AMERICAS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015
DATED NOVEMBER 12, 2015

Americas Silver Corporation
Management's Discussion and Analysis
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Unless otherwise indicated, in this Management Discussion and Analysis all reference to "dollar" or the use of the symbol "$" are to the United States of America dollar and all references to "C$" are to the Canadian dollar. Additionally, percentage changes in this Management Discussion and Analysis are based on dollar amounts before rounding.

Forward-Looking Statements

Statements contained or incorporated by reference in this Management's Discussion and Analysis ("MD&A") that are not current or historical factual statements may constitute forward-looking information within the meaning of applicable Canadian securities laws. All statements other than statements of historical fact included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including without limitation, statements regarding any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements, estimates of mineral reserves and resources, the realization of mineral reserve estimates, impairment of mining interests and non-producing properties, the timing and amount of estimated future production, production guidance, costs of production, capital expenditures, costs and timing of development, success of exploration activities, permitting timelines, government regulation of mining operations, environmental risks, the going concern assumption, and the timing and possible outcomes of pending litigation, negotiations or regulatory investigations, including, the final determination of the boundaries of the concessions encompassing the El Cajón deposit are or involve forward-looking statements. Although forward-looking statements contained in this MD&A are based on what management considers to be reasonable assumptions based on information currently available to it, there can be no assurances that actual events, performance or results will be consistent with these forward looking statements, and management's assumptions may prove to be incorrect. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates", "assumes", "believes", "budget", "could", "estimates", "expects", "forecasts", "guidance", "indicates", "intends", "likely", "may", "objective", "outlook", "plans", "potential", "predicts", "scheduled", "should", "target", "trends", "will", or "would" or the negative or other variations of these words or other comparable words or phrases. This MD&A, including those set out under "Risk Factors" in this MD&A and any documents incorporated herein by reference, contain forward-looking statements including, but not limited to those relating to the Company. All such forward-looking statements are subject to important risks, uncertainties and assumptions. These statements are forward-looking because they are based on current expectations, estimates and assumptions. It is important to know that: (i) unless otherwise indicated, forward-looking statements in this MD&A including any documents incorporated herein by reference describe expectations as at the date hereof; (ii) actual results and events could differ materially from those expressed or implied in the forward-looking statements in this MD&A, including the documents incorporated herein by reference, if known or unknown risks affect the respective businesses of the Company, or if their estimates or assumptions turn out to be inaccurate. As a result, the Company cannot guarantee that the results or events expressed or implied in any forward-looking statement will materialize, and accordingly, you are cautioned not to place undue reliance on these forward-looking statements; and (iii) the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, except in accordance with applicable Canadian securities laws. The Company has made a number of assumptions in making forward-looking statements in this MD&A including any documents incorporated herein by reference.

Management's Discussion and Analysis

This MD&A of the results of operations, liquidity and capital resources of Americas Silver Corporation (formerly Scorpio Mining Corporation ("Scorpio")) ("Americas Silver" or the "Company") constitutes management's review of the Company's financial and operating performance for the three and nine months ended September 30, 2015, including the Company's financial condition and future prospects. Except as otherwise noted, this discussion is dated November 12, 2015 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the notes thereto for the three and nine months ended September 30, 2015 and 2014, and with the Company's annual audited consolidated financial statements and the notes thereto for the years ended December 31, 2014 and 2013. The condensed interim consolidated financial statements for the three and nine months ended September 30, 2015 and 2014 are prepared in accordance with International Accounting Standards ("IAS") 34 under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company prepared its latest financial statements in

U.S. dollars and all amounts in this MD&A are expressed in U.S. dollars, unless otherwise stated. These documents along with additional information relating to the Company are available on SEDAR at www.sedar.com and on the Company's website at www.americassilvercorp.com.

In this report, the management of the Company presents operating highlights for the three months ended September 30, 2015 ("Q3-2015") compared to the three months ended September 30, 2014 ("Q3-2014") and for the nine months ended September 30, 2015 ("YTD-2015") compared to the nine months ended September 30, 2014 ("YTD-2014") as well as comments on plans for the future. Throughout this MD&A, references to silver equivalent ounces produced are based on metal prices of $17 per ounce silver, $0.95 per pound zinc, $0.90 per pound lead, and $2.90 per pound copper for fiscal 2015, and $20 per ounce silver, $0.90 per pound zinc, $0.95 per pound lead, and $3.00 per pound copper for fiscal 2014.

Securities regulators encourage companies to disclose forward-looking information to help investors understand a company's future prospects. This discussion contains statements about the Company's future financial condition, results of operations and business. See the cover page of this report for more information on forward-looking statements.

The Company was incorporated under the Canada Business Corporations Act on May 12, 1998 and conducts mining exploration, development and production in the Americas. The merger of the Company and U.S. Silver & Gold Inc. ("U.S. Silver") was completed on December 23, 2014 pursuant to a plan of arrangement under the Business Corporations Act (Ontario). The merger was accounted for as a business combination in accordance with IFRS 3, Business Combinations. Americas Silver was considered the acquirer of U.S. Silver for accounting purposes. As a result, the consolidated financial statements include U.S. Silver's results subsequent to December 23, 2014 only. All comparative information in this MD&A and the consolidated financial statements omit any U.S. Silver results pre-December 23, 2014 or prior period comparatives, unless otherwise stated.

Overview

The Company has operations in two of the world's leading silver camps: the Cosalá Operations in Sinaloa, Mexico and the Galena Complex, located in Idaho, USA.

In Sinaloa, Mexico, the Company operates the 100%-owned producing Nuestra Señora silver-zinc-copper-lead mine located in the Cosalá District. The Company declared commercial production in January 2009 following development of the Nuestra Señora Mine and commissioning of the Los Braceros processing facility. The Cosalá area land holdings also host several other known deposits and prospects including the San Rafael zinc-lead-silver project, the past-producing La Verde silver-copper mine and the El Cajón deposit ("El Cajón Project"), which was put on care and maintenance in January 2015. These properties are located in close proximity to the Los Braceros processing plant. The Company is a significant concession holder in the Cosalá District, with holdings of approximately 24,657 hectares ("ha"), containing numerous mineral concessions including previously producing mines.

In Idaho, USA, the Company operates the 100%-owned producing Galena Complex acquired through the business combination with U.S. Silver. The Galena Complex's primary assets are the operating Galena Mine, the Coeur Mine, and the contiguous Caladay development project in the Coeur d'Alene Mining District of northern Idaho. The Galena Complex has recorded production of over 250 million ounces of silver along with associated by-product metals of copper and lead over a modern production history of more than sixty years. The Coeur Mine and Caladay development project have been put on care and maintenance pending an improvement in the silver price.

The Company's mission is to profitably expand its precious metals production through the development of its own projects and consolidation of complimentary projects. The Company's current strategy is focused on extending the mine life of its current assets profitably and on developing the San Rafael Project when metal prices recover. Exploration will continue on prospective targets with an emphasis directed at the Cosalá District and previously unmined silver-lead areas at the Galena Complex.

The Company's management and Board of Directors (the "Board") are comprised of senior mining executives who have extensive experience identifying, acquiring, developing, financing, and operating precious metals deposits globally. The head office of the Company is located at 145 King Street West, Suite 2870, Toronto, Ontario, Canada, M5H 1J8. The Company is a reporting issuer in the jurisdictions of Ontario, British Columbia, Alberta, and Quebec, and is listed on the TSX trading under the symbol "SPM" and "SMNPF" on the OTCQX.

