



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and nine months ended September 30, 2021 prepared as of November 29, 2021, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 and the related notes thereto of Santacruz Silver Mining Ltd. (the "Company" or "Santacruz") (the "2021 Q3 Financial Statements"), together with the audited consolidated financial statements for the year ended December 31, 2020 as well as the accompanying MD&A for the year then ended (the "Annual MD&A").

The above referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts are expressed in thousands of US dollars (US\$000's) unless otherwise indicated. References to CAD are to Canadian dollars. Throughout this MD&A the terms first quarter, second quarter, third quarter, and fourth quarter are respectively used interchangeably with the terms Q1, Q2, Q3, and Q4.

Forward-Looking Statements

This MD&A and the documents incorporated herein by reference contain "forward-looking information" within the meaning of applicable Canadian securities regulation. The forward-looking information contained in this MD&A is made as of the date hereof. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update forward-looking information.

Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions. In making the forward-looking statements included in this MD&A, the Company has applied several material assumptions, including that the Company's financial condition and development plans do not change as a result of unforeseen events, and that future metal prices and the demand and market outlook for metals will remain stable or improve. Forward-looking information also includes, but is not limited to, statements relating to the potential mineralization and geological merits of the Company's Zimapan mine and related mineral concessions (the "Zimapan Mine"), the Rosario mine and related mineral concessions (the "Rosario Mine" which is part of the "Rosario Project"), the Membrillo prospect ("Membrillo Prospect" which is part of the "Rosario Project"); the Veta Grande mine (the "Veta Grande Mine" which is part of the "Veta Grande Project"), and the Santa Gorgonia prospect ("Santa Gorgonia Prospect" which is part of the Zimapan mine concessions); expectations regarding the continuity of mineral deposits; the Company's goals regarding raising capital and developing its projects; expected timing regarding installation of certain facilities on the Company's projects; the Company's proposed development and exploration plans for the Membrillo Prospect, and the Zimapan Mine; plans for drilling; expectations regarding environmental issues that may affect the exploration progress; and the Company's other plans for development of its projects. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

This forward-looking information is based on certain assumptions that the Company believes are reasonable, including that: the Company is able to obtain any required government or other regulatory approvals and adequate financing to complete its current and future exploration and development programs; current gold, silver and base metal prices will not materially decrease; the proposed development of the Company's mineral projects will be viable operationally and economically and proceed as expected; the Company will not experience any material accident, labour dispute or failure of plant or equipment; any additional financing needed by the Company will be available on reasonable terms; that planned drilling at its mineral properties will be completed and that the results of such drilling will be consistent with management's expectations; that general business, economic, and political conditions will not change in a material adverse manner; that the Company's exploration of its properties is not adversely affected by unexpected adverse weather conditions; and that the Company's current exploration and development programs and objectives can be achieved.

Any financial outlook contained herein, as defined by applicable securities legislation, is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the risk that

actual results of exploration activities will be different than anticipated, that cost of labour, equipment or materials increase more than expected, that market conditions and global economic conditions, including increased volatility, will result in negative capital raising conditions arising from the continued COVID-19 pandemic and risks relating to the extent and duration of such pandemic and its impact on global markets, that mineral resources are not as estimated, that actual costs of reclamation activities are greater than expected; that changes in project parameters as plans continue to be refined result in increased costs, that lower rates of production are achieved than are expected, that unexpected variations in mineral grade or recovery rates occur, that plant, equipment or processes fail to operate as anticipated, that accidents or labour disputes occur, that unanticipated delays occur in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

General

Santacruz was incorporated pursuant to the *Business Corporations Act* (British Columbia) on January 24, 2011. The Company's registered office is located at the 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5. The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "SCZ".

The Company is engaged in the operation, acquisition, exploration and development of mineral properties in Latin America, with a primary focus on silver and zinc, but also including gold, lead and copper. The Company currently has one producing project, the Zimapan Mine. In addition, the Company holds two exploration properties in its mineral property portfolio, the La Pechuga Property and the Santa Gorgonia Prospect.

On March 2, 2021 the Company completed the sale of the Zacatecas Properties, comprising 149 mining concessions totaling approximately 7,826 ha (19,338 acres) including the Panuco Deposit, to Zacatecas Silver Corp. ("Zacatecas Silver") for consideration of \$1,500 and the issuance by Zacatecas Silver of 5,000,000 common shares of Zacatecas Silver to the Company.

On April 13, 2021, the Company closed a private placement offering of 46,980,000 units of the Company for gross proceeds of CAD\$14,094. The proceeds from the offering were used by the Company in part to complement the acquisition of the Zimapan Mine and in part for working capital and general corporate purposes.

On April 23, 2021, the Company completed the acquisition of the Zimapan Mine for total consideration of \$20,000 (plus applicable Mexican Value Added Tax of \$3,200). Funding for the Transaction was arranged with Trafigura Mexico, S.A. de C.V. ("Trafigura") as to a \$17,616 loan facility (the "Trafigura Loan Facility") which included the recapitalization of \$2,616 of a prior loan arrangement with them and with \$5,000 from the Company's treasury. As part of the loan financing, warrants were also issued to Trafigura.

On July 15, 2021, after receiving the approval of the TSX-V, the Company issued 10,342,604 common shares at a price of CAD\$0.432 per share in settlement of outstanding debts totalling \$3,701.

On October 5, 2021, the Company announced it was suspending operations at the Rosario Mine and placing it on care and maintenance. The decision was made following an extensive review by management of the Rosario Mine operations and strategic options available. The Company will continue with permitting activities and remediation programs so that the Rosario Project is positioned for a timely restart should project economics justify such.

On October 13, 2021, the Company announced it had entered into a definitive share purchase agreement with Glencore plc (Glencore) whereby the Company will acquire a portfolio of Bolivian silver assets for a total consideration of \$110,000 and a net smelter return royalty of 1.5%. The Company plans to effectively finalize this transaction in Q1 2022.

The decisions to commence the production phase at the Rosario Mine and the Membrillo Prospect were not based on feasibility studies with mineral reserves demonstrating economic and technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this decision. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis in accordance with NI 43-101.

Production at the Zimapan Mine is not supported by a feasibility study on mineral reserves demonstrating economic and technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with production operations at the Zimapan Mine. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis in accordance with NI 43-101.

Zimapan Mine Acquisition

On July 28, 2020 the Company, through its wholly-owned Mexican subsidiary Carrizal Mining, S.A. de C.V. ("Carrizal Mining"), entered into a legally binding term sheet with Minera Cedros to acquire the Zimapan Mine for total consideration of \$20,000 (plus applicable Mexican Value Added Tax of \$3,200) (the "Transaction"). The Zimapan Mine at the time was under lease by Carrizal Mining from Minera Cedros.

On April 23, 2021, the Company completed the acquisition of the Zimapan Mine.

Assets acquired pursuant to the Transaction include:

- Zimapan mill facility (the "Zimapan Mill") which is a 75,000 dry metric tonnes (DMT) per month facility with zinc, lead and copper circuits. Over the past five years the Zimapan Mill has produced an annual average of 12,400 tonnes of zinc, 3,300 tonnes of lead, 1,850 tonnes of copper and 1,290,000 ounces of silver from an average annual throughput of 700,000 tonnes of mineralized material generating an average of 4,681,000 ounces silver equivalent* (source: Carrizal Mining mine production records).
- Surface and underground infrastructure including electrical and other necessary infrastructure to carry on day-to-day operations.
- 34 mining concessions covering an area of 5,139 hectares. The mining concessions are located seven kilometers from the municipality of Zimapan. To date, Carrizal Mining has identified 14 mineral zones that are characterized as polymetallic replacement mineralization of Pliocene age. Within the mineral zones, silver, lead, zinc and copper minerals have preferentially replaced the carbonate host rocks and pre-existing skarn bodies to produce disseminated, semi-massive sulphide and massive sulphide bodies that occur in proximity to monzonitic intrusions and quartz-feldspar porphyry dikes.

Liabilities acquired pursuant to the Transaction include environmental obligations and the asset retirement obligation (ARO). The ARO represents the Company's future obligation to remediate the Zimapan mine site after the life of mine has expired.

Funding for the Transaction was arranged with Trafigura Mexico, S.A. de C.V. ("Trafigura") with a \$17,616 loan facility (the "Trafigura Loan Facility") which included the recapitalization of \$2,616 of a prior loan arrangement, and with \$5,000 from the Company's treasury. Pursuant to the terms of the Transaction, the Company had until September 23, 2021 to pay Minera Cedros the outstanding Mexican Value Added Tax of \$3,200 owed in connection with the Transaction. The Company has paid \$500 of this balance to date and has mutually agreed with Minera Cedros to pay the outstanding balance prior to year end.

The Trafigura Loan Facility is for a period of 42 months at an annual interest rate of three-month LIBOR + 6.5% (effective rate currently approximately 6.67%), repayable in monthly instalments of principal plus accrued interest for the respective period. The Trafigura Loan Facility is secured by a first charge over all Zimapan Mine assets and all other material assets owned by the Company and its subsidiaries. In addition, the Company issued to Trafigura 28,000,000 warrants (the "Trafigura Warrants"), each warrant exercisable into a Santacruz common share at CAD\$0.395 per share, for a period of 12 months with respect to 7,280,000 of the Trafigura Warrants 42 months with respect to the remaining 20,720,000 Trafigura Warrants. The Trafigura Loan Facility contains normal course liquidity and financial ratio covenants, among others.

