inventory at refineries. The Company maintains insurance coverage against the loss of precious metals at the Company's mine sites, in-transit to refineries and while at the refineries.

The Company maintains trading facilities with several banks and bullion dealers for the purposes of transacting the Company's metal sales. None of these facilities are subject to margin arrangements. The Company's trading activities can expose the Company to the credit risk of its counterparties to the extent that the trading positions have a positive mark-to-market value. However, the Company minimizes this risk by ensuring there is no excessive concentration of credit risk with any single counterparty, by active credit management and monitoring.

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

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

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

ii) Liquidity Risk

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

There was no significant change to the Company's exposure to liquidity risk during the three and nine months ended September 30, 2019.

iii) Market Risk

1. **Currency Risk**

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

   At September 30, 2019, the Company had outstanding positions on its foreign currency exposure of Mexican peso ("MXN") purchases. The Company recorded losses of $0.4 million and gains of $0.5 million, respectively, on MXN derivative contracts for the three and nine months ended September 30, 2019 (2018 - gains of $nil and $0.1 million, respectively).

2. **Interest Rate Risk**

   Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The average interest rate earned by the Company during the three and nine months ended September 30, 2019 on its cash and short-term investments was 0.66% and 0.94%, respectively (2018 - 0.99% and 0.87%, respectively).

   At September 30, 2019, the Company had $315.0 million in amounts drawn on its secured revolving credit facility (the "Credit Facility"), which had an average interest rate of 4.3%. There were no amounts drawn on the Credit Facility in 2018.

   At September 30, 2019, the Company had $45.5 million in lease obligations (December 31, 2018 - $6.7 million), that are subject to an annualized interest rate of 9.0% (2018 - 2.2%).

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 silver prices, the Company's current policy is to not hedge the price of silver and gold.

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The Company mitigates the price risk associated with its base metal production by committing some of its forecasted base metal production from time to time under forward sales and option contracts. The Board of Directors continually assesses the Company's strategy towards its base metal exposure, depending on market conditions. At September 30, 2019, the Company had outstanding contracts to sell some of its base metals production.

6. SHORT-TERM INVESTMENTS

	September 30, 2019			December 31, 2018		
	Fair Value	**Cost**	**Accumulated unrealized holding gains**	Fair Value	Cost	Accumulated unrealized holding gains
Short-term investments	**$ 82,310**	**$ 33,950**	**$ 48,360**	$ 74,004	$ 73,796	$ 208

7. INVENTORIES

Inventories consist of:

	September 30, 2019	December 31, 2018
Concentrate inventory	**$ 18,973**	$ 19,286
Stockpile ore (1)	**29,660**	3,945
Heap leach inventory and in process (2)	**147,368**	113,199
Doré and finished inventory (3)	**68,170**	30,736
Materials and supplies	**89,001**	47,299
Total inventories	**$ 353,172**	$ 214,465
Less: current portion of inventories	**$ (328,743)**	$ (214,465)
Non-current portion of inventories(4)	**$ 24,429**	$ —

(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 September 30, 2019 (December 31, 2018 – $11.2 million at Manantial Espejo and Dolores mines).

(2) Includes an impairment charge of $39.9 million to reduce the cost basis of inventory to NRV at Manantial Espejo and Dolores mines at September 30, 2019 (December 31, 2018 - $28.9 million at Manantial Espejo and Dolores mines).

(3) Includes an impairment charge of $2.4 million to reduce the cost basis of inventory to NRV at Manantial Espejo and Dolores mines at September 30, 2019. (December 31, 2018 - $7.5 million at Manantial Espejo and Dolores mines).

(4) Inventories at Escobal mine, which include $17.1 million in supplies with the remainder attributable to metals, have been classified as non-current pending the restart of operations.

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8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment consist of:

