



**Condensed Interim Consolidated Financial Statements**

**For the Three and Nine Months ended September 30, 2024 and 2023**

(Expressed in thousands of US dollars)

(Unaudited)

## **TABLE OF CONTENTS**

Notice of no auditor review of condensed interim consolidated financial statements	3
Condensed Interim Consolidated Statements of Financial Position	4
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)	5
Condensed Interim Consolidated Statements of Cash Flows	6
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)	7
Notes to the Condensed Interim Consolidated Financial Statements	8

## **Notice of no auditor review of condensed interim consolidated financial statements**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Santacruz Silver Mining Ltd. for the three and nine months ended September 30, 2024, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

November 19, 2024

**SANTACRUZ SILVER MINING LTD.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at September 30, 2024 and December 31, 2023**  
**(Unaudited)**  
(Expressed in thousands of US dollars)

	Note	September 30, 2024	December 31, 2023
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		18,242	4,947
Trade and other receivables	5	81,384	65,324
Inventories	6	30,126	33,002
Prepaid expenses and deposits		5,269	5,536
		<b>135,021</b>	108,809
Trade and other receivables	5	76,285	63,589
Mineral properties, plant and equipment	7	142,923	148,930
Goodwill		13,921	13,921
Deferred income tax asset	17	7,806	3,787
<b>Total assets</b>		<b>375,956</b>	339,036
<b>LIABILITIES</b>			
<b>Current</b>			
Trade payables and accrued liabilities	8	39,446	48,555
Consideration payable	9	-	49,637
Loans payable	10	16,372	17,027
Taxes payable	17	36,372	21,440
Other liabilities	11	17,258	13,922
Decommissioning and restoration provision	12	1,382	1,396
		<b>110,830</b>	151,977
Trade payables and accrued liabilities	8	8,608	3,418
Consideration payable	9	46,854	113,351
Loans payable	10	748	748
Other liabilities	11	20,922	26,310
Decommissioning and restoration provision	12	22,330	22,111
Deferred income tax liability	17	18,707	15,706
<b>Total liabilities</b>		<b>228,999</b>	333,621
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	139,082	138,014
Equity reserves		13,549	7,701
Deficit		(5,674)	(140,300)
<b>Total shareholders' equity</b>		<b>146,957</b>	5,415
<b>Total liabilities and shareholders' equity</b>		<b>375,956</b>	339,036

**Subsequent event (note 9, 10(c), 13(d))**

Approved and authorized for issue on behalf of the Board of Directors on November 19, 2024:

<u>“Arturo Préstamo Elizondo”</u>	<u>“Larry Okada”</u>
Director	Director

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**SANTACRUZ SILVER MINING LTD.**
**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)  
For the Three and Nine Months ended September 30, 2024 and 2023  
(Unaudited)**

(Expressed in thousands of US dollars)

	Note	Three Months ended September 30,		Nine Months ended September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Revenues	21	78,244	64,408	201,318	193,640
Mine operating costs					
Cost of sales	14	(55,955)	(52,036)	(150,965)	(145,628)
Depletion, depreciation and amortization	7	(7,522)	(4,978)	(19,433)	(14,962)
<b>Gross profit</b>		<b>14,767</b>	<b>7,394</b>	<b>30,920</b>	<b>33,050</b>
General and administrative expenses	15	(6,479)	(7,726)	(18,212)	(21,618)
Share-based payments	13	(113)	(31)	(132)	(201)
<b>Operating income</b>		<b>8,175</b>	<b>(363)</b>	<b>12,576</b>	<b>11,231</b>
Gain on adjustment to consideration payable	9	-	-	133,255	4,004
Finance costs	16	(12,264)	(3,496)	(23,143)	(8,436)
Gain on foreign exchange		17,986	3,312	30,708	7,049
Fair value loss on marketable securities		(12)	(29)	-	(1,820)
<b>Income (loss) before tax</b>		<b>13,885</b>	<b>(576)</b>	<b>153,396</b>	<b>12,028</b>
Income tax expense	17	(9,823)	(3,722)	(18,770)	(12,151)
<b>Net income (loss) for the period</b>		<b>4,062</b>	<b>(4,298)</b>	<b>134,626</b>	<b>(123)</b>
Other comprehensive income (loss) that may be reclassified subsequently to net income or loss:					
Currency translation differences		2,105	(2,267)	6,142	(3,961)
<b>Comprehensive income (loss) for the period</b>		<b>6,167</b>	<b>(6,565)</b>	<b>140,768</b>	<b>(4,084)</b>
<b>Net income per share:</b>					
Basic	22	0.01	(0.01)	0.38	(0.00)
Diluted	22	0.01	(0.01)	0.38	(0.00)
<b>Weighted average number of common shares:</b>					
Basic		355,703,581	350,991,138	354,947,655	349,587,319
Diluted		358,453,581	350,991,138	357,697,655	349,587,319