Recent Developments

On December 23, 2014, the Company announced the closing of the combination of Americas Silver and U.S. Silver by way of a plan of arrangement. The resulting consolidated company is a growth-oriented silver producer with Americas Silver's producing Cosalá Operations in State of Sinaloa, Mexico and U.S. Silver's producing Galena Complex in Idaho, United States. The merger created a leading, junior silver producer in the Americas while removing redundant costs in a lower silver price environment. Additional information can be obtained from the Management Information Circular available on the Company's website and on SEDAR at www.sedar.com.

Consolidated Operations

The third quarter of the year was challenging for the Company due to continued downward pressure on both precious and base metal prices. The consolidated realized silver price of $14.64/oz. in Q3-2015 decreased by 10% from Q2-2015 and 24% from Q3-2014. The consolidated realized base metal prices during Q3-2015 ($0.82/lbs. zinc, $0.78/lbs. lead, and $2.35/lbs. copper) decreased by approximately 12-18% from Q2-2015, and decreased by approximately 20-25% compared to Q3-2014. Management reacted to this decrease by continuing to reduce consolidated by-product cash costs and consolidated all-in sustaining costs throughout the current year. Fiscal 2015 strategic objectives are being achieved in lowering operating costs and improve productivity at both the Cosalá Operations and Galena Complex. Increased tonnage processed in the mills, reduced spending and productivity gains have partially offset the significant decrease in precious and base metal prices during the period.

The Company's consolidated silver production was 682,715 ounces for Q3-2015, an increase of 146% when compared to Q3-2014; consolidated silver equivalent production was 1,270,694 ounces for Q3-2015, which represented an increase of 132% when compared to Q3-2014. For YTD-2015, consolidated silver production was 2,052,349 ounces which represented an increase of 131% when compared to YTD-2014; consolidated silver equivalent production was 3,665,562 ounces, an increase of 121% when compared to YTD-2014.

The Company's consolidated by-product cash cost for Q3-2015 was $12.01/oz., an increase of 30% when compared to Q3-2014. Consolidated by-product cash cost was $12.27/oz. silver during YTD-2015, an increase of 9% when compared to YTD-2014. If U.S. Silver had been consolidated from January 1, 2014, the Company's consolidated by-product cash cost for Q3-2015 and YTD-2015 would decrease by 10% when compared to Q3-2014 and YTD-2014, respectively. Explanations for variances are further discussed in the following sections.

The Company's consolidated all-in sustaining cost for Q3-2015 was $16.47/oz., a decrease of 25% when compared to Q3-2014. Consolidated all-in sustaining cost was $16.78/oz. silver during YTD-2015, a decrease of 24% when compared to YTD-2014. If U.S. Silver had been consolidated from January 1, 2014, the Company's consolidated all-in sustaining cost for Q3-2015 and YTD-2015 would decrease by 23% and 18% when compared to Q3-2014 and YTD-2014, respectively. Explanations for variances are further discussed in the following sections.

Effective June 30, 2015, the Company amended the terms of its existing C$8.5 million credit agreement with Royal Capital Management Corporation and certain lenders, originally executed on August 7, 2013. The amendment extends the maturity from August 2016 to December 2017 and beginning January 2017, the notes will be redeemed in monthly increments of C$0.5 million, with the balance due and payable on maturity. The Company also amended the terms of the 17,850,000 warrants originally granted in connection with the credit agreement, by extending the expiry date from August 2018 to August 2020 and lowering the exercise price from C$0.40 to $0.28 per share.

On August 26, 2015, the Company completed a private placement of 11,027,555 units at a price of C$0.18 per unit for aggregate gross proceeds of approximately C$2.0 million. Each unit consisted of one common share and one half of one common share purchase warrant where each whole warrant is exercisable for one common share at an exercise price of C$0.25 for a period of three years.

On November 10, 2015, the Company closed a subordinated, secured credit agreement with a certain lender for a principal amount of $1.0 million for a term of one year, at an interest rate of 12% per annum, payable on a monthly basis beginning in the sixth month following closing. In connection with the closing of the credit agreement, the Company issued 3,693,333 warrants to the lender where each warrant is exercisable for one common share at an exercise price of $0.25 CAD for a period of three years.

Cosalá Operations

Subsequent to the merger, the new Board and management team took decisive action from its assessment of current operations and brownfield expansion opportunities at the Cosalá District:

- The El Cajón Project was put on care and maintenance pending an improvement in silver prices;
- The workforce at the Cosalá Operations was reduced by approximately 25%;
- The San Rafael Project was brought forward in the development pipeline; and
- An evaluation of highest potential exploration targets was completed.

During the first half of the year, Management optimized the Cosalá Operations through further productivity improvements, implementation of systematic cost controls, and a reduction in the workforce. Year-to-date production has been slightly better than expected despite the workforce reductions and falling metals prices. For YTD-2015, the Cosalá Operations produced 896,145 ounces of silver with a by-product cash cost of $10.00/oz. silver and an all-in sustaining cost of $13.93/oz. silver, resulting in a 1% increase in silver production, 11% decrease in cash costs, and 37% decrease in all-in sustaining costs when compared year-over-year. Copper production increased by 67%, while zinc and lead production decreased by 8% and 16%, respectively, when compared year-over-year, due to ore sequencing in the mining plan. Management continues to expect further productivity improvements to continue into the fourth quarter at the Cosalá Operations. Additionally, a modest exploration program began in Q3-2015 in order to increase resources and mine life at Nuestra Señora.

Evaluation work in support of the brownfield San Rafael Prefeasibility Study progressed considerably during the third quarter. The resource was updated with drilling information completed subsequent to the previous estimate and validated. Metallurgical testing confirmed earlier assumptions, and a production schedule that will provide consistent mill feed after a short development period was identified. Capital and operating costs are being finalized as a concurrent independent is conducted by a third party and are in-line with previous estimates. Assuming a favourable outcome, the Company expects to publish results of the completed Pre-Feasibility Study when market conditions are more attractive for lower cost funding sources.

In 2014, the Company identified discrepancies between registered data and mapped information relative to the boundaries of the concessions encompassing the Company's El Cajón resource online. As a result, there may be a significant change to the boundaries of concessions from what the Company had historically believed them to be. This issue is pending final resolution from Dirección General de Regulación Minera ("DGRM"), the Mexican government bureau responsible for administering mining concessions. The Company's review of available information indicates a potential reduction of total resources at El Cajón of 40% to 50%.

Consequently, the El Cajón Project was placed on care and maintenance in January 2015 due to the boundary issue and prevailing metal prices. The halt in development resulted in a gradual staffing reduction of approximately 80 positions representing almost 20% of the workforce at the Cosalá Operations over the first quarter of 2015. Prior to suspension, metallurgical performance was confirmed through a milling campaign which processed approximately 7,700 tonnes of development muck. With considerable underground infrastructure already in place, the Project could be reactivated on short notice pending an improvement in economic conditions.

Galena Complex

Current Americas Silver management significantly transformed operations at the Galena Complex in response to the decline in precious metals prices since early 2013. The focus of the transformation was to maintain cash flow positive operations in the current and rapidly-changing silver price environment. The foundation for this transformation was accomplished by mining higher silver equivalent grade ore at lower tonnage with the appropriately-sized workforce. Mine management has been focused on the identification, development and production of sustainable, multi-year, lower cost production by mining the highest value per tonne of ore, regardless of silver content, for the lowest possible operating cost.