	September 30, 2019			December 31, 2018		
	Cost	**Accumulated Depreciation and Impairment**	**Carrying Value**	Cost	Accumulated Depreciation and Impairment	Carrying Value
Huaron mine, Peru	**$ 215,254**	**$ (122,816)**	**$ 92,438**	$ 207,360	$ (114,288)	$ 93,072
Morococha mine, Peru	**255,756**	**(160,379)**	**95,377**	243,603	(149,120)	94,483
Alamo Dorado mine, Mexico	**71,724**	**(71,724)**	**—**	126,960	(126,960)	—
La Colorada mine, Mexico	**311,904**	**(137,586)**	**174,318**	301,706	(121,940)	179,766
Dolores mine, Mexico	**1,588,782**	**(1,059,533)**	**529,249**	1,529,751	(981,948)	547,803
Manantial Espejo mine, Argentina	**366,612**	**(367,587)**	**(975)**	367,105	(362,293)	4,812
San Vicente mine, Bolivia	**140,524**	**(93,736)**	**46,788**	137,394	(86,663)	50,731
Mines acquired with Tahoe	**907,326**	**(73,332)**	**833,994**	—	—	—
Other	**27,694**	**(17,164)**	**10,530**	23,994	(16,265)	7,729
Total producing properties	**$ 3,885,576**	**$ (2,103,857)**	**$ 1,781,719**	$ 2,937,873	$ (1,959,477)	$ 978,396
Land and Non-Producing Properties:						
Land	**$ 37,421**	**$ (1,096)**	**$ 36,325**	$ 4,677	$ (1,096)	$ 3,581
Navidad project, Argentina	**566,577**	**(376,101)**	**190,476**	566,577	(376,101)	190,476
Minefinders projects, Mexico	**83,079**	**(36,975)**	**46,104**	91,362	(36,975)	54,387
Morococha, Peru	**7,213**	**—**	**7,213**	9,674	—	9,674
Argentine projects	**95,736**	**(25,298)**	**70,438**	69,774	(24,939)	44,835
Non-producing properties acquired with Tahoe	**432,504**	**(1,577)**	**430,927**	—	—	—
Other	**33,148**	**(11,666)**	**21,482**	30,908	(11,255)	19,653
Total non-producing properties	**$ 1,255,678**	**$ (452,713)**	**$ 802,965**	$ 772,972	$ (450,366)	$ 322,606
Total mineral properties, plant and equipment	**$ 5,141,254**	**$ (2,556,570)**	**$ 2,584,684**	$ 3,710,845	$ (2,409,843)	$ 1,301,002

9. IMPAIRMENT OF MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Based on the Company's assessment with respect to possible indicators of either impairment or reversal of previous impairments to its mineral properties, the Company concluded that as of September 30, 2019, no such indicators were noted, and no impairment charges or impairment charge reversals were required.

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10. INVESTMENT IN ASSOCIATES

	September 30, 2019	December 31, 2018
Investment in Maverix Metals Inc. ("Maverix")(2)	**$ 69,885**	$ 69,116
Investment in other(1)	**—**	1,450
	$ 69,885	$ 70,566

(1) The Company sold its interest in an equity investee for $5 million in May 2019 resulting in a gain of $3.6 million recorded in gains (losses) on sale of mineral, properties, plant and equipment on the Condensed Interim Consolidated Income Statements.
(2) The following table shows a continuity of the Company's investment in Maverix:

	2019	2018
Balance of investment in Maverix, January 1,	**$ 69,116**	$ 53,567
Dilution (losses) gains	**(122)**	13,288
Adjustment for change in ownership interest	**(230)**	1,870
Income from associate	**1,121**	573
Balance of investment in Maverix, September 30,	**$ 69,885**	$ 69,298

Investment in Maverix:

The Company's warrant liability representing in substance ownership interest in Maverix was $14.9 million as at September 30, 2019 (December 31, 2018 - $14.7 million). The Company's share of Maverix income or loss was recorded, based on its 28% interest for the nine months ended September 30, 2019 (2018 - 40%), 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 liability recognized by the Company is the portion of the deferred revenue to be paid to Maverix owners other than Pan American through its ownership in Maverix.

The deferred revenue related to the Streams will be recognized as revenue by Pan American as the gold ounces are delivered to Maverix. As at September 30, 2019, the deferred revenue liability was $12.6 million (December 31, 2018 - $13.3 million).

The Company recognized $0.1 million and $0.5 million during the three and nine months ended September 30, 2019, respectively (2018 - $0.1 million and $0.4 million, respectively), for the delivery of 991 and 2,580 ounces (2018 - 1,224 and 2,859 ounces, respectively) from La Colorada to Maverix. All transactions with Maverix were in the normal course and measured at exchange amounts, which were the amounts of consideration established and agreed to by the Company and Maverix.

Income Statement Impacts:

The Company recognized $0.1 million in dilution losses during both the three and nine months ended September 30, 2019 (2018 - losses of $0.1 million and gains of $13.3 million, respectively). Dilution gains and losses are recorded in share of income from associate and dilution gain.

For the three and nine months ended September 30, 2019, the Company also recognized its share of income from associate of $0.1 million and $1.1 million, respectively, (2018 - loss of $0.2 million and income of $0.6 million, respectively) which represents the Company's proportionate share of Maverix's income during the period.