Pursuant to the Trafigura Loan Facility, Trafigura will have the right to offset payments owing by Trafigura to Carrizal Mining and/or its affiliates under existing commodity purchase and sale agreements, against payments owing by Carrizal Mining to Trafigura under the Trafigura Loan Facility.

Third Quarter 2021 Financial and Operating Highlights

Selected financial and operating information for the three months ended September 30, June 30 and March 31, 2021 in addition to the December 31 and September 30, 2020 is presented below. The Company is not including production and unit cost results from the Veta Grande Project in this MD&A as operations at Veta Grande were suspended during Q1 2020 and to date have not recommenced.

	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Financial							
Revenue – Mining Operations	14,601	13,744	11,168	9,905	9,437	6%	55%
Gross Profit (Loss) ⁽⁴⁾	3,656	3,840	2,181	807	1,259	-5%	190%
Net (Loss) Income	(3,849)	(3,784)	6,518	(607)	(163)	2%	2,261%
Net (Loss) Earnings Per Share – Basic (\$/share)	(0.01)	(0.01)	0.02	0.00	0.00	-	-
Adjusted EBITDA ⁽⁴⁾	1,263	1,184	1,006	(3,262)	998	7%	27%
Operating							
Material Processed (tonnes milled)	188,947	172,324	176,239	201,585	176,640	10%	7%
Silver Equivalent Produced (ounces) ⁽¹⁾⁽⁶⁾	872,913	799,057	706,978	1,000,242	977,678	9%	-11%
Silver Equivalent Sold (payable ounces) ⁽²⁾	839,929	678,918	605,970	620,091	661,664	24%	27%
Production Cost per Tonne ⁽³⁾	55.33	55.48	50.03	50.06	43.06	-	28%
Cash Cost per Silver Equivalent (\$/oz) ⁽³⁾	18.04	19.87	20.54	23.04	18.38	-9%	-2%
All-in Sustaining Cost per Silver Equivalent (\$/oz) ⁽³⁾	21.91	23.74	23.76	24.41	19.85	-8%	10%
Average Realized Silver Price per Ounce (\$/oz) ⁽³⁾⁽⁵⁾	22.81	25.67	25.06	24.05	21.18	-11%	8%

(1) Silver equivalent ounces produced in 2021 have been calculated using prices of \$25.00/oz, \$1,925/oz, \$0.85/lb, \$1.05/lb and \$3.00/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Zimapan mine and the Rosario Project. Silver equivalent ounces produced in 2020 have been calculated using prices of \$17.85/oz, \$1,480/oz, \$0.92/lb, \$1.09/lb and \$2.80/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Zimapan mine and the Rosario Project.

(2) Silver equivalent sold ounces have been calculated using the realized silver prices stated in the table above, applied to the payable metal content of the concentrates sold from the Zimapan Mine and Rosario Project in 2021 and 2020.

(3) The Company reports non-IFRS measures which include Production Cost per Tonne, Cash Cost per Silver Equivalent, All-in Sustaining Cost per Silver Equivalent and Average Realized Silver Price per Ounce. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See "Non-IFRS Measures" section, below for definitions.

(4) The Company reports additional non-IFRS measures which include Gross Profit (Loss) and Adjusted EBITDA. These additional financial disclosure measures are intended to provide additional information. Refer to the "Non-IFRS Measures – Additional Information" section for a reconciliation of Mine Operations Income (Loss) and Adjusted EBITDA to the quarterly financial statements.

(5) Average realized silver price per ounce is prior to all treatment, smelting and refining charges.

Management Business Overview and Outlook

The Company's focus for the remainder of 2021 will be:

- at the Zimapan Mine, to steadily increase production from the Lomo del Toro mineralized zone;
- at the Rosario Project, to maintain the project on a care and maintenance basis such that it is positioned to for a timely restart should project economics justify such;
- complete exploration campaign at both the Horizontes Zone (Lomo del Tora zone) and Santa Gorgonia Prospect located within the Zimapan Mine mining concessions;
- substantially complete acquisition financing, all other conditions precedent and the NI 43-101 technical report in relation to the Glencore agreement.

The decisions to commence the production phase at the Rosario Mine and the Membrillo Prospect were not based on feasibility studies with mineral reserves demonstrating economic and technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with these decisions and production operations. See "General" above.

Production at the Zimapan Mine is not supported by a feasibility study on mineral reserves demonstrating economic and technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with production operations at the Zimapan Mine. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis in accordance with NI 43-101.

Review of Consolidated Operating Results

	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Material Processed (tonnes milled) ^{(4) (5)}							
Zimapan Mine	186,642	155,407	156,433	180,003	164,846	20%	13%
Rosario Project	2,306	16,917	19,806	21,582	11,794	-86%	-80%
Consolidated	188,948	172,324	176,239	201,585	176,640	10%	7%
Silver Equivalent Produced (ounces) ^{(1) (3) (4) (5)}							
Zimapan Mine	867,215	757,937	646,085	909,379	920,985	14%	-6%
Rosario Project	5,698	41,120	60,893	90,863	56,693	-86%	-90%
Consolidated	872,913	799,057	706,978	1,000,242	977,678	9%	-11%
Silver Equivalent Sold (payable ounces) ^{(4) (5)}							
Zimapan Mine	829,164	658,590	553,450	545,580	625,036	26%	33%
Rosario Project	10,765	20,328	52,520	74,511	36,628	-47%	-71%
Consolidated	839,929	678,918	605,970	620,091	661,664	24%	27%
Cash Cost of Production per Tonne ^{(2) (4) (5)}							
Zimapan Mine	53.88	53.92	49.04	48.90	39.91	-	35%
Rosario Project	173.04	69.81	57.86	59.68	87.08	148%	99%
Consolidated	55.33	55.48	50.03	50.06	43.06	-	29%
Cash Cost per Silver Equivalent Ounce ^{(2) (4) (5)}							
Zimapan Mine	17.72	18.37	19.91	23.21	17.45	-4%	2%
Rosario Project	42.81	68.58	27.19	21.82	34.13	-38%	25%
Consolidated	18.04	19.87	20.54	23.04	18.38	-9%	-2%
All-in Sustaining Cash Cost per Silver Equivalent Oz ^{(2) (4) (5)}							
Zimapan Mine	21.33	21.35	21.03	24.95	18.54	-	15%
Rosario Project	67.27	101.19	52.57	47.63	42.07	-34%	60%
Consolidated	21.91	23.74	23.76	27.67	19.85	-8%	10%
Average Realized Silver Price per Ounce ^{(2) (4) (5)}							
Zimapan Mine	22.81	25.67	25.07	23.98	21.01	-11%	9%
Rosario Project	22.47	25.63	25.00	24.56	24.08	-12%	-7%
Consolidated	22.81	25.67	25.06	24.05	21.18	-11%	8%

- (1) Silver equivalent ounces produced in 2021 have been calculated using prices of \$25/oz, \$1,925/oz, \$0.85/lb, \$1.05/lb and \$3.00/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Zimapan Mine and the Rosario Project. Silver equivalent ounces produced in 2020 have been calculated using prices of \$17.85/oz, \$1,480/oz, \$0.92/lb, \$1.09/lb and \$2.80/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Zimapan Mine and the Rosario Project.
- (2) Silver equivalent sold ounces have been calculated using the realized silver prices stated in the table above, applied to the payable metal content of the concentrates sold from the Zimapan Mine and Rosario Project in 2021 and 2020.
- (3) The Company reports non-IFRS measures which include Cash Cost per Silver Equivalent, All-in Sustaining Cash Cost per Silver Equivalent, Cash Cost of Production per Tonne, and Average Realized Silver Price per Ounce. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See "Non-IFRS Measures" section, below for definitions.
- (4) The Company is not including production and unit cost results from the Veta Grande Project in this MD&A as operations at Veta Grande were suspended during Q1 2020 and to date have not recommenced.
- (5) Operations at the Rosario Project are suspended and there was minimal production in July 2021 and no production in August and September 2021.

Operations Overview

Consolidated silver equivalent production in Q3 2021 increased by 9% as compared to Q2 2021 and decreased by 11% as compared to Q3 2020.

It must be noted that when the price decks for comparative periods are relatively similar (as is the case for quarterly comparisons within any particular fiscal year) this analytical metric is a useful tool. However, a comparison of silver equivalent production between periods with substantially different price decks can be misleading. Such is the case when comparing the 2020 quarterly silver equivalent production to 2021. In order to provide a better comparison for this metric the table below shows the silver equivalent production for each of Q3, Q2 and Q1 2021, and Q4 and Q3 2020 calculated using the 2020 metal price deck for all periods.

	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Silver Equivalent Produced (ounces)							
Zimapan Mine	1,103,943	945,533	796,139	909,379	920,985	17%	20%
Rosario Project	6,919	50,098	72,617	90,863	56,693	-86%	-88%
Consolidated	1,110,862	995,632	868,756	1,000,242	977,678	12%	14%

The increase in silver equivalent production at the Zimapan Mine in Q3 2021 as compared to Q3 2020 (as reflected in the above table) is largely due to a 13% increase in mineralized material processed at the Zimapan milling facility in Q3 2021. Conversely, at Rosario the decrease in silver production in Q3 2021 as compared to Q3 2020 reflects in large part an 80% decrease in throughput of mineralized material and in part lower head grades during Q3 2021.