By the end of 2014, U.S. Silver completed the transition of its production from one based predominantly on silver-copper ore to silver-lead ore. The Galena Mine's silver-lead ore resources offer overall higher silver equivalent grades and lower mining costs as these mining areas are typically wider and may allow for a greater contribution from mechanized mining in the future. This focus led to lower near-term production in 2014 in order to develop the infrastructure for accessing silver-lead resources in 2015 and beyond.

Despite processing both lower tonnage and lower silver grades, as well as experiencing hoist issues from a clutch failure early in the second quarter, cash costs in YTD-2015 declined as U.S. Silver continued addressing both operating and capital costs. Repairs to the Galena hoist were completed in mid-September and the all mine levels are accessible at capacity. For YTD-2015, the Galena Complex produced 1,156,204 ounces of silver with a by-product cash cost of $14.04/oz. silver and an all-in sustaining cost of $18.99/oz. silver, resulting in a 9% decrease in silver production, 9% decrease in cash costs, and 3% decrease in all-in sustaining costs when compared to calendar year-over-year. Lead production increased by 114% while copper production decreased by 40% when compared to calendar 2015 to calendar 2014 year-over-year. Tonnage shortfalls from the first half of 2015 Galena clutch failure were recovered through increased production during the quarter. Quarterly lead production is expected to increase again in the fourth quarter and into 2016.

Guidance

The Company's guidance for 2015 remains unchanged at production of 2.6 – 3.0 million silver ounces and 4.6 – 5.2 million silver equivalent ounces at cash costs of $11.50 – $12.50 per ounce and all-in sustaining costs of $16.50 – $17.50 per ounce.

Discussion of Consolidated Operations

	Q3-2015 [1]	Q3-2014	YTD-2015 [1]	YTD-2014
Revenues ($ M)	$ 12.8	$ 7.7	$ 42.1	$ 24.7
Silver Ounces Produced (oz)	682,715	277,796	2,052,349	888,483
Zinc Pounds Produced (lbs)	2,626,541	2,830,816	8,572,494	9,295,942
Lead Pounds Produced (lbs)	6,572,325	2,130,746	15,838,024	4,717,160
Copper Pounds Produced (lbs)	546,666	274,213	1,733,280	858,790
Total Silver Equivalent Ounces Produced (oz) [2]	1,270,694	547,525	3,665,562	1,659,684
Cash Cost/Ag Oz Produced ($/oz) [3]	$12.01	$9.25	$12.27	$11.21
All-In Sustaining Cost/Ag Oz Produced ($/oz) [3]	$16.47	$21.96	$16.78	$21.97
Net Loss ($ M)	$ (4.8)	$ (2.3)	$ (12.1)	$ (5.2)
Comprehensive Loss ($ M)	$ (4.5)	$ (3.5)	$ (12.2)	$ (6.2)

1 Production from Galena Complex operations included since December 23, 2014.
2 Throughout this MD&A, references to silver equivalent ounces produced are based on prices of $17 per ounce silver, $0.95 per pound zinc, $0.90 per pound lead, and $2.90 per pound copper for fiscal 2015, and $20 per ounce silver, $0.90 per pound zinc, $0.95 per pound lead, and $3.00 per pound copper for fiscal 2014.
3 Refer to "Non-IFRS Measures: Cash Cost per Ounce and All-In Sustaining Cost per Ounce" section in this MD&A.

During Q3-2015, the Company produced 1,270,694 silver equivalent ounces, including 682,715 ounces of silver, at by-product cash cost of $12.01/oz. silver and all-in sustaining cost of $16.47/oz. silver. These results compare to 547,525 silver equivalent ounces, including 277,796 ounces of silver, at a by-product cash cost of $9.25/oz. silver and an all-in sustaining cost of $21.96/oz. silver during Q3-2014, a 132%, 142%, and 30% increase in production of silver equivalent ounces and silver ounces, and by-product cash cost, respectively, and a 25% decrease in all-in sustaining cost. During YTD-2015, the Company produced 3,665,562 silver equivalent ounces, including 2,052,349 ounces of silver, at by-product cash cost of $12.27/oz. silver and all-in sustaining cost of $16.78/oz. silver. These results compare to 1,659,684 silver equivalent ounces, including 888,483 ounces of silver, at a by-product cash cost of $11.21/oz. silver and an all-in sustaining cost of $21.97/oz. silver during YTD-2014, a 121%, 131%, and 9% increase in production of silver equivalent ounces and silver ounces, and by-product cash cost, respectively, and a 24% decrease in all-in sustaining cost. These results specifically exclude the one-time costs related to the El Cajón Project cessation and the related workforce reduction.

The consolidated operations above include U.S. Silver results from December 23, 2014. If U.S. Silver had been consolidated from January 1, 2014, the Company would have produced 1,039,015 silver equivalent ounces, including 635,465 ounces of silver, at by-product cash cost of $13.29/oz. silver and all-in sustaining cost of $21.46/oz. silver during Q3-2014. When these proforma numbers are compared to actual Q3-2015 results, there would have been 22% and 7% increase in production of silver equivalent ounces and silver ounces, respectively, and 10% and 23% decrease in by-product cash cost and all-in sustaining cost, respectively. During YTD-2014, the Company would have produced 3,261,592 silver equivalent ounces, including 2,152,378 ounces of silver, at by-product cash cost of $13.67/oz. silver and all-in sustaining cost of $20.57/oz. silver. These results compared to YTD-2015 results in a 12% increase in production of silver equivalent ounces, and a 5%, 10%, and 18% decrease in production of silver ounces, by-product cash cost, and all-in sustaining cost, respectively.

As of September 30, 2015, the Company's cash totalled $2.1 million, compared to $15.2 million at December 31, 2014. The cash decrease during the nine months ended September 30, 2015 is primarily attributable to cash used in mining operations ($2.9 million), capital expenditures towards drilling and underground development costs ($6.8 million), purchase of property, plant and equipment ($1.4 million), El Cajón care and maintenance costs ($1.3 million), other care and maintenance costs ($0.4 million), decrease in payables primarily transaction related to the U.S. Silver transaction ($4.9 million), partially offset by net proceeds received from private placement ($1.4 million) and decrease in receivables and inventories due to timing of sales and shipments ($3.6 million).

The Company recorded a net loss of $4.8 million for the three months ended September 30, 2015 compared to net loss of $2.3 million for the three months ended September 30, 2014. The increase in net loss was primarily attributable to: lower precious and base metal prices, resulting in lower net revenue on commodity sales; higher care and maintenance costs; higher corporate general and administrative expenses; higher exploration costs; and higher interest and financing expenses. These items were partially offset by lower depletion and amortization, higher foreign exchange gain, and lower impairment on investment.

The Company recorded a net loss of $12.1 million for the nine months ended September 30, 2015 compared to net loss of $5.2 million for the nine months ended September 30, 2014. The increase in net loss was primarily attributable to: lower precious and base metal prices, resulting in lower net revenue on commodity sales; higher care and maintenance costs; higher corporate general and administrative expenses; higher exploration costs; higher interest and financing expenses; higher loss on mining concession sales; and lower income tax recovery. These items were partially offset by lower depletion and amortization, lower foreign exchange loss, and lower impairment on investment. These variances are further discussed in the following sections.

For the purposes of this "Discussion of Consolidated Operations" section of the MD&A, the calculation of silver equivalent ounces produced was based on prices of $17 per ounce silver, $0.95 per pound zinc, $0.90 per pound lead, and $2.90 per pound copper for fiscal 2015, and, for fiscal 2014, $20 per ounce silver, $0.90 per pound zinc, $0.95 per pound lead, and $3.00 per pound copper.