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**SANTACRUZ SILVER MINING LTD.**
**Condensed Interim Consolidated Statements of Cash Flows**
**For the Three and Nine Months ended September 30, 2024 and 2023**
**(Unaudited)**

(Expressed in thousands of US dollars)

	Note	Three months ended September 30,		Nine Months ended September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Operating activities:</b>					
Net income (loss) for the period		4,062	(4,298)	134,626	(123)
Items not affecting cash:					
Depletion, depreciation and amortization	7	7,522	4,978	19,433	14,962
Gain on adjustment to consideration payable	9	-	-	(133,255)	(4,004)
Finance costs	23	8,543	1,003	19,147	8,106
Share-based payments	13	112	31	132	201
Fair value loss on marketable securities		12	29	-	1,820
Unrealized foreign exchange loss (gain)		126	(2,220)	4,528	(4,210)
Income tax expense	17	9,823	3,722	18,770	12,151
<b>Operating cash flows before non-cash working capital</b>		<b>30,200</b>	<b>3,245</b>	<b>63,381</b>	<b>28,903</b>
Changes in non-cash working capital:					
Trade and other receivables	5	3,259	(977)	(27,641)	(19,713)
Inventories	6	3,605	6,158	2,876	3,117
Prepaid expenses and deposits		223	158	267	(720)
Assets held for sale		-	(1,571)	-	(307)
Trade payables and accrued liabilities	8	(5,827)	3,541	(2,508)	3,010
Taxes payable	17	(7,840)	(7,888)	(4,856)	6,837
Other liabilities	11	(2,281)	(1,467)	(1,431)	(1,491)
Decommissioning and restoration provision	12	(37)	(416)	(101)	(416)
<b>Net cash generated by operating activities</b>		<b>21,302</b>	<b>783</b>	<b>29,987</b>	<b>19,220</b>
<b>Investing activities:</b>					
Expenditures on mineral properties, plant and equipment	7	(7,227)	(5,018)	(13,915)	(15,502)
Cash received from sale of marketable securities		-	-	-	227
Proceeds on disposition of mineral properties, plant and equipment	7	34	-	218	-
<b>Net cash used in investing activities</b>		<b>(7,193)</b>	<b>(5,018)</b>	<b>(13,697)</b>	<b>(15,275)</b>
<b>Financing activities:</b>					
Proceeds from exercise of options	13	170	-	642	225
Proceeds from exercise of warrants	13	-	-	-	987
Proceeds from loans payable	10	24,254	10,669	46,021	24,488
Repayments of loans payable	10	(27,662)	(10,875)	(48,224)	(30,816)
Lease payments on plant and equipment	11	(1,554)	(263)	(2,181)	(423)
<b>Net cash used in financing activities</b>		<b>(4,792)</b>	<b>(469)</b>	<b>(3,742)</b>	<b>(5,539)</b>
Effect of exchange rate on changes in cash		1,617	(2)	747	(1)
Net change in cash and cash equivalents		10,934	(4,706)	13,295	(1,595)
Cash and cash equivalents – beginning of period		7,308	7,720	4,947	4,609
<b>Cash and cash equivalents – end of period</b>		<b>18,242</b>	<b>3,014</b>	<b>18,242</b>	<b>3,014</b>
<b>Cash paid during the period for:</b>					
Interest expense		356	307	1,087	1,034
Income taxes		11,159	3,666	18,566	10,130

Supplemental cash flow information (Note 23)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**SANTACRUZ SILVER MINING LTD.**

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**

**For the Nine Months ended September 30, 2024 and 2023**

**(Unaudited)**

(Expressed in thousands of US dollars, except number of shares)