The increase in silver equivalent production at the Zimapan Mine in Q3 2021 as compared to Q2 2021 (as reflected in the above table) reflects increased in mineralized material processed at the Zimapan milling facility in Q3 2021 offset by a slight reduction in silver head grade and silver recovery.

Cash Cost per Tonne

As compared to Q3 2020, the Q3 2021 consolidated cash cost of production per tonne of mineralized material processed increased by 29%. This change is largely due to a 53% increase in the cash cost of production at the Zimapan Mine which included a non-recurring charge of \$6.93/t due to a Mexican labour reform that came into effect during the quarter that required companies engaging labour hire organizations to recognize all labour obligations (vacation accruals, seniority premiums, bonuses). The increase in cash costs were offset by a 13% increase in material processed at the Zimapan Mine.

As compared to Q2 2021, the Q3 2021 consolidated cash cost of production per tonne of mineralized material processed decreased by \$0.14/t to \$55.33/t. The decrease in the cash cost of production at the Zimapan Mine was largely due to a 20% increase in tonnes milled which reflects an ongoing focus on development work at the Lomo del Toro mineralized zone to increase production from this well mineralized area. This was offset by the non-recurring charge of \$6.93/t due to a Mexican labour reform that came into effect during the quarter.

Cash Cost per Silver Equivalent Ounce

As compared to Q3 2020, the Q3 2021 consolidated cash cost of sales per silver equivalent ounce sold decreased 2%. This change largely reflects a 35% increase in the cash cost of silver equivalent ounce sold which included a non-recurring charge of \$1.56/oz due to compliance with a Mexican labour reform that came into effect during the quarter and a 33% increase in silver equivalent ounce sold at the Zimapan Mine.

As compared to Q2 2021, the Q3 2021 consolidated cash cost of sales per silver equivalent ounce sold decreased 9% to \$18.04/oz. This change largely reflects a 21% increase in the cash cost of silver equivalent ounce and a 26% increase in silver equivalent ounce sold at the Zimapan Mine.

All-In Sustaining Cash Cost per Silver Equivalent Ounce (AISC)

As compared to Q3 2020, the Q3 2021 consolidated AISC increased by 10%. This change is largely due to a 53% increase in all-in sustaining cost at the Zimapan Mine which included a non-recurring charge of \$1.56/oz due to a Mexican labour reform which came into effect during the quarter, offset by the aforementioned 33% increase in silver equivalent ounce sold at the Zimapan Mine. The increase in all-in sustaining costs at the Zimapan Mine is largely due to an increase cost of sales of 51% and an increase in administrative costs of 222% which is outlined below.

As compared to Q2 2021, the Q3 2021 consolidated AISC decreased 8% to \$21.91/oz. This result reflects a 14% increase in the consolidated all-in sustaining cost offset by a 24% increase in consolidated silver equivalent ounces sold in Q3 2021. The increase in consolidated silver equivalent ounces sold reflects a 26% increase at the Zimapan Mine offset by a 47% decrease at Rosario.

Zimapan Mine, Zimapan, Hidalgo, Mexico

As noted in this MD&A, Carrizal Mining acquired the Zimapan Mine in April 2021 pursuant to the Transaction.

Zimapan Mine Production and Operating Results

Presented in the table and disclosure below are production statistics and unit costs for the Zimapan Mine for Q3, Q2 and Q1 2021, and Q4 and Q3 2020.

	2021 ⁽¹⁾			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Material Processed (tonnes milled)	186,642	155,407	156,433	180,003	164,846	20%	13%
Silver Equivalent Produced (ounces) ⁽²⁾⁽³⁾	867,215	757,937	646,085	909,379	920,985	14%	-6%
Silver Equivalent Sold (payable ounces) ⁽⁴⁾							
	829,164	658,590	553,450	545,580	625,036	26%	33%
Production - Silver (ounces) ⁽³⁾	313,476	310,910	294,099	297,538	282,760	1%	11%
- Lead (tonnes) ⁽³⁾	1,008	747	892	948	1,048	35%	-4%
- Zinc (tonnes) ⁽³⁾	3,744	2,848	2,067	2,711	2,841	31%	32%
- Copper (tonnes) ⁽³⁾	497	481	354	402	395	3%	26%
Average Grade - Silver (g/t)	73	84	85	76	73	-13%	-
- Lead (%)	0.61	0.56	0.63	0.62	0.72	8%	-16%
- Zinc (%)	2.53	2.54	1.99	2.20	2.40	0%	6%
- Copper (%)	0.35	0.38	0.31	0.32	0.33	-9%	5%
Metal Recovery - Silver (%) ⁽³⁾	71.5	74.2	69.0	67.4	72.3	-4%	-1%
- Lead (%) ⁽³⁾	89.2	85.2	90.0	84.4	88.8	5%	-
- Zinc (%) ⁽³⁾	79.2	72.1	66.4	68.3	72.0	10%	10%
- Copper (%) ⁽³⁾	76.7	81.4	73.9	69.5	72.3	-6%	6%
Cash Cost of Production per Tonne	53.88	53.92	49.04	48.90	39.91	-	35%
Cash Cost per Silver Equivalent (\$/oz)	17.72	18.37	19.91	23.21	17.45	-4%	2%
All-in Sustaining Cash Cost per Silver Equivalent (\$/oz)	21.33	21.35	21.03	24.95	18.54	-	15%

⁽¹⁾ The Zimapan Mine was acquired in 2021. Prior to acquisition, the Company conducted operations at Zimapan Mine under a mining lease agreement with Minera Cedros.

⁽²⁾ Silver equivalent ounces produced in 2021 have been calculated using prices of \$25.00/oz, \$1,925/oz, \$0.85/lb, \$1.05/lb and \$3.00/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Zimapan Mine. Silver equivalent ounces produced in 2020 have been calculated using prices of \$17.85/oz, \$1,480/oz, \$0.92/lb, \$1.09/lb and \$2.80/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Zimapan Mine.

⁽³⁾ Silver equivalent sold ounces have been calculated using the realized silver prices stated in the table above, applied to the payable metal content of the concentrates sold from the Zimapan Mine in 2021 and 2020.

⁽⁴⁾ The Company reports non-IFRS measures which include Cash Cost per Silver Equivalent, All-in Sustaining Cash Cost per Silver Equivalent, Cash Cost of Production per Tonne, and Average Realized Silver Price per Ounce. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See "Non-IFRS Measures" section for definitions.

Zimapan Operations Overview

As compared to Q3 2020, the Q3 2021 silver equivalent production decreased 6% due to the impact of using different metal price decks for the respective 2021 and 2020 fiscal years (see prior discussion). The Q3 2021 silver equivalent production increased by 20% (after adjusting for the metal price deck) as compared to Q3 2020.

As compared to Q2 2021, the Q3 2021 silver equivalent production increased 14%. This increase arose primarily as a result of a 20% increase in tonnes milled during the period.

Operations during Q2 reflect reduced milling availability with operations negatively impacted by challenges with the dewatering circuit. This was remedied in early Q3 as a result of replacing the original drum filters with a filter press. The impact of this change in equipment was immediate as production for July 2021 improved to over 60,000 tonnes of material processed at the milling facility with August and September seeing further production improvements.

Production at the Zimapan Mine is not supported by a feasibility study on mineral reserves demonstrating economic and technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with production operations at the Zimapan Mine. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis in accordance with NI 43-101.

Cash Cost per Tonne

Cash cost of production per tonne of mineralized material processed increased by 35% in Q3 2021 to \$53.88/t as compared to Q3 2020. This resulted from a 53% increase in the cash cost of production which included a non-recurring charge of \$6.93/t due to a Mexican labour reform that came into effect during the quarter, offset by a 13% increase in the tonnes of mineralized material processed.

As compared to Q2 2021, the cash cost of production per tonne of mineralized material processed decreased by \$0.04/t. This result reflects a 20% increase in the cash cost of production offset by a 20% increase in the tonnes of mineralized material processed during Q3 2021.

Cash Cost per Silver Equivalent Ounce

Cash cost of production per silver equivalent ounce sold increased by 2% to \$17.72/oz in Q3 2021 compared to Q3 2020. This resulted from a 35% increase in the cash cost of sales of silver equivalent ounces which included a non-recurring charge of \$1.56/oz due to a Mexican labour reform that came into effect during the quarter, while the silver equivalent payable ounce produced increased by 33%.

As compared to Q2 2021, the cash cost of production per silver equivalent ounce sold in Q3 2021 decreased by 4%. This resulted from an 21% increase in the cash cost of sales of silver equivalent ounces while the silver equivalent payable ounces produced increased by 26%. As noted earlier in this MD&A the increase in silver equivalent production arose primarily as a result of a 20% increase in tonnes milled during the period.

All-In Sustaining Cash Cost per Silver Equivalent Ounce (AISC)

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 15% to \$21.33/oz as compared to Q3 2020. This resulted from a 51% increase in the cash cost of sales which included a non-recurring charge of \$1.56/oz due to a Mexican labour reform that came into effect during the quarter, while the silver equivalent payable ounces produced increased by 33%.

As compared to Q2 2021, the AISC in Q3 2021 decreased by \$0.02/oz. This resulted from a 24% increase in the cash cost of sales of silver equivalent ounces while the silver equivalent payable ounces sold increased by 26%. This change occurred largely for the same reasons as referenced above in the discussion regarding cash cost of silver equivalent ounces sold.

Rosario Project, Charcas, San Luis Potosi, Mexico

The Rosario Project currently includes the Rosario Mine and the Membrillo Prospect, and is located proximate to the Municipality of Charcas in the State of San Luis Potosi, Mexico, 184 kilometres north of the capital city of San Luis Potosi.