Cosalá Operations Production and Operating Costs

	Q3-2015	Q3-2014	YTD-2015	YTD-2014
Tonnes Milled	126,913	124,391	378,147	401,289
Silver Head Grade (g/t)	81	84	88	83
Zinc Head Grade (%)	1.21	1.45	1.35	1.40
Lead Head Grade (%)	0.61	1.07	0.58	0.77
Copper Head Grade (%)	0.26	0.20	0.28	0.20
Silver Recoveries (%)	83.3	82.6	83.9	82.9
Zinc Recoveries (%)	77.6	71.2	80.4	75.1
Lead Recoveries (%)	81.9	72.6	81.5	69.3
Copper Recoveries (%)	64.6	50.0	62.2	49.4
Silver Ounces Produced (oz)	274,919	277,796	896,145	888,483
Zinc Pounds Produced (lbs)	2,626,541	2,830,816	8,572,494	9,295,942
Lead Pounds Produced (lbs)	1,392,400	2,130,746	3,963,152	4,717,160
Copper Pounds Produced (lbs)	473,244	274,213	1,432,906	858,790
Total Silver Equivalent Ounces Produced (oz)	576,141	547,525	1,829,447	1,659,684
Silver Ounces Sold (oz)	284,868	269,350	909,800	902,232
Zinc Pounds Sold (lbs)	2,568,797	2,846,237	8,448,369	9,335,681
Lead Pounds Sold (lbs)	1,455,423	2,120,302	4,202,953	4,801,494
Copper Pounds Sold (lbs)	479,667	249,180	1,423,913	837,595
Realized Silver Price ($/oz)	$14.66	$18.50	$15.88	$19.70
Realized Zinc Price ($/lb)	$0.82	$1.03	$0.92	$0.97
Realized Lead Price ($/lb)	$0.76	$0.91	$0.82	$0.94
Realized Copper Price ($/lb)	$2.36	$3.01	$2.62	$3.09
Cash Cost/Ag Oz Produced ($/oz)[1]	$11.05	$9.25	$10.00	$11.21
All-In Sustaining Cost/Ag Oz Produced ($/oz)[1]	$15.43	$21.96	$13.93	$21.97

[1] Refer to "Non-IFRS Measures: Cash Cost per Ounce and All-In Sustaining Cost per Ounce" section in this MD&A.

The Cosalá Operations mined 126,913 tonnes of ore at an average grade of 81 g/t of silver to produce 274,919 ounces of silver at a cash cost of $11.05/oz. and an all-in sustaining cost of $15.43/oz. during

Q3-2015, compared to 124,391 tonnes of ore at an average grade of 84 g/t of silver to produce 277,796 ounces of silver at a cash cost of $9.25/oz. and an all-in sustaining cost of $21.96/oz. during Q3-2014, a 2% increase in tonnes of ore mined, a 1% decrease in ounces of silver produced, a 19% increase in cash cost per ounce, and a 30% decrease in all-in sustaining cost per ounce. Silver recovery to concentrate was 83.3% in Q3-2015 (Q3-2014 – 82.6%).

During YTD-2015, the Cosalá Operations mined 378,147 tonnes of ore at an average grade of 88 g/t of silver to produce 896,145 ounces of silver at a cash cost of $10.00/oz. and an all-in sustaining cost of $13.93/oz., compared to 401,289 tonnes of ore at an average grade of 83 g/t of silver to produce 888,483 ounces of silver at a cash cost of $11.21/oz. and an all-in sustaining cost of $21.97/oz. during YTD-2014, a 6% decrease in tonnes of ore mined but a 1% increase in ounces of silver produced, a 11% decrease in cash cost per ounce, and a 37% decrease in all-in sustaining cost per ounce. Silver recovery to concentrate was 83.9% in YTD-2015 (YTD-2014 – 82.9%).

Cash costs of $11.05/oz. for Q3-2015 were higher than cash costs of $9.25/oz. for Q3-2014 primarily due to increase in smelting and refining costs on a silver produced per ounce basis plus decrease in by-product credits from the decreased production of lead, resulting in the higher cash costs experienced. Cash costs of $10.00/oz. for YTD-2015 were lower than cash costs of $11.21/oz. for YTD-2014 primarily due staffing reductions resulting from the cessation of the El Cajón project earlier in Q1-2015. All-in sustaining costs of $15.43/oz. for Q3-2015 and $13.93/oz. for YTD-2015 were lower than all-in sustaining costs of $21.96/oz. for Q3-2014 and $21.97/oz. for YTD-2014, respectively, primarily due to capital spending reductions resulting from the cessation of the El Cajón project earlier in Q1-2015. Production of silver equivalent ounces has increased by 5% and 10% in Q3-2015 and YTD-2015, respectively, when compared to Q3-2014 and YTD-2014, respectively, due to higher average head grades.

Realized silver prices at $14.66/oz. and $15.88/oz. for Q3-2015 and YTD-2015, respectively (Q3-2014 and YTD-2014 – $18.50/oz. and $19.70/oz., respectively) are comparable to the London silver spot price average of $14.91/oz. and $16.01/oz. for Q3-2015 and YTD-2015, respectively (Q3-2014 and YTD-2014 – $19.74/oz. and $19.95/oz., respectively). The realized silver price declined by 21% from Q3-2014 to Q3-2015 and by 19% from YTD-2014 to YTD-2015 due to the drop in silver prices.

Galena Complex Production and Operating Costs

	Fiscal Year Q3-2015 [1]	Calendar Year Q3-2014 [1]	Fiscal Year YTD-2015 [1]	Calendar Year YTD-2014 [1]
Tonnes Milled	40,969	35,300	112,072	106,797
Silver Head Grade (g/t)	327	333	340	386
Lead Head Grade (%) [3]	7.52	5.83	6.80	5.54
Copper Head Grade (%) [3]	0.52	0.36	0.58	0.41
Silver Recoveries (%)	94.7	94.6	94.5	95.5
Lead Recoveries (%)	90.9	90.4	90.2	91.8
Copper Recoveries (%)	97.0	95.7	96.7	95.6
Silver Ounces Produced (oz)	407,796	357,669	1,156,204	1,263,895
Lead Pounds Produced (lbs)	5,179,925	2,479,039	11,874,872	5,539,522
Copper Pounds Produced (lbs)	73,422	107,112	300,374	499,239
Total Silver Equivalent Ounces Produced (oz)	694,552	491,490	1,836,114	1,601,908
Silver Ounces Sold (oz)	385,267	429,799	1,134,116	1,235,710
Lead Pounds Sold (lbs)	4,994,634	2,446,573	11,722,387	5,317,407
Copper Pounds Sold (lbs)	61,846	155,132	285,368	510,982
Realized Silver Price ($/oz)	$14.63	$19.63	$15.89	$19.96
Realized Lead Price ($/lb)	$0.78	$0.99	$0.82	$0.97
Realized Copper Price ($/lb)	$2.30	$3.21	$2.59	$3.14
Cash Cost/Ag Oz Produced ($/oz) [2]	$12.66	$16.43	$14.04	$15.41
All-In Sustaining Cost/Ag Oz Produced ($/oz) [2]	$17.16	$21.06	$18.99	$19.59

1 Production from Galena Complex operations are included since December 23, 2014. Values for calendar year 2014 are presented for information purposes only.
2 Refer to "Non-IFRS Measures: Cash Cost per Ounce and All-In Sustaining Cost per Ounce" section in this MD&A.
3 Lead and silver grades only refer to grades in silver-lead and silver-copper ores, respectively.