Equity (Deficiency) attributable to Shareholders

	Share Capital		Equity reserves			Total equity reserves	Deficit	Total shareholders' equity (deficiency)
	Shares	Amount	Share-based payment reserve	Contributed surplus	Accumulated other comprehensive income (loss)			
Balance, December 31, 2022	346,466,638	136,122	13,861	(1,872)	(943)	11,046	(156,448)	(9,280)
Shares issued from exercise of options	800,000	416	(191)	-	-	(191)	-	225
Shares issued from exercise of warrants	3,724,500	1,476	(489)	-	-	(489)	-	987
Share-based compensation	-	-	201	-	-	201	-	201
Comprehensive Income (loss)	-	-	-	-	(3,961)	(3,961)	(123)	(4,084)
<b>Balance, September 30, 2023</b>	<b>350,991,138</b>	<b>138,014</b>	<b>13,382</b>	<b>(1,872)</b>	<b>(4,904)</b>	<b>6,606</b>	<b>(156,571)</b>	<b>(11,951)</b>
<b>Balance, December 31, 2023</b>	<b>350,991,138</b>	<b>138,014</b>	<b>13,410</b>	<b>(1,872)</b>	<b>(3,837)</b>	<b>7,701</b>	<b>(140,300)</b>	<b>5,415</b>
Shares issued from exercise of options	4,864,400	1,068	(426)	-	-	(426)	-	642
Share-based compensation	-	-	132	-	-	132	-	132
Comprehensive income (loss)	-	-	-	-	6,142	6,142	134,626	140,768
<b>Balance, September 30, 2024</b>	<b>355,855,538</b>	<b>139,082</b>	<b>13,116</b>	<b>(1,872)</b>	<b>2,305</b>	<b>13,549</b>	<b>(5,674)</b>	<b>146,957</b>

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

## **SANTACRUZ SILVER MINING LTD.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

**Three and Nine Months ended September 30, 2024 and 2023**

**(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

---

#### **1. NATURE OF OPERATIONS**

Santacruz Silver Mining Ltd. (the “Company” or “Santacruz”) was incorporated pursuant to the Business Corporations Act of British Columbia on January 24, 2011. The Company’s registered office is located at 1111 West Hastings Street, 15<sup>th</sup> Floor, Vancouver, British Columbia, Canada V6E 2J3. The Company is listed for trading on the TSX Venture Exchange (“TSXV”) 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 lead and copper. As at September 30, 2024, the Company had interests in, including mining concession rights, to the following:

- Sinchi Wayra S.A. (“Sinchi Wayra”), Sociedad Minero Metalurgico Reserva Ltda. and Sociedad Minera Illapa S.A. (“Illapa”) which consist of the following mineral properties and businesses located in Bolivia: the producing Tres Amigos and Colquechaquita mines, collectively the “Caballo Blanco Group”; the producing Bolivar and Porco mines held under an association agreement with Corporación Minera de Bolivia (“COMIBOL”), a Bolivian state-owned entity; the Soracaya exploration project (“Soracaya Project”); the Reserva mine and the San Lucas ore sourcing and trading business collectively (“San Lucas”);
- The producing Zimapan mine located in Mexico held by Carrizal Mining S.A. de C.V. (“Carrizal Mining”); and,
- The La Pechuga Property and the Santa Gorgonia Prospect, which are exploration properties located in Mexico.

#### **2. BASIS OF PRESENTATION**

These consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*” of the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements as at and for the years ended December 31, 2023 and 2022, as some disclosures from the annual consolidated financial statements have been condensed or omitted.

These consolidated financial statements have been prepared on a historical cost basis except for certain items that are measured at fair value including marketable securities. All dollar amounts presented are in thousands of United States dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances, transactions, income and expenses are eliminated on consolidation.

These consolidated financial statements were prepared using accounting policies consistent with those in the audited consolidated financial statements as at and for the year ended December 31, 2023.

References made throughout the consolidated financial statements to “US dollar” or “USD” are to United States dollars, “C\$” or “CAD” are to Canadian dollars, “MXN” are to Mexican pesos, “BOB” are to Bolivian bolivianos all references are in thousands, unless otherwise noted.



## **SANTACRUZ SILVER MINING LTD.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

**Three and Nine Months ended September 30, 2024 and 2023**

**(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

---

### **3. MATERIAL ACCOUNTING POLICIES**

#### **a) New accounting standards and interpretations effective for the current year**

##### Presentation of Financial Statements (Amendment to IAS 1)

The amendments to IAS 1, clarifies the presentation of liabilities with covenants. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendment was applied effective January 1, 2023, and did not have a material impact on the Company's consolidated financial statements.

#### **b) New accounting standards and interpretations not yet adopted**

##### IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1. IFRS 18 introduces new requirements to: i) present specified categories and defined subtotals in the statement of earnings, ii) provide disclosures on management-defined performance measures ("MPMs") in the notes to the financial statements, iii) improve aggregation and disaggregation. Some of the requirements in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. The IASB also made minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share in connection with the new standard. IFRS 18 requires retrospective application with specific transition provisions. The Company is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The Company is currently evaluating the impact of IFRS 18 on its financial statements.