Rosario Mine

The mineral property that forms the Rosario Mine comprises the Rey David and San Rafael mining concessions. The concessions cover 500 hectares. The Company has no further vendor payments to make on the concessions except for certain net smelter royalty ("NSR") obligations and an annual fee of \$40. The property is subject to a 0.4% NSR. The NSR increases by 0.1% per year, until it reaches a maximum of 1%. The outstanding NSR obligations of \$156 were settled on July 15, 2021 pursuant to a shares-for-debt agreement between the parties as approved by the TSX-V. Effective October 5, 2021, the Company suspended operations at the Rosario Mine and placed it on care and maintenance. This decision was made following an extensive review by management of the Rosario Mine operations and strategic options available including the potential sale of the operation. Management believes that the reallocation of capital and resources to the Zimapan Mine and related satellite properties that have stronger economics is the most prudent course of action at this time. The Company will continue with permitting activities and remediation programs so that the Rosario Project is positioned for a timely restart should project economics justify such.

Membrillo Prospect

Pursuant to the Membrillo Agreement dated May 29, 2017, the Company has acquired from Grupo Mexico the Exclusive Mining Right for five years to explore, develop and mine the Membrillo Prospect situated approximately four kilometres from the Company's Rosario Project mill facility located near Charcas, San Luis Potosi, Mexico. The Exclusive Mining Right covers an area of approximately 500 hectares that is situated within the San Rafael concession and brings the total of the Company's exploration and exploitation rights to 958 hectares of the 2.912 hectares comprising the San Rafael concession.

As consideration for being granted the Exclusive Mining Right, the Company agreed to pay an annual fee of \$60 to the property vendor and a 2.5% net smelter return royalty on any mineralized material from the Membrillo Prospect that is mined and milled or otherwise treated for the eventual sale of the contained metal.

Rosario Project Production and Operating Results

Presented in the table and disclosure below are production statistics and unit costs for the Rosario Project for Q3, Q2 and Q1 2021, and Q4 and Q3 2020.

	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Material Processed (tonnes milled) ⁽⁵⁾	2,306	16,917	19,806	21,582	11,794	-86%	-80%
Silver Equivalent Produced (ounces) ⁽¹⁾ ^{(2) (5)}	5,698	41,120	60,893	90,863	56,693	-86%	-90%
Silver Equivalent Sold (payable ounces) ^{(3) (5)}	10,765	20,328	52,520	74,511	36,628	-47%	-71%
Production - Silver (ounces) ^{(2) (5)}	2,548	18,488	31,277	43,350	21,363	-86%	-88%
- Gold (ounces) ^{(2) (5)}	8	53	72	77	59	-85%	-87%
- Lead (tonnes) ^{(2) (5)}	4	31	53	73	32	-86%	-86%
- Zinc (tonnes) ^{(2) (5)}	24	176	218	244	200	-86%	-88%
Average Grade - Silver (g/t) ⁽⁵⁾	41	45	61	71	66	-9%	-38%
- Gold (g/t) ⁽⁵⁾	0.15	0.16	0.19	0.18	0.24	-5%	-37%
- Lead (%) ⁽⁵⁾	0.24	0.25	0.34	0.38	0.31	-3%	-22%
- Zinc (%) ⁽⁵⁾	1.19	1.44	1.51	1.40	2.06	-18%	-42%
Metal Recovery - Silver (%) ^{(2) (5)}	84.2	76.2	80.3	87.5	85.9	11%	-2%
- Gold (%) ^{(2) (5)}	70.1	60.9	59.4	62.4	64.6	15%	8%
- Lead (%) ^{(2) (5)}	79.8	73.8	78.0	88.5	86.3	8%	-8%
- Zinc (%) ^{(2) (5)}	87.2	72.3	73.0	80.9	82.3	21%	6%
Cash Cost of Production per Tonne ⁽⁶⁾	173.04	69.81	57.86	59.68	87.08	148%	99%
Cash Cost per Silver Equivalent (\$/oz) ⁽⁵⁾	42.81	68.58	27.19	21.82	34.13	-38%	25%
All-in Sustaining Cash Cost per Silver Equivalent (\$/oz) ⁽⁵⁾	67.27	101.19	52.57	47.63	42.07	-34%	60%

⁽¹⁾ Silver equivalent ounces produced in 2021 have been calculated using prices of \$25/oz, \$1,925/oz, \$0.85/lb, \$1.05/lb and \$3.00/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Rosario Project. Silver equivalent ounces produced in 2020 have been calculated using prices of \$17.85/oz, \$1,480/oz, \$0.92/lb, \$1.09/lb and \$2.80/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Rosario Project.

⁽²⁾ Silver equivalent sold ounces have been calculated using the realized silver prices stated in the table above, applied to the payable metal content of the lead and zinc concentrates sold from the Rosario Project.

⁽³⁾ The Company reports non-IFRS measures which include Cash Cost per Silver Equivalent, All-in Sustaining Cash Cost per Silver Equivalent, Cash Cost of Production per Tonne, and Average Realized Silver Price per Ounce. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See "Non-IFRS Measures" section, below for definitions.

⁽⁴⁾ The comparative figures for Q2 2020 have been restated from the originally disclosed amounts based on an internal review of past metallurgical reporting practice and the adoption by management of new procedures designed to more accurately calculate the relevant data.

⁽⁵⁾ Operations at the Rosario Project are suspended and there was minimal production in July 2021 and no production in August and September 2021.

Rosario Operations Overview

As compared to Q2 2021, the Q3 2021 silver equivalent production decreased by 86%. This decrease occurred due to an 86% decrease in mineralized material processed at the milling facility and in part from processing lower grade material. As noted above, subsequent to Q3 2021, the Company announced it had suspended operations at the Rosario Mine and placed the asset on care and maintenance. As a consequence of the minimal production during Q3 2021, reflective of the suspension of operations, no comparative analysis of Q3 2021 to Q3 2020 and Q2 2021 is provided.

Veta Grande Project, Veta Grande, Zacatecas, Mexico

Transaction with Contracuaña and Carrizal LOI

On June 14, 2017, as revised on December 13, 2017 and further revised on March 28, and August 27, 2018, the Company amended the terms of its prior agreement with Minera Contracuaña I, S.A. de C.V. and Vetalinda Compania Minera, S.A. de C.V. (together, "Contracuaña") (collectively the "Contracuaña Option Agreement") to acquire 100% ownership of the Veta Grande Project, including the Veta Grande Mine as well as the Minillas Property located in Zacatecas, Mexico.

Details of the payment schedule per the Contracuaña Option Agreement are as follows:

1. \$500 on December 13, 2017 (paid);
2. \$750 on or before December 13, 2018 (\$526 unpaid);
3. \$3,000 on or before December 2, 2019 (unpaid);
4. \$3,000 on or before December 2, 2020 (unpaid);
5. \$4,000 on or before December 2, 2021;
6. \$4,250 on or before December 2, 2022

The Company concurrently executed on August 27, 2018 a promissory note (the "Promissory Note") in favour of Contracuña in the amount of \$1,422. The Promissory Note was repayable on or before August 30, 2019 and relates to a trade payable balance owing to Contracuña at August 27, 2018. In addition, the Company granted to Contracuña a 1% NSR over all mineral properties under option pursuant to the Contracuña Option Agreement. The NSR takes effect December 2, 2021. The Company has the right to acquire the NSR at any time by paying Contracuña \$1,500.

The Company is not in compliance with the terms of the Contracuña Option Agreement but Contracuña has not filed a Notice of Default to date. The Company and Contracuña are in discussions with respect to restructuring the terms of the Contracuña Option Agreement.

On November 30, 2017 the Company entered into a binding Letter of Intent (the "Carrizal LOI") wherein the Company granted Carrizal Mining the right to earn a 20% working interest in the Zacatecas Properties and the Veta Grande Project (collectively the "Properties"). On May 22, 2019, the Company announced that Carrizal Mining had earned a 20% working interest in the Properties pursuant to the terms of the Carrizal LOI.

Veta Grande Operations Overview

In March 2020, the Company suspended operations at the Veta Grande Project in order to facilitate capital upgrades to the processing plant and tailings storage facility. Discussions are ongoing between the parties with respect to this matter. Given the uncertainty as to the outcome of these discussions, the Company is unable to project if or when operations will resume at the Veta Grande Project.

In view of the current suspension of activities at the Veta Grande Project, the Company has determined to not provide any comparison of unit production or results of operations to prior periods as all such comparisons are significantly impacted by the suspension of activities making a comparison meaningless.

Resource and Exploration Properties

On August 25, 2020, the Company filed on SEDAR a technical report titled "Technical Report, Zimapan Property, Hidalgo, Mexico" dated effective April 2, 2020 (the "Zimapan Property, Technical Report") under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101F1").

A copy of the Zimapan Property, Technical Report can be found on SEDAR or on the Company's website, www.santacruzsilver.com.

Qualified Person

All scientific or technical information included in this MD&A has been reviewed and approved by consulting geologist Van Phu Bui, P.Geol. consulting geologist, who is independent of the Company and a qualified person, pursuant to the meaning of such terms in NI 43-101.