The Galena Complex mined 40,969 tonnes of ore at an average grade of 327 g/t of silver to produce 407,796 ounces of silver at a cash cost of $12.66/oz. and an all-in sustaining cost of $17.16/oz. during Q3-2015, compared to 35,300 tonnes of ore at an average grade of 333 g/t of silver to produce 357,669 ounces of silver at a cash cost of $16.43/oz. and an all-in sustaining cost of $21.06/oz. during calendar year Q3-2014, a 16% and 14% increase in tonnes of ore mined and ounces of silver produced, respectively, and a 23% and 19% decrease in cash cost per ounce and all-in sustaining cost per ounce, respectively. Approximately 16% of the tonnes were processed through the Coeur mill during Q3-2015 (calendar year Q3-2014 – 45%). Combined silver recoveries from the Galena and Coeur mills were 94.7% for Q3-2015 (calendar year Q3-2014 – 94.6%). Production of lead during Q3-2015 increased 109% as compared to calendar year Q3-2014 as the mine has transitioned to a predominately silver-lead mine as previously discussed.

During YTD-2015, the Galena Complex mined 112,072 tonnes of ore at an average grade of 340 g/t of silver to produce 1,156,204 ounces of silver at a cash cost of $14.04/oz. and an all-in sustaining cost of $18.99/oz., compared to 106,797 tonnes of ore at an average grade of 386 g/t of silver to produce 1,263,895 ounces of silver at a cash cost of $15.41/oz. and an all-in sustaining cost of $19.59/oz. during calendar year YTD-2014, a 5% increase in tonnes of ore mined, a 9% decrease in ounces of silver produced, a 9% decrease in cash cost per ounce, and a 3% decrease in all-in sustaining cost per ounce. Approximately 22% of the tonnes were processed through the Coeur mill during YTD-2015 (calendar year YTD-2014 – 41%). Combined silver recoveries from the Galena and Coeur mills were 94.5% for YTD-2015 (calendar year YTD-2014 – 95.5%). Production of lead during YTD-2015 increased 114% as compared to calendar year YTD-2014. The Galena Complex swapped the milling of silver-lead ore from Coeur mill to the Galena mill in July 2014 in order to handle the greater silver-lead tonnage.

Cash costs of $12.66/oz. and $14.04/oz. for Q3-2015 and YTD-2015, respectively, were lower than cash costs of $16.43/oz. and $15.41/oz. for calendar year Q3-2014 and YTD-2015, respectively, and all-in sustaining costs of $17.16/oz. and $18.99/oz. for Q3-2015 and YTD-2015, respectively, were lower than cash costs of $21.06/oz. and $19.59/oz. for calendar year Q3-2014 and YTD-2015, respectively, primarily due to the reduction of direct mining costs (i.e. labour, supplies, utilities, etc.) on a silver produced per ounce basis, increase by-product credits from the increased production of lead, and capital spending reductions, resulting in the lower cash costs and all-in sustaining costs experienced.

Realized silver prices at $14.63/oz. and $15.89/oz. for Q3-2015 and YTD-2015, respectively (calendar year Q3-2014 and YTD-2014 – $19.63/oz. and $19.96/oz., respectively) are comparable to the London silver spot price average of $14.91/oz. and $16.01/oz. for Q3-2015 and YTD-2015, respectively (Q3-2014 and YTD-2014 – $19.74/oz. and $19.95/oz., respectively). The realized silver price declined by 25% from calendar year Q3-2014 to Q3-2015 and by 20% from calendar year YTD-2014 to YTD-2015 due to the drop in silver prices.

Exploration Update

Cosalá Operations Exploration Update

Nuestra Señora

A modest diamond drilling program totalling approximately 3,000 metres began in the third quarter at Nuestra Señora to increase resources and mine life. The main area for this work was done to define material suitable for mining and processing in late 2016 and beyond. Approximately 1,300 metres have been completed to date and assays have been received for the first three holes with an intersection of 7.9 metres of 213 g/t Ag, 0.63% Cu, 0.84% Pb, and 1.31% Zn in Drill hole NS3L-15-04. This intersection is above the Third Level in the area of the "Glory Hole" and appears to be close to existing workings. A drilling program is being prepared to further develop this zone. Assays for the remaining two holes, completed from the Sixth Level failed to indicate significant mineralization.

Geological mapping was carried out on surface near the Nuestra Señora mine in the Candelaria and other areas south of the Nuestra Señora mine. A previously unknown area of mineralized breccia was discovered and some hand trenching was completed to expose the mineralization and allow samples to be taken with sampling underway. The extent of the projected skarn mineralization south of mine has been examined and sampled.

Regional Mapping

Regional work has identified areas of past artisanal activity including a newly identified area known as La Blanca/Purissma where underground mapping and channel sampling has found that there may be potential mineralization remaining in the old workings. The area is located approximately 5 km west of the San Rafael/El Cajón deposits and approximately 8 km north of the processing plant and is accessible by road. There are indications of mineralization, including underground workings over a distance of 2,000 metres. Further work will be undertaken in the area including mapping, underground sampling of existing workings and soil geochemistry to outline the surface trace of the mineralization.

San Rafael

Surface mapping and data compilation has been completed at San Rafael. The area of suspected massive sulphide mineralization discovered south of the known San Rafael ore body has been sampled by trenching with the recovery of sulphide mineralization.

Galena Complex Exploration Update

The Company's exploration staff continues to work to confirm and upgrade the existing resources through block modeling and drilling.

Drilling during the third quarter of 2015 at the Galena Complex continued to focus on near-term resources and to provide information to the mining operations to assist with defining the highest value per tonne of ore for mining. The work was concentrated in the Upper Lead Zones on the 3200 and 3400 Levels and the 4900 Level.

The Company drilled 1,392 metres (4,568 feet) underground at the Galena Complex in the third quarter of 2015. A portion of this drilling was completed to advance block modeling of the newly, re-evaluated series of veins in the upper part of the mine. Geologists now have an improved picture of potentially high-grade, minable silver/lead veins in the 2800 to 3700 level area. Five of these veins have been delineated by the recent drilling on the 3200 and 3400 Levels and are now being developed for mining. These silver-lead veins underwent limited historical development prior to the mine's decades-long focus on silver-copper ore. As a result, only a small amount of production mining took place and the resource was left readily available via established development and infrastructure. Initial work has commenced in preparation for renewed mining in these new areas. Meaningful production from this area is expected to begin later in 2015.

Drilling on the 4900 Level has focused on the 164, 168 and 175 veins with intersections in other parallel veins being obtained. The continuity and extent of the mineralization encountered is being evaluated and development to the highest grade areas is underway.

New reserve and resource updates have been completed by mine staff based on results to the end of 2014 and can be found in the Company's Annual Information Form dated March 30, 2015 from the Company's website at www.americassilvercorp.com and on SEDAR at www.sedar.com.

Mr. Jim Atkinson, Vice President, Exploration and a 'qualified person' under NI 43-101 guidelines ("Qualified Person"), has approved the applicable contents of this section.