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11. GOODWILL AND OTHER ASSETS

Other assets consist of:

	September 30, 2019	December 31, 2018
Goodwill	$ 3,057	$ 3,057
Other assets	1,902	2,163
	$ 4,959	$ 5,220

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	September 30, 2019	December 31, 2018
Trade accounts payable(1)	$ 76,198	$ 52,201
Royalties payable	16,219	2,004
Other accounts payable and trade related accruals	48,655	32,896
Payroll and related benefits	43,516	26,817
Severance accruals	2,723	1,791
Refundable tax payable	8,190	4,044
Other taxes payable	22,834	11,990
	$ 218,335	$ 131,743

(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.

13. PROVISIONS

	Closure and Decommissioning	Litigation	Total
December 31, 2018	$ 70,587	$ 4,568	$ 75,155
Revisions in estimates and obligations incurred	15,389	—	15,389
Acquired from Tahoe (Note 4)	70,267	261	70,528
Charged (credited) to earnings:			
-new provisions	—	1,763	1,763
-change in estimate	—	(245)	(245)
-exchange gains on provisions	—	(317)	(317)
Charged in the year	—	(340)	(340)
Reclamation expenditures	(1,814)	—	(1,814)
Accretion expense (Note 19)	7,320	—	7,320
September 30, 2019	**$ 161,749**	**$ 5,690**	**$ 167,439**

Maturity analysis of total provisions:	September 30, 2019	December 31, 2018
Current	$ 4,190	$ 5,072
Non-Current	163,249	70,083
	$ 167,439	$ 75,155

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

14. LEASES

a. ROU Assets

The following table summarizes changes in ROU Assets for the nine months ended September 30, 2019 which have been recorded in mineral properties, plant and equipment on the Condensed Interim Consolidated Statements of Financial Position:

	September 30, 2019
Cost	
Balance, January 1, 2019[(1)]	**$ 34,983**
Additions after January 1, 2019	**31,560**
Assets acquired from Tahoe (Note 4) [(2)]	**8,520**
Transfer out	**(12,524)**
Balance, September 30, 2019	**62,539**
Accumulated Depreciation	
Balance at January 1, 2019	**(4,780)**
Amortization	**(13,278)**
Transfer out	**4,410**
Balance, September 30, 2019	**(13,648)**
Carrying Amounts	
At January 1, 2019	**30,203**
At September 30, 2019	**$ 48,891**

(1) Includes $21.4 million in newly recognized ROU assets.

(2) Includes $4.6 million in leases previously classified as assets held for sale (Note 4).

b. Lease obligations

The following table presents a reconciliation of the Company's undiscounted cash flows at September 30, 2019 and December 31, 2018 to their present value for the Company's lease obligations:

	September 30, 2019	December 31, 2018
Within one year	**$ 17,640**	$ 5,488
Between one and five years	**26,295**	1,335
Beyond five years	**22,281**	—
Total undiscounted lease obligations	**66,216**	6,823
Less future interest charges	**(20,724)**	(147)
Total discounted lease obligations	**45,492**	6,676
Less: current portion of lease obligations	**(16,533)**	(5,356)
Non-current portion of lease obligations	**$ 28,959**	$ 1,320

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

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied is 9.0% (December 31, 2018 - 2.2%).

The following table reconciles the Company's lease commitments disclosed in the consolidated financial statements as at and for the year ended December 31, 2018, to the lease obligations recognized on initial application of IFRS 16:

Operating lease commitments at December 31, 2018	$	19,260
Discounted using the incremental borrowing rate at January 1, 2019		(2,819)
Recognition exemptions for short-term and low-value leases		(455)
Variable payments not included in lease liabilities		(233)
Lease obligations recognized at January 1, 2019 related to operating lease commitments at December 31, 2018	$	15,753

15. DEBT

	September 30, 2019	December 31, 2018
Credit Facility	$ 315,000	$ —

The Company's four-year, $300.0 million secured revolving credit facility, which was due to mature on April 15, 2020, was increased to $400.0 million on February 1, 2019, and increased to $500.0 million on February 22, 2019, with maturity on February 1, 2023, and resulted in additional upfront costs of $2.0 million. These amendments were made as part of the Tahoe Acquisition.

The upfront costs have been recorded as an asset under the classification "Prepaid expenses and other current assets" and are being amortized over the life of the Credit Facility. The Credit Facility can be drawn down at any time to finance the Company's working capital requirements, acquisitions, investments and for general corporate purposes.