### **4. MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a material impact on the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company's critical accounting judgements and estimates were presented in Note 4 of the audited annual consolidated financial statements for the years ended December 31, 2023 and 2022, and have been consistently applied in the preparation of these consolidated financial statements. No new judgements and estimates were applied for the period ended September 30, 2024.

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**5. TRADE AND OTHER RECEIVABLES**

A summary of the Company's trade and other receivables is as follows:

	<b>September 30,</b>	December 31,
	<b>2024</b>	2023
	\$	\$
Trade receivables	<b>28,537</b>	18,558
COMIBOL contract receivables (note 5(a))	<b>47,014</b>	40,633
Uncertain income tax position receivable (note 17(c))	<b>15,054</b>	6,735
Bolivian VAT receivable	<b>64,618</b>	62,483
Mexican VAT receivable	<b>1,870</b>	-
Other receivables	<b>576</b>	504
<b>Balance, end of period</b>	<b>157,669</b>	128,913
Less: current portion	<b>81,384</b>	65,324
<b>Non-current portion</b>	<b>76,285</b>	63,589

**a) COMIBOL contract receivables**

COMIBOL contract receivables represent COMIBOL's obligation to pay their portion of committed funding related to the investment of plant and equipment made to date, and are recorded at the present value as at the period-end date. The payments are due to the Company based on pre-defined excess net cash flow that COMIBOL is entitled to receive. In the event the net cash flows are insufficient any remaining balance is to be paid within a maximum period of one hundred and twenty (120) days from the date of termination of the agreement.

**6. INVENTORIES**

A summary of the Company's inventories is as follows:

	<b>September 30,</b>	December 31,
	<b>2024</b>	2023
	\$	\$
Mineralized material stockpiles	<b>8,465</b>	6,288
Concentrate inventory	<b>8,363</b>	12,845
Supplies inventory	<b>13,298</b>	13,869
	<b>30,126</b>	33,002

During the three and nine months ended September 30, 2024, the inventory recognized as cost of sales was \$55,955 and \$150,965, respectively (2023 – \$52,036 and \$145,628, respectively), which includes production costs directly attributable to the inventory production process.

During the three and nine months ended September 30, 2024, the Company recognized through cost of sales a net realizable value write-off of inventory for \$nil and \$nil, respectively (2023 - \$155 and \$841, respectively).

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**7. MINERAL PROPERTIES, PLANT AND EQUIPMENT**

	Depletable mineral properties	Non- depletable mineral properties	Exploration and evaluation	Plant and equipment	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, December 31, 2022	48,402	1,467	15,000	123,362	188,231
Additions	12,234	-	-	9,435	21,669
Change in decommissioning and restoration costs (note 12)	2,292	-	-	-	2,292
Disposals	-	-	-	(144)	(144)
<b>Balance, December 31, 2023</b>	<b>62,928</b>	<b>1,467</b>	<b>15,000</b>	<b>132,653</b>	<b>212,048</b>
Additions	8,901	-	-	5,014	13,915
Change in decommissioning and restoration costs (note 12)	(271)	-	-	-	(271)
Disposals	-	-	-	(865)	(865)
<b>Balance, September 30, 2024</b>	<b>71,558</b>	<b>1,467</b>	<b>15,000</b>	<b>136,802</b>	<b>224,827</b>
<b>Accumulated depreciation and impairment</b>					
Balance, December 31, 2022	4,984	-	-	28,875	33,859
Depletion, depreciation and amortization	6,056	-	-	15,771	21,827
Disposals	-	-	-	(122)	(122)
Impairment (Note 7)	-	-	-	7,554	7,554
<b>Balance, December 31, 2023</b>	<b>11,040</b>	<b>-</b>	<b>-</b>	<b>52,078</b>	<b>63,118</b>
Depletion, depreciation and amortization	8,473	-	-	10,960	19,433
Disposals	-	-	-	(647)	(647)
<b>Balance, September 30, 2024</b>	<b>19,513</b>	<b>-</b>	<b>-</b>	<b>62,391</b>	<b>81,904</b>
Cost as at December 31, 2023	62,928	1,467	15,000	132,653	212,048
Accumulated depreciation and impairment	11,040	-	-	53,078	63,118
<b>Carrying value - December 31, 2023</b>	<b>51,888</b>	<b>1,467</b>	<b>15,000</b>	<b>80,575</b>	<b>148,930</b>
Cost as at September 30, 2024	71,558	1,467	15,000	136,802	224,827
Accumulated depreciation and impairment	19,513	-	-	62,391	81,904
<b>Carrying value - September 30, 2024</b>	<b>52,045</b>	<b>1,467</b>	<b>15,000</b>	<b>74,411</b>	<b>142,923</b>