Financial Results
Review of Operations

(Expressed in thousands of US Dollars except % amounts)	2021		2020	Q3 2021 % Change vs	
	Q3	Q2	Q3	Q2 2021	Q3 2020
Revenues	14,601	13,744	9,437	6%	55%
Cost of sales					
Cash cost of sales	10,602	9,498	7,920	12%	34%
Depletion and amortization	343	406	258	-16%	33%
	10,945	9,904	8,178	11%	34%
Gross profit (loss)	3,656	3,840	1,259	-5%	190%
Operating expenses					
Administrative	(1,320)	(937)	(101)	41%	1207%
Management and consulting fees	(449)	(67)	(235)	570%	91%
Professional fees	(151)	(895)	(85)	-83%	78%
Share-based payments	(525)	(999)	(59)	-47%	790%
Shipping	(479)	(438)	(553)	9%	-13%
Salaries and benefits	(220)	(319)	(119)	-31%	85%
Other	(89)	(406)	(15)	-78%	493%
	(3,233)	(4,061)	(1,167)	-20%	177%
Operating profit (loss)	423	(221)	92	-291%	360%
Finance income (expense)					
Interest income (expense)	(26)	243	37	-111%	-170%
IVA inflationary gain (loss)	(28)	1,086	637	-103%	-104%
Other expense	(9)	(176)	-	-95%	-
Accretion of decommissioning and restoration provisions	(182)	(117)	(13)	56%	1300%
Interest expense, carrying charges and finance charges on loans payable	(309)	(1,194)	(147)	-74%	110%
Accretion of Trafigura Loan Facility	(118)	(618)	-	-81%	-
Financing charge on leases	-	(10)	(23)	-100%	-100%
	(672)	(786)	491	-15%	-237%
Loss on foreign exchange	(1,719)	(1,772)	(705)	-3%	144%
Unrealized loss on marketable securities	(1,836)	(531)	-	246%	-
Loss before tax	(3,804)	(3,310)	(122)	-15%	267%
Income tax expense	(45)	(474)	(41)	-91%	10%
Loss for the period	(3,849)	(3,784)	(163)	2%	2261%

Three months ended September 30, 2021

The Company recorded a net loss of \$3,849 (-\$0.01 per share) for the three months ended September 30, 2021 compared to a net loss of \$163 (\$0.00 per share) for the same period in 2020.

Revenues reported in Q3 2021 amounted to \$14,601 as compared to \$9,437 in Q3 2020. Revenues in 2021 were sourced as to \$14,419 (2020 - \$8,982) from the Zimapan Mine and \$182 (2020 - \$455) from the Rosario Project and Veta Grande Project. The increase in revenues reflects improved metal prices in Q3 2021 as compared to Q3 2020 as well as increased metal production at the Zimapan Mine.

Cash cost of sales for Q3 2021 of \$10,602 (2020 - \$7,920) includes the direct mining operations costs of \$10,201 (2020 - \$6,760) at the Zimapan Mine and \$401 (2020 - \$1,160) at the Rosario Project. The increase in mining operations cash cost of sales in Q3 2021 is due in part to the 20% increase in mineralized material processed through the Zimapan milling facility. Management expects this increased activity level to continue for the foreseeable future. Also impacting cost of sales for Q3 2021 is a non-recurring charge of \$1,294 due to a Mexican labour reform that became effective September 2021. The Company was required to recognize certain labour liability accruals for their employees, including but not limited to vacation, holiday bonuses, annual bonuses, savings funds and seniority departure payments.

During Q3 2021 the Company recorded operating expenses of \$3,233 (2020 - \$1,167). Operating expenses increased primarily due to increases in administrative expenses (a non-recurring charge of \$431 related to severance payments resulting from the decision to place the Rosario Mine on care and maintenance, various non-recurring expenses associated with the Zimapan Mine acquisition, management and consulting fees of \$185 and professional fees of \$78 related to the

Bolivian asset acquisition) and share based compensation which increased as a result of stock options granted to the directors, officers and consultants during the period.

The unrealized loss on marketable securities arose from the decrease in share price related to the 5,000,000 shares of Zacatecas Silver Corp. (TSX-V: ZAC) issued to the Company during Q1 2021 as part of the consideration Zacatecas Silver Corp. paid to the Company for acquiring the Zacatecas Properties located in Zacatecas State, Mexico.

Nine months ended September 30, 2021

The Company recorded a net loss of \$1,115 (\$0.00 per share) for the nine months ended September 30, 2021, compared to net loss of \$886 (\$0.00 loss per share) for the nine months ended September 30, 2020.

Revenues amounted to \$39,513 (2020 - \$23,192), mining operation cash cost of sales to \$28,813 (2020 - \$22,226), and amortization and depletion expenses to \$1,023 (2020 - \$785) for the nine months ended September 30, 2021 resulting in a gross profit from operations of \$9,677 (2020 - \$181). Cost of sales were increased by a non-recurring charge of \$1,294 due to a Mexican labour reform that became effective September 2021. The Company was required to recognize certain labour liability accruals for their employees, including but not limited to vacation, holiday bonuses, annual bonuses, savings funds and seniority departure payments.

The increase in revenues primarily reflects increased metal prices in 2021 as compared to 2020 as well as increased metal production. The increase in mining operation cash cost of sales is in part due to a 19% increase in mineralized material processed at the Company's milling facilities.

As compared to the nine months ended September 30, 2020, operating expenses increased by 176% to \$9,684 in 2021; and net finance expense increased to \$1,121 in 2021, compared to net finance income of \$2 in 2020. The reason for the increase in operating expenses is due to an increase in administrative costs attributable to severance payments related to the decision to place the Rosario Mine on care and maintenance, management and consulting and various professional fees related to the Bolivian asset acquisition and an increase in share-based compensation payments as a result of stock options granted to directors, officers, employees and consultants during 2021. The reason for the increase in finance expense is due largely to the \$1,173 increase in interest expense associated with the increased Trafigura loan balance and the \$736 accretion there on, partially offset by \$1,000 of inflationary gains on IVA recovery.

The Company was also impacted by a loss on foreign exchange of \$1,038 during the nine months to Q3 2021 compared to a gain of \$2,096 during the nine months to Q3 2020 as a result of fluctuations between the Mexican Peso and US Dollar.

The table below summarizes the various expense components included in operating expenses, interest earned and other finance income, and interest expense and other finance expenses:

(Expressed in thousands of US Dollars except % amounts)	Nine Months Ended September 30,		% Change 2021 vs 2020
	2021	2020	
Operating expenses			
Administrative	(2,655)	(601)	342%
Management and consulting fees	(546)	(332)	64%
Professional fees	(2,246)	(484)	364%
Share-based compensation	(1,554)	(244)	537%
Shipping	(1,287)	(1,336)	-4%
Salaries and benefits	(774)	(419)	85%
Shareholder communications	(245)	(15)	1,533%
Other	(377)	(82)	360%
	(9,684)	(3,513)	176%
Finance income (expense)			
Interest income	224	37	505%
IVA inflationary gain	1,694	695	144%
Other expense	(185)	-	-
Accretion of decommissioning and restoration provision	(309)	(39)	692%
Interest expense, carrying charges and finance charges on loans payable	(1,789)	(616)	190%
Accretion of Trafigura Facility Loan	(736)	-	-
Financing charge on leases	(20)	(75)	-73%
	(1,121)	2	-56,150%

Summary of Quarterly Results

(Expressed in thousands of US Dollars except per share amounts)	THREE MONTHS ENDED			
	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Revenues – Mining operations	14,601	13,744	11,168	9,905
Cost of sales – Mining operations	10,945	9,904	8,987	9,098
Administrative expenses	3,233	4,061	2,390	3,631
Net (loss) income	(3,849)	(3,784)	6,518	(607)
Net (loss) income per share ⁽¹⁾	(0.01)	(0.01)	0.02	0.00
	THREE MONTHS ENDED			
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Revenues – Mining operations	9,437	5,939	7,816	9,964
Cost of sales – Mining operations	8,178	5,143	9,690	11,514
Administrative expenses	1,167	1,043	1,303	2,030
Net loss	(163)	(636)	(87)	(16,017)
Net loss per share ⁽¹⁾	0.00	0.00	0.00	(0.08)

⁽¹⁾ The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants for all quarters.

Non-IFRS Measures

The Company has included certain non-IFRS performance measures throughout this MD&A, including total cash costs, cash cost per silver ounce, production cost per tonne, and average realized silver price per ounce, each as defined in this section. These performance measures are employed by the Company to measure its operating and financial performance internally, to assist in business decision-making, and provide key performance information to senior management. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and other stakeholders also use these non-IFRS measures as information to evaluate the Company's operating and financial performance. As there are no standardized methods of calculating these non-IFRS measures, the Company's methods may differ from those used by others and, accordingly, the Company's use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cash Cost per Silver Equivalent Ounce and Production Cost per Tonne

The non-IFRS measures of cash cost per silver equivalent ounce and cash cost of production per tonne are used by the Company to manage and evaluate operating performance at the Zimapan Mine and the Rosario Project and are widely reported in the silver mining industry as benchmarks for performance, but do not have a standardized meaning. Cash costs are calculated based on the cash operating costs at the Zimapan Mine and the Rosario Project and, in the case of cash cost per silver ounce, also include the third party concentrate treatment, smelting and refining cost.