The financial covenants required the Company to maintain a tangible net worth (exclusive of any prospective write-downs of certain assets) of greater than $1,036.4 million plus 50% of the positive net income from and including the fiscal quarter ended March 31, 2016. As part of the amendment, after March 31, 2019, the financial covenants require the Company to maintain a minimum tangible net worth (exclusive of any prospective write-downs of certain assets) of greater than 70% of its tangible net worth as of March 31, 2019 plus 50% of positive net income from and including the fiscal quarter ended June 30, 2019. In addition, the financial covenants continue to include the requirement for the Company to maintain: (i) a leverage ratio less than or equal to 3.5:1; and (ii) an interest coverage ratio more than or equal to 3.0:1. As of September 30, 2019, 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. The Credit Facility remained undrawn in 2018. During the nine months ended September 30, 2019, the Company drew down $335 million, and repaid $20 million, under the Credit Facility, under LIBOR-based interest rates, to fund, in part, the cash purchase price under the Tahoe arrangement and to repay, in full, and cancel Tahoe's second amended and restated revolving facility, under which $125 million had been drawn.

During the nine months ended September 30, 2019, the average interest rate incurred by the Company on the Credit Facility was 4.3%. The Credit Facility was not drawn in 2018. During the three and nine months ended September 30, 2019, the Company incurred $0.2 million and $0.7 million, respectively (2018 - $0.4 million and $

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0.7 million, respectively) in standby charges on undrawn amounts and $3.1 million and $8.5 million, respectively (2018 - $nil and $nil, respectively) in interest on drawn amounts under this Facility.

16. OTHER LONG TERM LIABILITIES

Other long term liabilities consist of:

	September 30, 2019	December 31, 2018
Deferred credit[1]	**$ 20,788**	$ 20,788
Other income tax payable	**149**	227
Severance accruals	**6,922**	4,410
	$ 27,859	$ 25,425

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.

17. SHARE CAPITAL AND EMPLOYEE COMPENSATION PLANS

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

For the three and nine months ended September 30, 2019 the total share-based compensation expense relating to stock options and Compensation Shares was $1.1 million and $3.1 million, respectively (2018 - $1.0 million and $3.1 million, respectively) and is presented as a component of general and administrative expense.

i. Stock options

During the three and nine months ended September 30, 2019, the Company granted nil and nil, stock options, respectively (2018 – nil and nil, respectively).

During the three and nine months ended September 30, 2019, the Company issued 128,010 and 148,652 common shares, respectively, in connection with the exercise of options (2018 – 53,666 and 125,762 common shares, respectively).

ii. Replacement options

Following completion of the Acquisition (Note 4), the Company issued 835,874 replacement options to eligible Tahoe option holders. These replacement options were fully vested with 12 months of remaining contractual life upon issuance and various exercise prices between CAD $20.52 and CAD $97.26.

iii. Compensation shares

During both the three and nine months ended September 30, 2019, 22,335 shares were issued to Directors in lieu of Directors fees of $0.2 million (2018 – 10,338 common shares in lieu of fees of $0.2 million).

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The following table summarizes changes in stock options for the nine months ended September 30, 2019 and year ended December 31:

	Stock Options		
	Shares		Weighted Average Exercise Price CAD$
As at December 31, 2017	936,123	$	16.56
Granted	149,163		17.53
Exercised	(125,762)		11.14
Expired	(211,614)		24.90
Forfeited	(49,523)		19.49
As at December 31, 2018	698,387	$	15.00
Granted pursuant to the Tahoe Acquisition (Note 4)	**835,874**		**48.47**
Exercised	**(148,652)**		**14.41**
Expired	**(119,124)**		**60.23**
Forfeited	**(27,798)**		**34.00**
As at September 30, 2019	**1,238,687**	**$**	**32.88**

The following table summarizes information about the Company's stock options outstanding at September 30, 2019:

	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 - $23.61	**571,015**	**47.10**	**$**	**15.13**	**379,609**	**$**	**13.80**
$23.62 - $35.21	**130,973**	**4.97**	**$**	**27.91**	**130,973**	**$**	**27.91**
$35.22 - $46.53	**186,696**	**7.10**	**$**	**41.71**	**186,696**	**$**	**41.71**
$46.54 - $54.15	**198,627**	**4.86**	**$**	**51.68**	**198,627**	**$**	**51.68**
$54.16 - $97.26	**151,376**	**5.25**	**$**	**68.56**	**151,376**	**$**	**68.56**
	1,238,687	**24.73**	**$**	**32.88**	**1,047,281**	**$**	**35.64**

b. PSUs

Compensation expense for PSUs was $0.5 million and $0.9 million, respectively, for the three and nine months ended September 30, 2019 (2018 - $0.5 million, and $1.2 million, respectively) and is presented as a component of general and administrative expense.