Results of Operations

Analysis of the three months ended September 30, 2015 vs. the three months ended September 30, 2014

The Company recorded a net loss of $4.8 million for the three months ended September 30, 2015 compared to net loss of $2.3 million for the three months ended September 30, 2014. The increase in net loss was primarily attributable to lower net revenue on commodity sales due to lower realized precious and base metal prices ($2.6 million), higher care and maintenance costs ($0.2 million), higher corporate general and administrative expenses ($0.3 million), higher exploration costs ($0.6 million), and higher interest and financing expenses ($0.2 million), partially offset by lower depletion and amortization ($0.8 million), higher foreign exchange gain ($0.4 million), and lower impairment on investment ($0.2 million), each of which are described in more detail below:

Revenues increased by $5.1 million from $7.7 million for the three months ended September 30, 2014 to $12.8 million for the three months ended September 30, 2015. The increase is primarily due to $7.8 million in revenues generated from the Galena Complex during the period offset by $2.7 million decrease in revenues from the Cosalá Operations due to lower average realized metal prices for the periods involved.

Cost of Sales increased by $7.7 million from $6.0 million for the three months ended September 30, 2014 to $13.7 million for the three months ended September 30, 2015. The increase is primarily due to $7.6 million in cost of sales incurred from the Galena Complex during the period plus $0.1 million increase in cost of sales from the Cosalá Operations due to increase in direct mining costs on a per silver ounce basis during the period.

Depletion and amortization decreased by $0.8 million from $2.7 million for the three months ended September 30, 2014 to $1.9 million for the three months ended September 30, 2015. The decrease is primarily due the write down in carrying value of mining interests from the Cosalá Operations as at December 31, 2014.

Care and maintenance costs of $0.2 million was incurred during the three months ended September 30, 2015 primarily due to ongoing care and maintenance costs resulting from the cessation of the El Cajón Project.

Corporate general and administrative expenses increased by $0.3 million from $0.7 million for the three months ended September 30, 2014 to $1.0 million for the three months ended September 30, 2015. The increase is primarily due to higher salaries, professional fees, and office and general expenses as the former U.S. Silver and Scorpio corporate groups were consolidated into the Americas Silver management team. Though an increase from the former Scorpio expenses, this amount is a reduction of the combined corporate expenses of the predecessor companies and was necessary to manage and integrate the operations of the predecessor companies. These expenses are expected to decrease quarter-over-quarter into 2016.

Exploration costs of $0.6 million increased during the three months ended September 30, 2015 primarily due to exploration projects at the Cosalá Operations and Galena Complex conducted during the period as opposed to previously capitalized at the Cosalá Operations in Q3-2014.

Interest and financing expenses increased by $0.2 million for the three months ended September 30, 2015 primarily due to interest expense from the Company's outstanding credit facility.

Foreign exchange gain increased by $0.4 million for the three months ended September 30, 2015 primarily due to realized foreign exchange gains transacted from the Cosalá Operations during the period.

Impairments of investment of $0.7 million and $0.5 million were incurred during the three months ended September 30, 2014 and September 30, 2015, respectively, primarily due to change in fair value of the Company's available-for-sale investment in the common shares of Scorpio Gold Corporation.

Analysis of the nine months ended September 30, 2015 vs. the nine months ended September 30, 2014

The Company recorded a net loss of $12.1 million for the nine months ended September 30, 2015 compared to net loss of $5.2 million for the nine months ended September 30, 2014. The increase in net loss was primarily attributable to lower net revenue on commodity sales ($2.6 million), higher care and maintenance costs ($1.7 million), higher corporate general and administrative expenses ($2.0 million), higher exploration costs ($1.2 million), higher interest and financing expenses ($0.9 million), higher loss on mining concession sales ($0.3 million), and lower income tax recovery ($0.5 million), partially offset by lower depletion and amortization ($1.4 million), lower foreign exchange loss ($0.5 million), and lower impairment on investment ($0.2 million), each of which are described in more detail below:

Revenues increased by $17.4 million from $24.7 million for the nine months ended September 30, 2014 to $42.1 million for the nine months ended September 30, 2015. The increase is primarily due to $23.0 million in revenues generated from the Galena Complex during the period offset by $5.6 million decrease in revenues from the Cosalá Operations due to lower average realized metal prices for the periods involved.

Cost of Sales increased by $19.9 million from $19.3 million for the nine months ended September 30, 2014 to $39.2 million for the nine months ended September 30, 2015. The increase is primarily due to $22.1 million in cost of sales incurred from the Galena Complex during the period offset by $2.2 million decrease in cost of sales from the Cosalá Operations due to decrease in direct mining costs on a per silver ounce basis during the period.

Depletion and amortization decreased by $1.4 million from $7.9 million for the nine months ended September 30, 2014 to $6.5 million for the nine months ended September 30, 2015. The decrease is primarily due the write down in carrying value of mining interests from the Cosalá Operations as at December 31, 2014.

Care and maintenance costs of $1.7 million was incurred during the nine months ended September 30, 2015 primarily due to ongoing care and maintenance costs and severance expenses resulting from the cessation of the El Cajón Project.

Corporate general and administrative expenses increased by $2.0 million from $2.8 million for the nine months ended September 30, 2014 to $4.8 million for the nine months ended September 30, 2015. The increase is primarily due to higher salaries, professional fees, and office and general expenses as the former U.S. Silver and Scorpio corporate groups were consolidated into the Americas Silver management team. Though an increase from the former Scorpio expenses, this amount is a reduction of the combined corporate expenses of the predecessor companies and was necessary to manage and integrate the operations of the predecessor companies. These expenses are expected to decrease quarter-over-quarter into 2016.

Exploration costs of $1.6 million incurred during the nine months ended September 30, 2015 primarily due to exploration projects at the Cosalá Operations and Galena Complex conducted during the period as opposed to previously capitalized at the Cosalá Operations in YTD-2014.

Interest and financing expenses increased by $0.9 million for the nine months ended September 30, 2015 primarily due to interest expense and financing costs from the Company's outstanding credit facility.

Foreign exchange gain increased by $0.6 million for the nine months ended September 30, 2015 primarily due to realized foreign exchange gains transacted from the Cosalá Operations during the period.

Loss on mining concession sales of net $0.3 million was incurred during the nine months ended September 30, 2015 due to sale of mining concessions from the Cosalá Operations for $0.2 million consideration (announced prior to the merger), offset by the carrying values of $0.5 million.

Impairments of investment of $0.7 million and $0.5 million were incurred during the nine months ended September 30, 2014 and September 30, 2015, respectively, primarily due to change in fair value of the Company's available-for-sale investment in the common shares of Scorpio Gold Corporation.

Income tax recovery decreased by $0.5 million from $1.3 million for the nine months ended September 30, 2014 to $0.8 million for the nine months ended September 30, 2015. The decrease is primarily due to the non-recognition of Mexican non-capital losses carried forward from previous periods which may be used to reduce future taxable income during the period. Management will reassess this non-recognition of Mexican deferred tax assets on an annual basis.

Summary of Quarterly Results

The following table presents a summary of the consolidated operating results for each of the most recent eight quarters ending with September 30, 2015.