Management of the Company believes that the Company's ability to control the cash cost per silver equivalent ounce produced and cash cost of production per tonne are two of its key performance drivers impacting both the Company's financial condition and results of operations. Having a low cash cost of production per tonne, when taken in connection with effective management of mining dilution, will improve the cost per silver equivalent ounce produced. Having a low-cost base per silver equivalent ounce of production allows the Company to continue operating during times of declining commodity prices and provides more flexibility in responding to changing market conditions. In addition, low-cost operations offer a better opportunity to generate positive cash-flows, which improves the Company's financial condition. The Company believes these measures provide investors and analysts with useful information about the Company's underlying cash costs of operations and are relevant metrics used to understand the Company's operating profitability and ability to generate cash-flow.

To facilitate a better understanding of these measures as calculated by the Company, the following table provides a detailed reconciliation between the cash cost of production per tonne, cash cost per silver equivalent ounce, and the Company's operating expenses as reported in the Company's Consolidated Statements of Loss and Comprehensive Loss contained in the respective financial statements for the referenced periods.

Zimapan Mine

(Expressed in thousands of US Dollars except ounces, tonnes, per ounce and per tonne amounts)	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Cash cost of sales	10,201	8,215	7,587	8,351	6,760	24%	51%
Inventory change	(145)	164	84	452	(181)	-188%	-20%
Cash Cost of Production (A)	10,056	8,379	7,671	8,803	6,579	20%	53%
Cash cost of sales	10,201	8,215	7,587	8,351	6,760	24%	51%
Concentrate treatment, smelting and refining cost	4,494	3,884	3,433	4,311	4,150	16%	8%
Cash Cost of Silver Equivalent Sold (B)	14,695	12,099	11,020	12,662	10,910	21%	35%
Material processed (tonnes milled) (C)	186,642	155,407	156,433	180,003	164,846	20%	13%
Cash Cost of Production per Tonne (A/C)	53.88	53.92	49.04	48.90	39.91	-	35%
Silver Equivalent Sold (payable ounces) (D)	829,164	658,590	553,450	545,580	625,036	26%	33%
Cash Cost per Silver Equivalent Ounce (B/D)	17.72	18.37	19.91	23.21	17.45	-4%	2%

Rosario Project

(Expressed in thousands of US Dollars except ounces, tonnes, per ounce and per tonne amounts)	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Cash cost of sales	401	1,283	1,126	1,241	1,010	-69%	-60%
Inventory change	(2)	(102)	20	47	17	-98%	-112%
Cash Cost of Production (A)	399	1,181	1,146	1,288	1,027	-66%	-61%
Cash cost of sales	401	1,283	1,126	1,241	1,010	-69%	-60%
Concentrate treatment, smelting and refining cost	60	111	302	385	240	-46%	-75%
Cash Cost of Silver Equivalent Sold (B)	461	1,394	1,428	1,626	1,250	-67%	-63%
Material processed (tonnes milled) (C)	2,306	16,917	19,806	21,582	11,794	-86%	-80%
Cash Cost of Production per Tonne (A/C)	173.04	69.81	57.86	59.68	87.08	148%	99%
Silver Equivalent Sold (payable ounces) (D)	10,765	20,328	52,520	74,511	36,628	-47%	-71%
Cash Cost per Silver Equivalent Ounce (B/D)	42.81	68.58	27.19	21.82	34.13	-38%	25%

All-in Sustaining Cost per Ounce ("AISC")

AISC is a non-IFRS measure and was calculated based on guidance provided by the World Gold Council ("WGC") in September 2013. WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining versus development capital expenditures.

AISC is a more comprehensive measure than cash cost per ounce for the Company's operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver from its Rosario Project and Zimapan Mine.

The Company defines sustaining capital expenditures as, "costs incurred to sustain and maintain existing assets at current productive capacity and constant planned levels of productive output without resulting in an increase in the life of assets, future earnings, or improvements in recovery or grade. Sustaining capital includes costs required to improve/enhance assets to minimum standards for reliability, environmental or safety requirements. Sustaining capital expenditures exclude all expenditures at the Zacatecas Properties as well as certain expenditures at the Rosario Project which are deemed expansionary in nature."

AISC includes total production cash costs incurred at the Company's mining operations, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures, corporate general and administrative expense, share-based payments and reclamation cost accretion. The Company believes that this measure represents the total sustainable costs of producing silver from current operations and provides the Company and other stakeholders of the Company with additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver production from current operations, new project capital and expansionary capital at current operations are not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included.

The following tables provide a detailed reconciliation of these measures to our operating expenses, as reported in our consolidated financial statements.

Zimapan Mine

(Expressed in thousands of US Dollars except ounces and per ounce amounts)	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Cash cost of sales	10,201	8,215	7,587	8,351	6,760	24%	51%
Concentrate treatment, smelting and refining cost	4,494	3,884	3,433	4,311	4,150	16%	8%
Mine development	528	-	-	-	-	-	-
General and administrative expenses	2,190	1,959	617	950	681	12%	222%
Accretion of decommissioning and restoration provision	269	-	-	-	-	-	-
All-in Sustaining Cost	17,682	14,058	11,637	13,612	11,591	26%	53%
Silver Equivalent Sold (payable ounces)	829,164	658,590	553,450	545,580	625,036	26%	33%
All-in Sustaining Cost per Silver Equivalent Ounce Sold	21.33	21.35	21.03	24.95	18.54	-	15%

Rosario Project

(Expressed in thousands of US Dollars except ounces and per ounce amounts)	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Cash cost of sales	401	1,283	1,126	1,241	1,010	-69%	-60%
Concentrate treatment, smelting and refining cost	60	111	302	385	240	-46%	-75%
General and administrative expenses	243	653	1,323	1,911	278	-63%	-12%
Accretion of decommissioning and restoration provision	20	10	10	12	13	100%	54%
All-in Sustaining Cost	724	2,057	2,761	3,549	1,541	-65%	-53%
Silver Equivalent Sold (payable ounces)	10,765	20,328	52,520	74,511	36,628	-47%	-71%
All-in Sustaining Cost per Silver Equivalent Ounce Sold	67.27	101.19	52.57	47.63	42.07	-34%	60%

Average Realized Silver Price per Ounce

Revenues are presented as the sum of invoiced revenues related to delivered shipments of lead and zinc concentrates, after having deducted treatment, smelting and refining charges.

The following is an analysis of the gross revenues prior to treatment, smelting and refining charges, and shows deducted treatment, smelting and refining charges to arrive at the net reportable revenue for the period per IFRS. Gross revenues are divided by silver equivalent ounces sold to calculate the average realized price per ounce of silver equivalents sold.

Zimapan Mine

(Expressed in thousands of US Dollars except ounces and per ounce amounts)	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Revenues	14,419	13,022	10,442	8,772	8,982	11%	61%
Add back: Treatment, smelting and refining charges	4,494	3,884	3,433	4,311	4,150	16%	8%
Gross Revenues	18,913	16,906	13,875	13,083	13,132	12%	44%
Silver Equivalent Sold (ounces)	829,164	658,590	553,450	545,580	625,036	26%	33%
Avg Realized Price per Ounce of Silver Equivalent Sold ⁽¹⁾	22.81	25.67	25.07	23.98	21.01	-11%	9%
Avg Market Price per Ounce of Silver per London Silver Fix	24.36	26.69	26.29	24.39	24.39	-9%	-

⁽¹⁾ Average realized price per ounce of silver sold in each reporting period is affected by mark-to-market adjustments and final settlements on concentrate shipments in prior periods. Concentrates sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one to four months after delivery to the customer, based on the market price at that time.

Rosario Project

(Expressed in thousands of US Dollars except ounces and per ounce amounts)	2021			2020		Q3 2021 % Change vs	
	Q3	Q2	Q1	Q4	Q3	Q2 2021	Q3 2020
Revenues	182	410	1,011	1,445	642	-56%	-72%
Add back: Treatment, smelting and refining charges	60	111	302	385	240	-46%	-75%
Gross Revenues	242	521	1,313	1,830	882	-54%	-73%
Silver Equivalent Sold (ounces)	10,765	20,328	52,520	74,511	36,628	-47%	-71%
Avg Realized Price per Ounce of Silver Equivalent Sold ⁽¹⁾	22.47	25.63	25.00	24.56	24.08	-12%	-7%
Avg Market Price per Ounce of Silver per London Silver Fix	24.36	26.69	26.29	24.39	24.39	-9%	-

- (1) Average realized price per ounce of silver sold in each reporting period is affected by mark-to-market adjustments and final settlements on concentrate shipments in prior periods. Concentrates sold to third-party smelters are provisionally priced and the price is not settled until a predetermined future date, typically one to four months after delivery to the customer, based on the market price at that time.

Non-IFRS Measures – Additional Information

The Company uses additional non-IFRS measures which include Mine Operations Income (Loss) and EBITDA. These additional financial disclosure measures are intended to provide additional information.

Mine Operations Gross Profit (Loss)

Mine operations income (loss) represents the difference between revenues and mine operating expenses, less depletion, depreciation and amortization expenses. Management believes that mine operations gross profit (loss) provides useful information to investors for evaluating the Company's mining performance.

EBITDA and Adjusted EBITDA

EBITDA is a non-IFRS measure that provides an indication of whether the Company's operations are generating sufficient operating cash flow to fund working capital needs and to fund capital expenditures. EBITDA comprises revenue less operating expenses before interest expense, interest income, taxes, amortization and depletion and impairment charges.