At September 30, 2019, the following PSUs were outstanding:

PSU	Number Outstanding		Fair Value
As at December 31, 2017	166,344	$	2,611
Granted	117,328		1,532
Paid out	(73,263)		(1,528)
Change in value	—		476
As at December 31, 2018	**210,409**	**$**	**3,091**
Change in value	**—**		**233**
As at September 30, 2019	**210,409**	**$**	**3,324**

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

c. RSUs

Compensation expense for RSUs was $0.6 million and $1.5 million, respectively, for the three and nine months ended September 30, 2019 (2018 – $nil and $1.3 million, respectively) and is presented as a component of general and administrative expense.

At September 30, 2019, the following RSUs were outstanding:

RSU	Number Outstanding	Fair Value
As at December 31, 2017	262,013	$ 4,098
Granted	244,961	3,207
Paid out	(156,715)	(2,181)
Forfeited	(21,436)	(313)
Change in value	—	(1,187)
As at December 31, 2018	**328,823**	**$ 3,624**
Forfeited	**(10,023)**	**(157)**
Change in value	**—**	**1,557**
As at September 30, 2019	**318,800**	**$ 5,024**

d. Issued share capital

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

e. Dividends

The Company declared the following dividends for the nine months ended September 30, 2019 and 2018:

Declaration Date	Record Date	Dividend per common share
November 6, 2019 (1)	November 19, 2020	$ 0.035
August 7, 2019	August 19, 2019	$ 0.035
May 8, 2019	May 20, 2019	$ 0.035
February 20, 2019	March 4, 2019	$ 0.035
August 8, 2018	August 20, 2018	$ 0.035
May 9, 2018	May 22, 2018	$ 0.035
February 20, 2018	March 5, 2018	$ 0.035

(1) These dividends were declared subsequent to the quarter ended September 30, 2019 and have not been recognized as distributions to owners during the period presented.

f. CVRs

The Company issued 313,887,490 CVRs as part of the Tahoe Acquisition, which are convertible into 15,600,208 common shares following the First Shipment upon the restart of operations at the Escobal mine (Note 4).

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

18. PRODUCTION COSTS

Production costs are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Consumption of raw materials and consumables	**$ 77,757**	$ 48,265	**$ 223,138**	$ 136,042
Employee compensation and benefits expense	**78,998**	45,151	**196,913**	128,029
Contractors and outside services	**20,941**	20,636	**79,795**	65,354
Utilities	**12,129**	7,659	**30,550**	18,449
Other expenses	**15,498**	6,929	**42,220**	23,830
Changes in inventories [(1)(2)]	**(695)**	21,957	**39,087**	7,755
	$ 204,628	$ 150,597	**$ 611,703**	$ 379,459

(1) Includes NRV adjustments to inventory to reduce production costs by $6.7 million and reduce production costs by $0.8 million for the three and nine months ended September 30, 2019 (2018 - increase by $23.4 million and $11.1 million, respectively).

(2) Includes fair value increases recognized on the Acquisition of select Tahoe inventories of $12.8 million and $41.7 million, respectively, for the three and nine months ended September 30, 2019. There was no comparable amount recorded in 2018.

19. INTEREST AND FINANCE EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Interest expense	**$ 5,179**	$ 118	**$ 12,117**	$ (795)
Finance fees	**359**	552	**1,518**	1,736
Accretion expense (Note 13)	**2,718**	1,631	**7,320**	4,893
	$ 8,256	$ 2,301	**$ 20,955**	$ 5,834

20. EARNINGS PER SHARE (BASIC AND DILUTED)

For the three months ended September 30,	2019			2018		
	Earnings (Numerator)	**Shares (000's) (Denominator)**	**Per-Share Amount**	Earnings (Numerator)	Shares (000's) (Denominator)	Per-Share Amount
Net earnings (loss) [(1)]	**$ 37,657**			$ (9,460)		
Basic earnings per share	**$ 37,657**	**209,535**	**$ 0.18**	$ (9,460)	153,301	$ (0.06)
Effect of Dilutive Securities:						
Stock Options	**—**	**195**		—	184	
Diluted earnings per share	**$ 37,657**	**209,730**	**$ 0.18**	$ (9,460)	153,485	$ (0.06)

(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 nine months ended September 30,	2019			2018		
	Earnings (Numerator)	Shares (000's) (Denominator)	Per-Share Amount	Earnings (Numerator)	Shares (000's) (Denominator)	Per-Share Amount
Net earnings [1]	$ 89,303			$ 74,103		
Basic earnings per share	$ 89,303	198,609	$ 0.45	$ 74,103	153,302	$ 0.48
Effect of Dilutive Securities:						
Stock Options	—	148		—	213	
Diluted earnings per share	$ 89,303	198,757	$ 0.45	$ 74,103	153,515	$ 0.48

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

Potentially dilutive securities excluded in the diluted earnings per share calculation for the three and nine months ended September 30, 2019 were 713,377 and 716,931 out-of-the-money options and CVRs potentially convertible into 15,600,208 common shares (Note 4), respectively (2018 – 266,068 and 266,068 out-of-the-money options, respectively).