	Q3 2015	Q2 2015	Q1 2015	Q4 2014 [1]	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenues ($ M)	$ 12.8	$ 15.3	$ 13.9	$ 6.8	$ 7.7	$ 8.8	$ 8.2	$ 7.2
Net Income (Loss) ($ M)	(4.8)	(1.5)	(5.9)	(73.5)	(2.3)	(1.8)	(1.1)	(1.8)
Comprehensive Income (Loss) ($ M)	(4.5)	(1.6)	(6.1)	(72.9)	(3.5)	(1.2)	(1.5)	(1.3)
Silver Ounces Produced (oz)	682,715	661,393	708,241	318,137	277,796	316,722	293,948	262,380
Zinc Pounds Produced (lbs)	2,626,541	2,692,214	3,253,739	3,329,584	2,830,816	3,478,500	2,986,626	3,406,341
Lead Pounds Produced (lbs)	6,572,325	4,618,754	4,646,945	1,771,927	2,130,746	1,388,750	1,197,664	1,443,955
Copper Pounds Produced (lbs)	546,666	541,691	644,923	339,144	274,213	256,913	327,664	333,023
Cash Cost/Ag Oz Produced ($/oz) [2]	$12.01	$12.35	$12.46	$11.60	$9.25	$10.62	$13.71	$15.18
All-In Sustaining Cost/Ag Oz Produced ($/oz) [2]	$16.47	$16.70	$17.15	$24.67	$21.96	$22.92	$20.94	$20.22
Current Assets (qtr. end) ($ M)	$ 19.3	$ 23.5	$ 26.9	$ 36.9	$ 29.7	$ 33.6	$ 35.7	$ 36.3
Current Liabilities (qtr. end) ($ M)	8.3	8.2	12.6	15.8	4.4	4.1	3.4	2.6
Working Capital (qtr. end) ($ M)	11.0	15.3	14.3	21.1	25.3	29.5	32.3	33.7
Total Assets (qtr. end) ($ M)	$ 102.0	$ 105.6	$ 108.2	$ 118.6	$ 135.7	$ 138.7	$ 139.3	$ 139.8
Total Liabilities (qtr. end) ($ M)	25.8	26.4	28.7	33.2	6.3	5.9	5.2	4.4
Total Equity (qtr. end) ($ M)	76.2	79.2	79.5	85.4	129.4	132.8	134.1	135.4

[1] Production from Galena Complex operations included since December 23, 2014.
[2] Refer to "Non-IFRS Measures: Cash Cost per Ounce and All-In Sustaining Cost per Ounce" section in this MD&A.

Liquidity

As of September 30, 2015, the Company's cash totalled $2.1 million, compared to $15.2 million at December 31, 2014. Working capital decreased to $11.0 million at September 30, 2015 from $21.1 million at December 31, 2014, a decrease of $10.1 million. Current liabilities as at September 30, 2015 were $8.3 million which is $7.5 million lower than at December 31, 2014.

The change in cash since December 31, 2014 can be summarized as follows (in millions of U.S. dollars):

Opening cash as at December 31, 2014	$ 15.2
Cash used in operations	(2.9)
Capital expenditures	(8.2)
El Cajón care and maintenance costs	(1.3)
Other care and maintenance costs	(0.4)
Proceeds from private placement	1.4
Closure of foreign exchange contracts	(0.4)
Decrease in receivables due to timing of shipments	1.7
Change in inventories during the period	1.9
Decrease in payables during the period	(4.9)
Closing cash as at September 30, 2015	$ 2.1

Working capital was impacted during the period mainly due to cash used in: the ongoing operations; capital expenditures; the closure of foreign exchange contracts; decrease in payables primarily transaction related to the U.S. Silver transaction; and care and maintenance costs. Care and maintenance costs in the period were primarily due to the cessation of the El Cajón Project and are not expected to be significant in future periods.

Effective June 30, 2015, the Company amended the terms of its existing C$8.5 million credit agreement with Royal Capital Management Corporation to extend the maturity from August 2016 to December 2017 and reschedule amortization payments to January 2017 in monthly increments of C$0.5 million, with the balance due and payable on maturity. This amendment shifts the principal repayments of C$2.5 million in 2015 and C$6.0 million in 2016 into fiscal 2017 improving the Company's liquidity in the near term.

On August 26, 2015, the Company completed a private placement of 11,027,555 units at a price of C$0.18 per unit for aggregate gross proceeds of approximately C$2.0 million. Each unit consisted of one common share and one half of one common share purchase warrant where each whole warrant is exercisable for one common share at an exercise price of C$0.25 for a period of three years.

On November 10, 2015, the Company closed a subordinated, secured credit agreement with a certain lender for a principal amount of $1.0 million for a term of one year, at an interest rate of 12% per annum, payable on a monthly basis beginning on the sixth month following closing. Beginning on the sixth month following the date of issue, the notes issued under the credit agreement will be redeemed in monthly increments of $75,000 (including the monthly interest payments) with the balance due and payable on maturity.

The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities. Several material uncertainties, such as the price of commodities and foreign currency exchange rates, cast significant doubt upon the going concern assumption. The Company's cash flow is dependent upon its ability to achieve profitable operations, obtain adequate equity or debt financing, or, alternatively, dispose its non-core properties on an advantageous basis to fund its near term operations, development and exploration plans while meeting production targets at current commodity price levels. Management is continuously evaluating viable financing alternatives to ensure sufficient liquidity including private equity financing, debt instruments, concentrate offtake agreements, sales of non-core assets, and the issuance of equity. Should commodity prices remain at current levels, the Company will require external funding to advance its development projects (such as San Rafael) and to support ongoing operations. Further reductions in staff may be necessary and capital expenditures may also be further reduced in order to address near-term cash flow demands. Additional impairments to the historical carrying value of the Company's mining interests and non-producing properties may also be required if both precious and base metals remain at current levels or decreases further. In the longer term, as the Cosalá Operations and Galena Complex are optimized and if the outlook for the silver price is positive, the Company believes that cash flows will be sufficient to fund ongoing operations.

The Company's financial instruments consist of cash, trade receivables, restricted cash, long-term investments, trade and other payables, credit facility, and other long-term liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Company is not exposed to significant interest or credit risk arising from financial instruments. The majority of the funds of the Company are held in accounts at major banks in Canada, Mexico and the United States.

The Company's liquidity has been, and will continue to be, impacted by pension funding commitments as required by the terms of the defined benefit pension plans offered to both its hourly and salaried workers (See note 14 in the audited consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2014). Although both pension plans are under-funded due to actuarial losses incurred from market conditions, the Company intends to fund to the minimum levels required by applicable law. The Company currently estimates total annual funding requirements for both Galena Complex pension plans to be approximately $0.8 million per year for each of the next 5 years. As of November 12, 2015, no further pension contribution spending is expected for the remainder of 2015.

Capital Resources

The Company's cash flow is dependent on delivery of its concentrates to its smelters and concentrate traders. The Company's contracts with these parties provide for provisional payments based on timing of concentrate deliveries. The Company has not had any problems collecting payments from smelters in a reliable and timely manner and expects no such difficulties in the foreseeable future. However, this cash flow is dependent on continued mine production which can be subject to interruption for various reasons including fluctuations in metal prices and concentrate shipment difficulties. Additionally, unforeseen cessation in the counterparty's capabilities could severely impact the Company's capital resources.

The Company made capital expenditures of $8.2 million during the nine months ended September 30, 2015 and $9.4 million for the same period of 2014, of which $6.8 million was spent towards drilling and underground development costs while $1.4 million was spent on purchase of property, plant and equipment. All of these projects are dependent upon the Company maintaining a strong capital position. The Company plans to continue underground exploration utilizing diamond core drilling.

The following table sets out the Company's contractual obligations as of September 30, 2015:

	Total	Less than 3 months	3 months to 1 year	2-5 years	Over 5 years
Trade and other payables	$ 8,202	$ 8,202	$ -	$ -	$ -
Credit facility	6,369	-	-	6,369	-
Interest on credit facility	1,499	194	581	724	-
Leases	49	7	21	21	-
Other long-term liabilities	576	-	-	-	576
Decommissioning provision	4,904	6	115	730	4,053
Total	$ 21,599	$ 8,409	$ 717	$ 7,844	$ 4,629

1 - All leases can be cancelled upon proper notice periods by the Company.