Adjusted EBITDA is a non-IFRS measure in which standard EBITDA (earnings before interest expense, interest income, taxes, amortization and depletion, and impairment charges) is adjusted for share-based payments expense, foreign exchange gains or losses, and non-recurring items. Foreign exchange gains or losses may consist of both realized and unrealized losses. Under IFRS, entities must reflect in compensation expense the cost of share-based payments. In the Company's circumstances, share-based payments can involve a significant accrual of amounts that will not be settled in cash but are settled by the issuance of shares in exchange. The Company discloses adjusted EBITDA to aid in understanding of the results of the Company and is meant to provide further information about the Company's financial results to investors.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA for the five most recently completed quarters.

	2021			2020	
	Q3	Q2	Q1	Q4	Q3
Net (loss) income for the period as reported	(3,849)	(3,784)	6,518	(607)	(163)
Income tax expense	45	474	44	28	41
Interest expense (income)	26	(243)	-	(178)	(37)
Interest expense, carrying and finance charges on loans payable	309	1,204	296	111	170
Amortization and depletion of mineral properties, plant and equipment	343	406	274	(75)	258
EBITDA (loss)	(3,126)	(1,943)	7,132	(721)	269
Foreign exchange (gain) loss	1,719	1,772	(2,453)	1,979	705
Unrealized loss (gain) on marketable securities	1,836	531	(3,070)	-	-
Share-based payments expense	525	999	30	45	59
Accretion expense	300	735	10	12	13
Other expense (income)	9	176	-	(225)	-
Adjusted EBITDA	1,263	2,270	1,649	1,090	1,046

Financing Transactions

Private Placements

On February 25, 2020, the Company raised gross proceeds of \$553 (CAD\$734) from the sale of 6,117,917 units (the "February 2020 Units") pursuant to a private placement at price of CAD\$0.12 per February 2020 Unit. Each February 2020 Unit consisted of one common share of the Company and one non-transferable common share purchase warrant (a "February 2020 Warrant"). Each February 2020 Warrant entitled the holder to acquire one common share of the Company at a price of CAD\$0.18 per share until February 25, 2021. The funds were used for general working capital and corporate purposes.

On October 7 and October 15, 2020, the Company completed a private placement in two tranches in an aggregate amount of 45,427,463 units (the "October 2020 Units") for gross proceeds of approximately \$7,536 (CAD\$10,000). Each October 2020 Unit consists of one common share of the Company and one non-transferable common share purchase warrant (an "October 2020 Warrant"). Each October 2020 Warrant entitles the holder to acquire one common share of the Company at a price of CAD\$0.30 per share for a period of 36 months following the issue of the October 2020 Warrant. The funds were used for the purchase of underground mining equipment at the Zimapan Mine as well as for general working capital and corporate purposes.

In connection with the offering the Company paid to certain cash finders' fees totaling CAD\$500, issued 2,544,130 broker warrants having the same terms as the October 2020 Warrants and issued 204,000 finder units having the same terms as the October 2020 Units.

On April 13, 2021, the Company completed a non-brokered private placement in an amount of 46,980,000 units (the "2021 Units") for gross proceeds of \$11,228 (CAD\$14,090). Each 2021 Unit consists of one common share of the Company and one non-transferable common share purchase warrant (a "2024 Warrant"). Each 2024 Warrant entitles the holder to acquire one common share of the Company at a price of CAD\$0.45 until April 13, 2024, expiring thereafter.

In consideration for their services, the Company paid to certain finders' cash finders' fees totaling \$572 and issued 1,671,961 finders' warrants having the same terms as the 2024 Warrants.

The proceeds from the offering were used by the Company as to \$3,000 for the purchase of the Zimapan Mine and the residual proceeds for general working capital and corporate purposes.

Trafigura Credit Facility

On July 11, 2019, the Company entered into a short-term credit facility (the "Trafigura Facility") with Trafigura Mexico, S.A. de C.V. ("Trafigura") in the amount of \$1,500. The funds were advanced to the Company on May 31, 2019 and September 19, 2019. The principal was to be repaid on October 11, 2019. As part of the terms of the Trafigura Facility, the Company was obligated to pay \$100 in finance charges (the "Finance Charges") and interest expense related to the structuring of the loan on October 11, 2019. On October 12, 2019, the Trafigura Facility was amended. The amended payment schedule was for 15 months beginning in December 2019 for an amount of \$100 per month. The Trafigura Facility was secured by certain Carrizal Mining mine equipment.

On April 20, 2020 the Trafigura Facility was further amended by the parties as follows:

- the Finance Charges were waived and the \$100 payment made for such has been applied to the principal balance borrowed, reducing the outstanding balance to \$1,400;
- Trafigura agreed to advance an additional \$1,828 under the Trafigura Facility, bringing the new principal balance to \$2,600 (the "2020 Facility"); and
- the 2020 Facility was to be repaid in 12 equal monthly installments of \$217 commencing August 31, 2020 and bore interest at LIBOR plus 7%, payable monthly.

The 2020 Facility was secured by certain Carrizal Mining mine equipment.

On April 23, 2021, in connection with the Transaction, Trafigura loaned the Company \$17,616 under a new loan facility (the "Trafigura Loan Facility") which included the recapitalization of \$2,616 of indebtedness outstanding under the 2020 Facility. The Trafigura Loan Facility is for a period of 42 months at an annual interest rate of three-month LIBOR + 6.5% (currently approximately 6.67%), repayable in monthly instalments of principal plus accrued interest for the respective period.

The Trafigura Loan Facility is secured by a first charge over all Zimapan Mine assets and all other material assets owned by the Company and its subsidiaries. In addition, the Company issued to Trafigura 28,000,000 warrants, each warrant exercisable into a Santacruz common share at CAD\$0.395 per share, for a period of 12 months with respect to 26% of the warrants and 42 months with respect to 74% of the warrants. The Trafigura Loan Facility contains normal course liquidity and financial ratio covenants, among others.

MineCo Loan

On March 6, 2018 the Company entered into a loan agreement (the "MineCo Loan") with a private Bolivian mining company ("MineCo"), for \$2,300. The MineCo Loan bore interest at 9% per annum and was repayable July 1st, 2018. In connection with the MineCo Loan the Company issued MineCo 2,000,000 warrants (the "Warrants") exercisable until March 6, 2019, at CAD\$0.16 per share.

On July 2, 2018, the Company reached an agreement with MineCo to extend the repayment date of the MineCo Loan to October 1, 2018. As consideration for receiving the debt repayment date extension, the Company agreed to increase the interest rate to 12% effective July 1, 2018. In addition, the Company agreed to increase the number of Warrants to 2,500,000 at an exercise price of CAD\$0.16, and to extend the expiry date to March 6, 2020.

The repayment date was further extended in October 2019 to January 30, 2020, and in 2020 to June 30, 2020. On April 21, 2021, the Company and MineCo further extended the repayment to July 21, 2021.

On July 15, 2021, the Company settled \$3,828 of the balance owing to MineCo by issuing to it 9,907,530 common shares of the Company with a fair value of 3,545 and a cash payment of \$283. The MineCo Loan was unsecured.

The balance outstanding at September 30, 2021 was \$nil.

Private Credit Facility

On September 30, 2019, the Company entered into a credit facility (the "Credit Facility") with a private Mexican financial institution. Funds may be drawn down under the Credit Facility either in US dollars or Mexican pesos. Funds drawn down must be repaid within 21 business days following the drawdown date. Funds drawn down in US dollars must be repaid in Mexican pesos and vice-versa. Drawdown amounts are limited to a maximum of \$600 or the equivalent amount in Mexican pesos but can be increased at the discretion of the lender. Upon repayment of any particular draw down amount the Company may borrow the same amount immediately as a new draw under the Credit Facility. The Credit Facility is unsecured and the implied carrying charges that are tied to the spread between the US dollar and Mexican peso foreign exchange rates. The balance outstanding at September 30, 2021 was \$nil.

Swap Facility

On September 30, 2019, the Company entered into a credit facility (the "Swap Facility") with a private Mexican financial institution.

Funds are drawn down under the Credit Facility in Mexican pesos. Funds drawn down must be repaid within 45 business days following the drawdown date. Funds drawn down must be repaid in US dollars. Drawdown amounts are limited to a maximum of MXN3,000,000. Upon repayment of any particular draw down amount the Company may borrow the same amount immediately as a new draw under the Credit Facility. The Credit Facility is unsecured and the implied carrying charges are tied to the spread between the US dollar and Mexican peso foreign exchange rates.

The balance outstanding at September 30, 2021 was \$nil.

Muutrade facility

On September 11, 2020, the Company entered into a credit facility (the "Muutrade Facility") with a private Mexican financial institution.

The Muutrade Facility bears interest at 2% monthly until the repayment date of October 8, 2020. After this date, the interest is charged at 4.5% monthly.

The balance outstanding at September 30, 2021 was \$nil.

Capital Expenditures

Not including the assets acquired in connection with the Transaction, the Company incurred capital expenditures of \$649 during the nine months ended September 30, 2021 related to the purchase of equipment.

The Company has no capital commitments aside from its mineral property option agreements.

Liquidity, Capital Resources and Going Concern

The Company has made no dividend payments, and currently has no plans to declare any dividends.

As at September 30, 2021, the Company had a working capital deficiency of \$12,671 and an accumulated deficit of \$127,492. Additionally, the Company has non-current loans payable of \$7,971. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or to raise adequate funding through equity or debt financings to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Transactions with Related Parties

During the three and nine months ended September 30, 2021 and 2020, the Company incurred the following charges by directors and officers of the Company and by companies controlled by directors and officers of the Company:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Directors' fees	25	-	53	-
Management fees	105	105	315	315
Share-based payments	280	215	1,167	215

At September 30, 2021, directors and officers or their related companies were owed \$53 (December 31, 2020 - \$17) in respect of the services rendered. These are non-interest bearing with standard payment terms.