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 September 30,		Nine months ended September 30,	
Other operating activities	**2019**	2018	**2019**	2018
Adjustments for non-cash income statement items:				
Share-based compensation expense	$ 1,079	$ 964	$ 3,136	$ 3,072
(Gains) losses on securities held	(35,713)	287	(50,087)	1,010
Gains on commodity and foreign currency contracts (Note 5d)	(170)	(1,767)	(1,751)	(4,406)
Loss on derivatives (Note 5d)	—	238	14	1,018
Share of (income) loss from associate and dilution gain (Note 10)	(79)	411	(999)	(13,861)
Net realizable value adjustment for inventories	(6,723)	23,432	(842)	11,067
Adjustment on reclassification of held for sale assets	15,596	—	15,596	—
	$ (26,010)	$ 23,565	$ (34,933)	$ (2,100)

	Three months ended September 30,		Nine months ended September 30,	
Changes in non-cash operating working capital items:	**2019**	2018	**2019**	2018
Trade and other receivables	$ (20,201)	$ 91	$ (19,112)	$ 6,523
Inventories	(4,356)	(2,859)	32,482	(4,030)
Prepaid expenses	680	476	3,679	1,818
Accounts payable and accrued liabilities	9,225	7,574	(47,118)	2,357
Provisions	(242)	(1,098)	(2,621)	(6,032)
	$ (14,894)	$ 4,184	$ (32,690)	$ 636

	Three months ended September 30,		Nine months ended September 30,	
Significant non-cash items:	**2019**	2018	**2019**	2018
Assets acquired by finance lease	$ 7,404	$ 920	$ 52,911	$ 6,578
Shares issued as compensation	$ —	$ —	$ 243	$ 182

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

Cash and Cash Equivalents	September 30, 2019	December 31, 2018
Cash in banks	$ 94,713	$ 77,735
Short term money markets	—	60,775
Cash and cash equivalents	$ 94,713	$ 138,510

22. SEGMENTED INFORMATION

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

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

For the three months ended September 30, 2019

Segment/Country	Mine	Revenue	Production costs and royalties	Depreciation	Mine operating earnings [(1)]	Capital expenditures
Silver Segment:						
Mexico	Dolores	$ 69,746	$ 42,555	$ 26,416	$ 775	$ 12,776
	La Colorada	43,808	17,566	5,484	20,758	5,707
Peru	Huaron	30,773	19,792	3,590	7,391	2,065
	Morococha	24,434	18,148	3,925	2,361	2,812
Bolivia	San Vicente	14,388	10,597	2,569	1,222	1,504
Argentina	Manantial Espejo	9,123	9,416	1,937	(2,230)	5,232
Guatemala	Escobal	—	—	—	—	37
Gold Segment:						
Peru	Shahuindo	60,859	24,878	3,408	32,573	9,423
	La Arena	45,302	34,140	1,905	9,257	7,250
Canada	Timmins	53,754	32,978	13,077	(7,897)	2,823
Other segment:						
Canada	Pas Corp	—	—	29	(29)	79
Argentina	Navidad	—	—	(3)	3	2
Other	Other	—	—	334	(334)	181
		$ 352,187	$ 210,070	$ 62,671	$ 63,850	$ 49,891

(1) Includes a charge of $15.6 million recorded on reclassification of Timmins from held for sale to continuing operations (Note 4).

(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 September 30, 2018

Segment/Country	Mine	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Capital expenditures
Silver Segment:						
Mexico	Dolores	$ 55,640	$ 55,013	$ 20,938	$ (20,311)	$ 11,735
	La Colorada	43,065	22,405	6,945	13,715	4,974
Peru	Huaron	26,414	19,698	3,351	3,365	4,813
	Morococha	26,314	17,956	3,688	4,670	3,509
Bolivia	San Vicente	14,090	11,261	1,604	1,225	1,730
Argentina	Manantial Espejo	22,194	27,916	1,231	(6,953)	6,728
Other segment:						
Canada	Pas Corp	—	—	41	(41)	54
Argentina	Navidad	—	—	22	(22)	5
Other	Other	—	—	60	(60)	7
		$ 187,717	$ 154,249	$ 37,880	$ (4,412)	$ 33,555