As at September 30, 2024, the Company's plant and equipment included right-of-use assets with a carrying amount of \$4,383 for leased mining equipment (December 31, 2023 - \$3,734). Depreciation on the right of use assets for the three and nine months ended September 30, 2024 was \$189 and \$511, respectively (2023 - \$29 and \$83, respectively).

In accordance with the Company's accounting policies, the Company assesses its CGUs for indicators of impairment or impairment reversal at each period-end. If indicators of impairment exist for any CGU, those CGUs are tested for impairment. In general, the CGU carrying amount includes the carrying value of the MPPE and goodwill, less deferred tax liabilities and decommissioning and restoration provision related to each CGU. For CGUs that have allocated goodwill, the CGUs are tested for impairment annually and if an impairment is determined to exist at these CGUs the impairment is first allocated to goodwill and any excess applied to the remaining MPPE.

As at September 30, 2024 the Company did not identify any indicators of impairment or impairment reversal.

In the fourth quarter of 2023, the Company determined that the Company's market capitalization was below the Company's net assets, which triggered the impairment test for all CGUs.

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**7. MINERAL PROPERTIES, PLANT AND EQUIPMENT (continued)**

Accordingly, the Company performed an impairment analysis for all of its CGUs, and recorded an impairment charge of \$7,554 for the Porco CGU for the year ended December 31, 2023. The recoverable amount for the Porco CGU (\$1,560) was determined by applying a fair value less cost of disposal methodology based on future after-tax cash flows expected to be derived from the CGU discounted with after-tax weighted average cost of capital ("WACC") of 9.7%, a Level 3 fair value estimate. The projected cash flows used in impairment testing are significantly affected by changes in assumptions for metal prices, estimated quantities of mineral reserves and resources, production costs estimates, capital expenditure estimates, and discount rates.

As at December 31, 2023, the Company's impairment testing incorporated the following key assumptions:

**Pricing assumptions:**

	<b>December 31, 2023</b>	
	<b>2024-2027 Average</b>	<b>2028 and long-term</b>
Zinc price per tonne	\$2,676	\$2,601
Silver price per ounce	\$23.81	\$22.71

**Additional Porco-specific assumptions affecting the recoverable amount assessment:**

- Discount rate applied to future cash flows is based on a WACC adjusted for specific risks for the Porco CGU;
- The future cash flows are based on the updated life-of-mine ("LOM") plan which reflects the updated mineral resource and reserves estimate and the corresponding capital expenditures to sustain this level of production;
- Mining operations are expected to continue to the end of 2028, equal to the end of the association contract with COMIBOL (i.e. assume no extension of the contract).

**8. TRADE PAYABLES AND ACCRUED LIABILITIES**

A summary of the Company's trade payables and accrued liabilities is as follows:

	<b>September 30, 2024</b>	December 31, 2023
	<b>\$</b>	<b>\$</b>
Trade payables	<b>30,355</b>	34,229
COMIBOL contract obligations (note 8 (a))	<b>8,608</b>	9,859
Accrued liabilities	<b>9,091</b>	7,885
Balance, end of period	<b>48,054</b>	51,973
Less: current portion	<b>39,446</b>	48,555
<b>Non-current portion</b>	<b>8,608</b>	3,418

**a) COMIBOL contract obligations**

COMIBOL contract obligations represent the Company's obligation to pay its portion of committed funding related to the investment of inventories and fixed assets made prior to 2013 under the previous contract of \$5,631, and COMIBOL's share of the VAT receivable of \$2,976 (all of which classified as non-current).

## SANTACRUZ SILVER MINING LTD.

### Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months ended September 30, 2024 and 2023 (Unaudited)

(Expressed in thousands of US dollars, unless otherwise noted)

#### 9. CONSIDERATION PAYABLE

On March 18, 2022, the Company acquired 100% ownership of Sinchi Wayra and Illapa (the "Acquisition") from Glencore plc ("Glencore") under the terms and conditions outlined in the Share Purchase Agreement ("SPA").

On May 10, 2023, the Company signed amendments to the SPA ("Amended SPA") that impacted the timing of the repayments of the deferred cash consideration and timing of payment of certain VAT amounts collected by the Company.