The Company entered into certain mining equipment leases with an interest rate between 6.5% and 10.5% per annum. A total of \$nil lease payments were paid during the three and nine months ended September 30, 2021 (2020 - \$nil and \$nil, respectively) and \$39 of the leases payable outstanding at September 30, 2021 were owed to a company owned by the Executive Chairman of the Company (December 31, 2020 - \$61). During the year ended December 31, 2020, the Company recorded a debt forgiveness of \$412 from the lease payments owing on this mining equipment.

Key management includes directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

Financial Instruments and Risk Management

a) Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates;

Level 3: Valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at September 30, 2021, marketable securities are measured at fair value using Level 1 inputs. The carrying values of cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities, approximate their fair values because of their short-term nature.

The fair value of marketable securities is measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in net income (loss).

The fair value of the loans payable, leases payable and decommissioning and restoration provision, for disclosure purposes is determined using discounted cash flows based on the expected amounts and timing of the cash flows discounted using a market rate of interest adjusted for appropriate credit risk and inflation factors.

b) Management of Risks Arising from Financial Instruments

The Company is exposed to credit risk and market risks including interest rate risk, liquidity risk, foreign exchange rate risk, and price risk.

(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 fulfill its contractual obligations. The Company's credit risk consists primarily of cash and cash equivalents, trade receivables and other receivables. The credit risk is minimized by placing cash with major financial institutions. Trade receivables are due from a large, multinational corporation that has conducted business in Mexico for many years. The Company regularly reviews the collectability of its trade receivables and considers the credit risk related to cash and cash equivalents and trade receivables to be minimal.

(ii) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates increase, the Company will incur more interest costs. The sensitivity of the Company's net loss to changes in the interest rate would be as follows: a 1% change in the interest rate would change the Company's net loss by approximately \$131.

(iii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company endeavors to ensure that sufficient funds are raised from equity offerings or debt financing to meet its operating requirements, after taking into account existing cash and expected exercise of stock options and share purchase warrants. The Company's cash is held in business accounts which are available on demand for the Company's programs. Refer to previous page with respect to going concern matters.

Contractual undiscounted cash flow requirements as at September 30, 2021 were as follows:

	< 1 year \$	1 – 2 years \$	2 – 5 years \$	>5 years \$	Total \$
Accounts payable and accrued liabilities	32,312	-	-	-	32,312
Loan payable	5,656	5,656	6,128	-	17,440
Leases	155	139	121	-	426
Total	38,134	5,795	6,249	-	50,178

(iv) Foreign Exchange Risk – The Company operates in Canada and Mexico and is exposed to foreign exchange risk due to fluctuations in the US dollar and Mexican peso. Foreign exchange risk arises from financial assets and liabilities denominated in these foreign currencies. The sensitivity of the Company's net loss to changes in the exchange rate between the US dollar and respectively the Mexican peso and the Canadian dollar would be as follows: a 1% change in the US dollar exchange rate relative to the Mexican peso would change the Company's net income (loss) by approximately \$38 and a 1% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net income (loss) by approximately \$33.

The Company's financial assets and liabilities as at September 30, 2021 are denominated in Canadian dollars, US dollars, and Mexican pesos as follows:

	Canadian dollar \$	US dollar \$	Mexican peso \$	Total \$
Financial assets				
Cash and cash equivalents	360	1,605	590	2,555
Marketable securities	2,747	-	-	2,747
Trade receivables	-	6,403	-	6,403
Other receivables	10	-	9,707	9,717
	3,117	8,008	10,297	21,422
Financial liabilities				
Accounts payable and accrued liabilities	322	4,113	27,877	32,312
Loans payable	-	17,440	-	17,440
	322	21,553	27,877	49,752
Net financial assets (liabilities)	2,795	(13,545)	(17,580)	(28,330)

(v) Price Risk – This is the risk that the fair value of derivative financial instruments will fluctuate because of changes in commodity prices. These commodity prices are affected by numerous factors that are outside our control such as: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; inflation; and political and economic conditions, including interest rates and currency values.

Off-balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Subsequent Event

On October 13, 2021, the Company entered into a definitive share purchase agreement (the "Agreement") with Glencore plc ("Glencore"), whereby Santacruz will acquire a portfolio of Bolivian silver assets from Glencore (the "Glencore Transaction"), including a 45% interest in the producing Bolivar and Porco mining operations held through an unincorporated joint venture with Corporación Minera de Bolivia ("COMIBOL"), a Bolivian state-owned entity, a 100% interest in the Sinchi Wayra business which includes the producing Caballo Blanco mining complex, the Sorocaya project and the San Lucas ore sourcing and trading business and certain related properties and assets (together, the "Assets"). Pursuant to the Agreement, Santacruz will pay initial upfront consideration of \$20,000 (subject to customary working capital adjustments), and an additional deferred consideration of \$90,000 is payable in equal installments of \$22,500 over four years from the closing of the Transaction, subject to certain conditions and adjustments. In addition, Glencore will also be granted a 1.5% net smelter return royalty on the Assets and will have a right to acquire 100% of the offtake from the Assets on market terms to be set forth in definitive agreements to be entered into at closing.

The closing of the Transaction is subject to a number of closing conditions, which include, but are not limited to:

- the entering into of certain definitive agreements with Glencore with respect to the deferred consideration of \$90,000, the 1.5% net smelter return royalty and certain offtake rights in favour of Glencore;
- obtaining approval from the TSX-V; and
- customary closing conditions set forth in the Agreement.

In connection with the Glencore Transaction, the Company has entered into a consulting services agreement with Big Buck Capital, S.C. ("BBC") pursuant to which the Company has agreed to pay to BBC a fee equal to \$1,320, being 1.2% of the Glencore Transaction value (the "Success Fee"). \$320 of the Success Fee will be payable in cash over six months from the signing of the Agreement and \$1,000 will be payable in common shares of the Company upon closing of the Glencore Transaction. The deemed issue price and number of shares to be issued shall be determined based on the market price of the Company's common shares at the time of issuance, subject to TSX-V acceptance.

New Accounting Standards

Adopted

The Company adopted Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 (the "Phase 2 Amendments") effective on January 1, 2021. Interest rate benchmark reform ("Reform") refers to a global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates ("IBOR") with alternative benchmark rates. The Phase 2 Amendments provide a practical expedient requiring the effective interest rate be adjusted when accounting for changes in the basis for determining the contractual cash flow of financial assets and liabilities that relate directly to the Reform rather than applying modification accounting which might have resulted in a gain or loss. In addition, the Phase 2 Amendments require disclosures to assist users in understanding the effect of the Reform on the Company's financial instruments and risk management strategy.

The Company's Trafigura Loan Facility bears interest at a floating rate equal to a base rate of 6.5% plus the London interbank offered rates ("LIBOR").

Not Yet Adopted

On May 14, 2020, the International Accounting Standards Board published an amendment to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use. The amendments prohibit deducting from the cost of property, plant and equipment any proceeds received from selling items produced while bringing that asset for its intended use. Instead, proceeds received will be recognized as sales proceeds and related cost in profit or loss. The effective date is for annual periods beginning on or after January 1, 2022, with early adoption permissible. The Company is assessing the effect of this amendment on its consolidated financial statements.

As at September 30, 2021 there are no other IFRS or IFRIC interpretations with future effective dates that are expected to have a material impact on the Company.

Change in Accounting Policy

In fiscal 2021 the Company changed its accounting policy with respect to the valuation of equity units issued in private placements whereby proceeds from private placements are now first allocated to the common shares contained in the units according to their fair value at the time of issuance with the residual amount, if any, attributed to the warrants in the units. This is in line with IAS 32, Financial Instruments: Presentation, whereby the warrants that are part of the units are exercisable into a fixed number of common shares at a fixed exercise price for a specified period of time. The change in accounting policy provides a better representation of the underlying value of the shares and warrants comprising the units.

The Company has applied the change in accounting policy retrospectively.

Outstanding Share Data

Authorized share capital: Unlimited number of Common Shares

All share information is reported as of November 29, 2021 in the following table.

Issued and Outstanding Common Shares			330,227,821
	Expiry Date	Exercise Price (CAD\$)	
Options	August 6, 2024	0.18	5,474,400
	May 7, 2026	0.47	16,250,000
Warrants	October 7, 2023	0.30	30,177,205
	October 15, 2023	0.30	13,497,052
	April 23, 2022	0.395	7,280,000
	October 23, 2024	0.395	20,720,000
	April 13, 2024	0.45	48,651,961
<hr/>			
Fully Diluted			472,278,439

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the 2021 Q3 Financial Statements and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop resources economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental laws and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and occupational and health hazards, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communication systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions. Operational risks also include the occurrence of a contagious disease outbreak (such as Covid-19) and any related adverse public health developments or adverse effect on global workforces, economies, and financial markets.

There is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and seeks to adhere to all regulations governing its operations.

Financial risks include: commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include: possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Qualified Persons

Technical disclosure contained in this MD&A was reviewed and approved by Van Phu Bui, B.Sc., P. Geo., who is independent of the Company and a "qualified person" under NI 43-101.

Other Information

Additional information related to the Company, including the Company's annual information form, is available on SEDAR at www.sedar.com and on the Company's website, www.santacruzsilver.com.