For the nine months ended September 30, 2019

Segment/Country	Mine	Revenue	Production costs and royalties	Depreciation	Mine operating earnings (1)	Capital expenditures
Silver Segment:						
Mexico	Dolores	**$ 183,452**	**$ 146,248**	**$ 78,092**	**$ (40,888)**	**$ 39,739**
	La Colorada	**135,364**	**56,911**	**17,736**	**60,717**	**15,879**
Peru	Huaron	**88,452**	**57,282**	**10,375**	**20,795**	**5,900**
	Morococha	**78,380**	**53,608**	**11,410**	**13,362**	**6,650**
Bolivia	San Vicente	**56,404**	**41,974**	**7,181**	**7,249**	**2,890**
Argentina	Manantial Espejo	**37,810**	**39,566**	**3,645**	**(5,401)**	**18,287**
Guatemala	Escobal	**—**	**—**	**—**	**—**	**1,033**
Gold Segment:						
Peru	Shahuindo	**130,071**	**65,501**	**16,954**	**47,616**	**17,712**
	La Arena	**104,091**	**71,312**	**10,198**	**22,581**	**39,176**
Canada	Timmins	**132,356**	**98,086**	**13,077**	**5,597**	**7,812**
Other segment:						
Canada	Pas Corp	**—**	**—**	**365**	**(365)**	**125**
Argentina	Navidad	**—**	**—**	**—**	**—**	**9**
Other	Other	**—**	**—**	**585**	**(585)**	**276**
		$ 946,380	**$ 630,488**	**$ 169,618**	**$ 130,678**	**$ 155,488**

(1) Includes a charge of $15.6 million recorded on reclassification of Timmins from held for sale to continuing operations (Note 4).

(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 nine months ended September 30, 2018

Segment/Country	Mine	Revenue	Production costs and royalties	Depreciation	Mine operating earnings	Capital expenditures
Silver Segment:						
Mexico	Dolores	$ 188,321	$ 134,408	$ 61,810	$ (7,897)	$ 45,889
	La Colorada	122,713	53,787	17,137	51,789	14,315
Peru	Huaron	85,058	55,674	9,516	19,868	9,348
	Morococha	91,234	51,972	11,735	27,527	7,331
Bolivia	San Vicente	47,712	33,868	4,934	8,910	5,320
Argentina	Manantial Espejo	76,100	65,822	4,566	5,712	19,422
Other segment:						
Canada	Pas Corp	—	—	105	(105)	289
Argentina	Navidad	—	—	65	(65)	30
Other	Other	—	—	176	(176)	102
		$ 611,138	$ 395,531	$ 110,044	$ 105,563	$ 102,046

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Mine operating earnings (loss) (Note 22)	**$ 63,850**	$ (4,412)	**$ 130,678**	$ 105,563
General and administrative	**(8,237)**	(5,675)	**(21,743)**	(17,199)
Exploration and project development	**(2,066)**	(3,008)	**(9,122)**	(7,629)
Mine care and maintenance	**(6,365)**	—	**(15,654)**	—
Foreign exchange losses	**(6,012)**	(3,140)	**(7,973)**	(9,732)
Gains on commodity and foreign currency contracts (Note 5d)	**170**	1,767	**1,751**	4,406
(Losses) gains on sale of mineral properties, plant and equipment	**(673)**	225	**2,818**	8,029
Share of income (loss) from associate and dilution gain (Note 10)	**79**	(411)	**999**	13,861
Transaction and integration costs (Note 4)	**(2,863)**	—	**(7,712)**	—
Bargain purchase gain (Note 4)	**—**	—	**30,492**	—
Other income (expense)	**1,042**	(273)	**818**	(864)
Earnings (loss) from operations	**38,925**	(14,927)	**105,352**	96,435
Loss on derivatives (Note 5d)	**—**	(238)	**(14)**	(1,018)
Investment income	**36,139**	317	**50,963**	1,144
Interest and finance expense (Note 19)	**(8,256)**	(2,301)	**(20,955)**	(5,834)
Earnings (loss) before income taxes	**$ 66,808**	$ (17,149)	**$ 135,346**	$ 90,727

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

At September 30, 2019

Segment/Country	Mine	Assets	Liabilities	Net assets
Silver Segment:				
Mexico	Dolores	**$ 768,984**	**$ 141,688**	**$ 627,296**
	La Colorada	**236,794**	**59,688**	**177,106**
Peru	Huaron	**123,747**	**47,513**	**76,234**
	Morococha	**128,243**	**39,504**	**88,739**
Bolivia	San Vicente	**78,873**	**39,005**	**39,868**
Argentina	Manantial Espejo	**101,395**	**26,647**	**74,748**
Guatemala	Escobal	**267,810**	**21,388**	**246,422**
Gold Segment:				
Peru	Shahuindo	**604,826**	**122,222**	**482,604**
	La Arena	**296,174**	**78,882**	**217,292**
Canada	Timmins	**413,956**	**44,957**	**368,999**
Other segment:				
Canada	Pas Corp	**173,661**	**343,417**	**(169,756)**
Argentina	Navidad	**193,051**	**2,298**	**190,753**
	Other	**68,617**	**38,691**	**29,926**
		$ 3,456,131	**$ 1,005,900**	**$ 2,450,231**