On March 28, 2024, the Company entered into a binding term sheet (the "Term Sheet") with Glencore to amend the SPA, Amended SPA and certain transaction documents in connection with the Acquisition. The total consideration payable by the Company to Glencore under the Term Sheet will be in lieu of all present and future amounts owing or payable by the Company under the SPA, Amended SPA and certain transaction documents entered into pursuant to the Acquisition.

On October 3, 2024, the Company has entered into a definitive omnibus agreement (the "Omnibus Agreement") and an amended and restated omnibus security agreement (the "Omnibus Security Agreement" and together with the Omnibus Agreement, the "Definitive Agreements"), each with an effective date of October 3, 2024, with certain Glencore entities ("Glencore") to amend certain transaction documents in connection with the prior sale by Glencore of its Bolivian mining assets to Santacruz (the "Transaction"), as previously announced by Santacruz on March 21, 2022 and October 13, 2021. The Definitive Agreements are the result of arm's length negotiations between Santacruz and Glencore and supersede the binding term sheet entered into between the parties dated March 28, 2024.

Consideration payable was adjusted for the terms and conditions outlined in the Term Sheet in the first quarter of 2024 and for the Amended SPA in the second quarter of 2023 giving rise to a gain on adjustment to consideration payable as presented on the condensed interim consolidated statement of income (loss) and comprehensive income (loss).

The following table summarizes the consideration payable to Glencore.

	September 30, 2024	December 31, 2023
Base purchase price (note 9(a)(i))	\$ 33,203	\$ -
Contingent value rights (note 9(a)(ii))	13,651	-
Deferred cash consideration (note 9(b))	-	91,619
Royalties payable (note 9(c))	-	15,102
Other payables (note 9(d))	-	56,267
Balance, end of period	46,854	162,988
Less: current portion	-	49,637
<b>Non-current portion</b>	<b>46,854</b>	<b>113,351</b>

#### a) Term Sheet and Definitive Agreements

##### (i) Base purchase price

Subject to the Acceleration Option (as defined below), the Company will pay up to \$80,000 in cash to Glencore in eight equal annual instalments of \$10,000 each (the "Base Purchase Price" or "BPP") with the first payment being made on or before November 1, 2025. The Company can exercise an option to accelerate the payment of the outstanding balance of the Base Purchase Price in full at any time, such prepayment amount will be \$40,000 if exercised prior to November 1, 2025 and shall decrease by \$2,000 for each annual instalment of \$10,000 that has been paid by the Company (the "Acceleration Option").

## SANTACRUZ SILVER MINING LTD.

### Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months ended September 30, 2024 and 2023 (Unaudited)

(Expressed in thousands of US dollars, unless otherwise noted)

---

#### 9. CONSIDERATION PAYABLE (continued)

##### (ii) Contingent value rights

The Company granted to Glencore a contingent value right (the "CVR") whereby the Company will pay Glencore a monthly payment of \$1,333 (the "CVR Payment"), subject to a total cap of \$77,700 (the "Valuation Cap"), in the event that in any calendar month after the date the parties enter into the Term Sheet, the average London Metal Exchange ("LME") spot price of zinc (or the highest open hedge price if the Hedging Option (as defined below) has been exercised) in the calendar month is at least \$3,850 per tonne (the "Base Price"). The CVR Payment will increase by \$83 for each increase of \$100 per tonne above the Base Price and up to a price of \$5,049.99 per tonne.

In addition to the CVR Payment, in the event the average LME spot price of zinc (or the highest open hedge price if the Hedging Option has been exercised) in a calendar month is at least \$5,050 per tonne (the "Additional Payment Price"), the CVR Payment will increase by \$83 for each increase of \$100 per tonne above the Additional Payment Price and the Company will pay Glencore a monthly payment of \$83 as a Bonus Payment that will increase by \$83 for each increase of \$100 per tonne above the Additional Payments Price. The Bonus Payment is not considered as part of the CVR Payment.

Upon the occurrence of the monthly average zinc LME spot price exceeding the Base Price, Glencore can require the Company to hedge a limited amount of zinc production from its Bolivian mining operations (so long as the hedging price would exceed the Base Price) subject to certain conditions (the "Hedging Option").

The CVR and Additional Payments will be effective from the date of the Term Sheet until the earlier of December 31, 2032 and the date the Valuation Cap is reached. The Additional Payments and the Hedging Option will terminate once the Company is no longer obligated to make CVR Payments.