2 - Certain of these estimates are dependent on market conditions and assumed rates of return on assets. Therefore, the estimated obligation of the Company may vary over time.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Transactions with Related Parties

There were no related party transactions for the nine months ended September 30, 2015.

Risk Factors

The Company manages a number of risks to achieve an acceptable level of risk without appreciably hindering its ability to maximize returns. Management has procedures in place to identify and manage significant operational and financial risks. A discussion of risk factors relating to the Company is found under the heading "Risk Factors" in the Company's Annual Information Form dated March 30, 2015 and its MD&A for the year ended December 31, 2014. Each of the discussions referred to above is incorporated by reference herein. The documents referred to above are available on SEDAR at www.sedar.com.

Accounting Standards and Pronouncements

Accounting standards issued but not yet applied

There have been no new accounting pronouncements issued in the first three quarters of 2015 that are expected to impact the Company. For a summary of recent pronouncements, see note 3 in the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2015.

Financial Instruments

At December 31, 2014, the Company had foreign exchange derivatives put in place by the Company's previous management to buy 60 million Mexican pesos extendable month to month at an average exchange rate of 13.13 MXP/USD valued at approximately $4.6 million. At September 30, 2015, the Company had settled all outstanding foreign exchange derivatives resulting in a net realized loss of approximately $0.5 million in fiscal 2014 and $0.1 million for the nine months ended September 30, 2015 on these contracts.

Capital Structure

The Company is authorized to issue an unlimited number of common shares, where each common share provides the holder with one vote. As at September 30, 2015, there were 347,225,205 common shares issued and outstanding.

As at November 12, 2015, there were 347,225,205 common shares of the Company issued and outstanding and 25,873,228 options outstanding which are exchangeable in common shares of the Company. The number of common shares issuable on the exercise of warrants is 53,661,127.

Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109").

The Company's DC&P are designed to ensure that all important information about the Company, including operating and financial activities, is communicated fully, accurately and in a timely way and that they provide the Company with assurance that the financial reporting is accurate.

ICFR means a process by or under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As at September 30, 2015, the Company's CEO and CFO have certified that the DC&P are effective and that during the quarter ended September 30, 2015 the Company did not make any material changes in the ICFR that materially affected or are reasonably likely to materially affect the Company's ICFR.

The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

Non-IFRS Measures: Cash Cost per Ounce and All-In Sustaining Cost per Ounce

The Company reports cash cost per ounce and all-in sustaining cost per ounce of silver produced, non-IFRS measures, in accordance with measures widely reported in the silver mining industry as a benchmark for performance measurement. Management uses these measures internally to better assess performance trends and understands that a number of investors, and others who follow the Company's performance, also assess performance in this manner.

These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning and may differ from methods used by other companies with similar descriptions. The methods do not include depletion, depreciation, exploration or corporate administrative costs and is therefore not directly reconcilable to costs as reported under International Financial Reporting Standards. All-in sustaining cost is the silver mining industry cash cost plus all development, capital expenditures, exploration spending and mine general administrative costs.

Reconciliation of Consolidated Cash Cost per Ounce

		Q3-2015		Q3-2014		YTD-2015		YTD-2014
Direct mining costs ('000)	$	12,254	$	6,101	$	37,097	$	18,968
Smelting, refining and royalty expenses ('000)		3,840		1,770		11,021		5,416
		16,094		7,871		48,118		24,384
Less by-product credits ('000)		(7,893)		(5,302)		(22,926)		(14,422)
Total cash costs ('000)	$	8,201	$	2,569	$	25,192	$	9,962
Divided by silver produced (oz)		682,715		277,796		2,052,349		888,483
Silver cash costs ($/oz)	$	12.01	$	9.25	$	12.27	$	11.21

Reconciliation of Cosalá Cash Cost per Ounce

		Q3-2015		Q3-2014		YTD-2015		YTD-2014
Direct mining costs ('000)	$	4,695	$	6,101	$	15,174	$	18,968
Smelting, refining and royalty expenses ('000)		2,196		1,770		6,663		5,416
		6,891		7,871		21,837		24,384
Less by-product credits ('000)		(3,854)		(5,302)		(12,876)		(14,422)
Total cash costs ('000)	$	3,037	$	2,569	$	8,961	$	9,962
Divided by silver produced (oz)		274,919		277,796		896,145		888,483
Silver cash costs ($/oz)	$	11.05	$	9.25	$	10.00	$	11.21

Reconciliation of Galena Complex Cash Cost per Ounce

		Fiscal Q3-2015 [1]		Calendar Q3-2014 [1]		Fiscal YTD-2015 [1]		Calendar YTD-2014 [1]
Direct mining costs ('000)	$	7,559	$	7,166	$	21,923	$	22,523
Smelting, refining and royalty expenses ('000)		1,644		1,394		4,358		3,697
		9,203		8,560		26,281		26,220
Less by-product credits ('000)		(4,039)		(2,683)		(10,050)		(6,748)
Total cash costs ('000)	$	5,164	$	5,877	$	16,231	$	19,472
Divided by silver produced (oz)		407,796		357,669		1,156,204		1,263,895
Silver cash costs ($/oz)	$	12.66	$	16.43	$	14.04	$	15.41

[1] Production from Galena Complex operations are included since December 23, 2014.
Values for calendar year 2014 are presented for information purposes only.

Reconciliation of Consolidated All-In Sustaining Cost per Ounce

	Q3-2015	Q3-2014	YTD-2015	YTD-2014
Total cash costs ('000)	$ 8,201	$ 2,569	$ 25,192	$ 9,962
Capital expenditures ('000)	2,468	3,531	8,125	9,554
Exploration costs ('000)	573	-	1,118	-
Total all-in sustaining costs ('000)	$ 11,242	$ 6,100	$ 34,435	$ 19,516
Divided by silver produced (oz)	682,715	277,796	2,052,349	888,483
Silver cash costs ($/oz)	$ 16.47	$ 21.96	$ 16.78	$ 21.97

Reconciliation of Cosalá All-In Sustaining Cost per Ounce

	Q3-2015	Q3-2014	YTD-2015	YTD-2014
Total cash costs ('000)	$ 3,037	$ 2,569	$ 8,961	$ 9,962
Capital expenditures ('000)	951	3,531	3,015	9,554
Exploration costs ('000)	254	-	508	-
Total all-in sustaining costs ('000)	$ 4,242	$ 6,100	$ 12,484	$ 19,516
Divided by silver produced (oz)	274,919	277,796	896,145	888,483
Silver cash costs ($/oz)	$ 15.43	$ 21.96	$ 13.93	$ 21.97

Reconciliation of Galena Complex All-In Sustaining Cost per Ounce

	Fiscal Q3-2015 [1]	Calendar Q3-2014 [1]	Fiscal YTD-2015 [1]	Calendar YTD-2014 [1]
Total cash costs ('000)	$ 5,164	$ 5,877	$ 16,231	$ 19,472
Capital expenditures ('000)	1,517	1,403	5,110	4,641
Exploration costs ('000)	319	254	610	650
Total all-in sustaining costs ('000)	$ 7,000	$ 7,534	$ 21,951	$ 24,763
Divided by silver produced (oz)	407,796	357,669	1,156,204	1,263,895
Silver cash costs ($/oz)	$ 17.16	$ 21.06	$ 18.99	$ 19.59

[1] Production from Galena Complex operations are included since December 23, 2014.
Values for calendar year 2014 are presented for information purposes only.