At December 31, 2018

Segment/Country	Mine	Assets	Liabilities	Net assets
Silver Segment:				
Mexico	Dolores	$ 791,485	$ 150,003	$ 641,482
	La Colorada	230,736	56,206	174,530
Peru	Huaron	119,015	44,055	74,960
	Morococha	126,755	40,183	86,572
Bolivia	San Vicente	83,686	38,169	45,517
Argentina	Manantial Espejo	20,839	24,994	(4,155)
Other segment:				
Canada	Pas Corp	247,792	30,221	217,571
Argentina	Navidad	193,777	1,546	192,231
	Other	123,391	38,750	84,641
		$ 1,937,476	$ 424,127	$ 1,513,349

	Three months ended September 30,		Nine months ended September 30,	
Product Revenue	**2019**	2018	**2019**	2018
Refined silver and gold	**$ 242,981**	$ 84,492	**$ 600,602**	$ 280,845
Zinc concentrate	**27,306**	31,422	**102,192**	113,338
Lead concentrate	**47,123**	39,557	**138,474**	112,669
Copper concentrate	**21,972**	21,103	**59,431**	67,292
Silver concentrate	**12,805**	11,143	**45,681**	36,994
Total	**$ 352,187**	$ 187,717	**$ 946,380**	$ 611,138

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

23. INCOME TAXES

Components of Income Tax Expense

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Current income tax expense	**$ 23,309**	$ 8,160	**$ 55,696**	$ 43,902
Deferred income tax expense (recovery)	**5,780**	(16,075)	**(10,380)**	(28,793)
Income tax expense (recovery)	**$ 29,089**	$ (7,915)	**$ 45,316**	$ 15,109

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the items shown on the following table, which results in effective tax rates that vary considerably from the comparable period. The main factors that affected the effective tax rates for the three and nine months ended September 30, 2019 and the comparable periods of 2018 were foreign exchange fluctuations, changes in the recognition of certain deferred tax assets, changes in the non-deductible portion of reclamation liabilities, mining taxes paid, withholding taxes remitted on payments from foreign subsidiaries, and the addition of taxable income from the acquired Tahoe assets. The Company continues to expect that these and other factors will continue to cause volatility in effective tax rates in the future.

Reconciliation of Effective Income Tax Rate

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Earnings (loss) before taxes and non-controlling interests	**$ 66,808**	$ (17,149)	**$ 135,346**	$ 90,727
Statutory Canadian income tax rate	**27.00 %**	27.00 %	**27.00 %**	27.00 %
Income tax expense (recovery) based on above rates	**$ 18,038**	$ (4,630)	**$ 36,543**	$ 24,496
Increase (decrease) due to:				
Non-deductible expenditures	**1,453**	1,134	**3,548**	3,009
Foreign tax rate differences	**3,028**	(3,447)	**3,202**	(439)
Change in net deferred tax assets not recognized:				
- Argentina exploration expenditures	**613**	946	**2,189**	2,478
- Other deferred tax assets	**(4,657)**	1,060	**(19,368)**	(15,496)
Non-taxable portion of net earnings of affiliates	**(37)**	(873)	**(105)**	(2,637)
Non-taxable bargain purchase gain	**—**	—	**(8,233)**	—
Effect of other taxes paid (mining and withholding)	**6,156**	1,425	**16,188**	10,755
Effect of foreign exchange on tax expense	**5,977**	(8,147)	**(54)**	(6,564)
Non-taxable impact of foreign exchange	**(1,953)**	4,840	**728**	2,442
Change in non-deductible portion of reclamation liabilities	**2,069**	313	**9,401**	(88)
Change in current tax expense estimated for prior years	**—**	—	**—**	(2,030)
Other	**(1,598)**	(536)	**1,277**	(817)
Income tax expense (recovery)	**$ 29,089**	$ (7,915)	**$ 45,316**	$ 15,109
Effective income tax rate	**43.54 %**	46.15 %	**33.48 %**	16.65 %

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, 2018, there have been no significant changes to these contractual obligations and commitments other than the new liabilities and provisions assumed as described in the purchase price allocation table included in the Tahoe Acquisition (Note 4).

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. All related party transactions for the three and nine months ended September 30, 2019 and 2018 have been disclosed in these condensed interim consolidated financial statements. Transactions with Maverix, an associate of the Company, have been disclosed in Note 10 of these condensed interim consolidated financial statements.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

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