As at the date of the Term Sheet the fair value of the BPP was estimated using a discounted cash flow method to calculate the net present value of the expected cash flows. The initial recognition of the liability used a discount rate of 20% based on various qualitative and quantitative considerations. The fair value at the initial recognition of the CVR was calculated using a Monte Carlo Simulation with key inputs and assumptions including the zinc spot price (\$2,502 per tonne), the expected price of zinc in each year until December 31, 2032, the market risk-free rate and credit spread and the volatility and variability of historical zinc prices. When the BPP and CVR were initially recognized it led to a gain on adjustment to consideration payable of \$133,255 in Q1 2024.

The Company performed a valuation exercise as at September 30, 2024 and determined a fair value of the BPP of \$33,203, net of a fair value of approximately \$6,065 related to the fair value of the Acceleration Option and a fair value of the CVR of \$13,651. The loss on the change in fair value of consideration payable was \$15,543 for the nine months ended and \$7,510 for the six months ended September 30, 2024, this loss was recorded as a Finance Cost (Note 16).

##### b) **Deferred cash consideration**

Payments were payable as follows: (i) \$22,500 on March 18, 2024, (ii) \$22,500 on March 18, 2025, and (iii) \$45,000 on March 18, 2026. Interest accrues on \$22,500 of the \$45,000 payment due March 18, 2026, at a rate of Secured Overnight Financing Rate ("SOFR") plus 4%. The deferred cash consideration is no longer payable according to the terms and conditions outlined in the Term Sheet in the first quarter of 2024 which resulted in the Company recognizing a gain on adjustment to consideration payable.

##### c) **Royalties payable**

Royalties were payable monthly except with respect to the royalty payment for the period from March 18, 2022 to December 31, 2022, which was due by November 30, 2023. The royalties are no longer payable according to the terms and conditions outlined in the Term Sheet in the first quarter of 2024 which resulted in the Company recognizing a gain on adjustment to consideration payable.

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**9. CONSIDERATION PAYABLE (continued)****d) Other payables***(i) Profits (after-tax) on sale of inventory acquired.*

The profits (after-tax) based on final settlements of \$7,755, on the sale of inventory acquired by the Company was to be paid as to one-third of the aggregate amount of such profits by each of June 30, 2023, June 30, 2024, and June 30, 2025. Interest accrued on the amounts due from the original payment date for the specific inventory acquired at a rate of SOFR plus 4% and interest is to be paid on each of the instalment dates.

*(ii) Payment of certain VAT amounts collected by the Company.*

The Company was required to pay all amounts collected in accordance with the VAT Receivable agreement in the Amended SPA by December 31, 2024, except as detailed below.

- (1) If, in any calendar year, the amount paid or payable by the Company would exceed \$15,000, then the Company shall only pay \$15,000 in that calendar year and the balance of the monies that would otherwise be payable in that calendar year will be paid to Glencore on or before March 31 of the following calendar year;
- (2) Any amounts paid on or before March 31 of a calendar year pursuant to (1) shall be taken into account in determining the total amount paid by the Company in that calendar year; and
- (3) If a payment due on or before March 31 of a calendar year pursuant to (1) would exceed \$15,000, then only \$15,000 shall be paid and the balance shall be paid on the first Business Day of the following calendar year.

The other payables from the profits on sale of inventory and payment of certain VAT amounts are no longer payable according to the terms and conditions outlined in the Term Sheet in the first quarter of 2024 which resulted in the Company recognizing a gain on adjustment to consideration payable.

The following table summarizes the details of the consideration payable to Glencore:

	BPP (a)	CVRs (a)	Deferred cash consideration (b)	Royalties payable (c)	Other payables (d)	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	-	-	85,464	18,157	57,916	161,537
Accretion	-	-	3,839	901	1,497	6,237
Loss (gain) on adjustment to consideration payable	-	-	2,316	121	(3,370)	(933)
Loss (gain) on change in fair value of consideration payable	-	-	-	(4,077)	224	(3,853)
<b>Balance, December 31, 2023</b>	-	-	<b>91,619</b>	<b>15,102</b>	<b>56,267</b>	<b>162,988</b>
Less: current portion	-	-	26,132	5,987	17,518	49,637
Non-current portion	-	-	65,487	9,115	38,749	113,351
<b>Balance, December 31, 2023</b>	-	-	<b>91,619</b>	<b>15,102</b>	<b>56,267</b>	<b>162,988</b>
Accretion (Note 16)	-	-	976	18	584	1,578
Gain on adjustment to consideration payable	29,925	1,386	(92,595)	(15,120)	(56,851)	(133,255)
Loss on change in fair value of consideration payable	3,278	12,265	-	-	-	15,543
<b>Balance, September 30, 2024</b>	<b>33,203</b>	<b>13,651</b>	-	-	-	<b>46,854</b>
Less: current portion	-	-	-	-	-	-
<b>Non-current portion</b>	<b>33,203</b>	<b>13,651</b>	-	-	-	<b>46,854</b>

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**10. LOANS PAYABLE**

A summary of the Company's loans payable is as follows:

	Bank facilities (a)	Bank loan (b)	Trafigura (c)	Other loans payable (d)	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2022	10,123	2,464	8,496	1,132	22,215
Proceeds advanced	32,057	-	-	-	32,057
Accretion	-	-	693	-	693
Interest expense	537	-	781	-	1,318
Repayment with cash	(31,390)	(2,464)	(4,472)	(182)	(38,508)
<b>Balance, December 31, 2023</b>	<b>11,327</b>	<b>-</b>	<b>5,498</b>	<b>950</b>	<b>17,775</b>
Less: Current portion	11,327	-	5,498	202	17,027
Non-current portion	-	-	-	748	748
<b>Balance, December 31, 2023</b>	<b>11,327</b>	<b>-</b>	<b>5,498</b>	<b>950</b>	<b>17,775</b>
Proceeds advanced	45,228	-	-	793	46,021
Accretion	-	-	547	-	547
Interest expense	460	-	542	-	1,002
Repayment with cash	(44,857)	-	(2,424)	(943)	(48,224)
<b>Balance, September 30, 2024</b>	<b>12,158</b>	<b>-</b>	<b>4,163</b>	<b>800</b>	<b>17,120</b>
Less: Current portion	12,158	-	4,163	52	16,372
<b>Non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>748</b>	<b>748</b>

**a) Bank facilities**

The Company has a secured credit facility with Banco BISA S.A. of \$15,000 (BOL 102,900) with a fixed interest rate of 6.0% per annum, which is comprised of 1) a revolving credit facility of \$5,000 for the financing of mining operations and working capital; and 2) a "loan guarantee" credit facility of \$10,000 for the purpose of providing collateral to the Bolivian government for VAT refunds collected prior to the completion of the audit process by the Bolivian tax authority. In Bolivia, companies have the option to receive VAT refunds in advance of the audit process being completed if a loan guarantee for the refund amount is provided. The \$15,000 total credit facility is secured by concentrate inventories at Bolivar, Porco and the Caballo Blanco Group, and certain real estate assets in Bolivia.

The \$5,000 revolving credit facility for working capital purposes can be drawn down at \$500 increments and automatically roll over at maturity once fully repaid. As at September 30, 2024, \$5,000 (December 31, 2023 - \$5,000), was drawn down which is repayable by October 2024.

\$244 of the \$10,000 loan guarantee credit facility was used to provide collateral to the Bolivian government on VAT refunds received as at September 30, 2024 (December 31, 2023 - \$144).

The Company also has an unsecured revolving credit facility for working capital requirements and a loan guarantee with Banco de Credito de Bolivia S.A. for a total of \$7,000 (BOL 48,720). The credit facility has a weighted average fixed interest rate of 6.0% per annum and the weighted average interest rate on the loan guarantee facility is 2.0%. As at September 30, 2024, \$6,922 (December 31, 2023 - \$6,124) was drawn down on the credit facility and \$95 (December 31, 2023 - \$142) was used on the loan guarantee. The credit facility has varying maturity dates between July 2024 and December 2024. The loan guarantee is used for the purpose of providing collateral to the Bolivian government for VAT refunds collected prior to the completion of the audit process by the Bolivian tax authority.



## **SANTACRUZ SILVER MINING LTD.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

**Three and Nine Months ended September 30, 2024 and 2023**

**(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

---

#### **10. LOANS PAYABLE (continued)**

##### **b) Bank loan**

The Company had an interest-bearing non-renewable loan with Banco BISA S.A. at a fixed interest rate of 5.50% per annum with quarterly principal repayments of \$616 plus accrued interest. The loan was obtained for the financing of capital expenditures and is secured by the Porco processing plant. The principal balance outstanding as at December 31, 2023, was \$nil as the loan matured on December 20, 2023.

##### **c) Trafigura loan facility**

On April 23, 2021, in connection with the acquisition of Zimapan, Trafigura Mexico, S.A. de C.V. ("Trafigura") loaned the Company \$17,616 under a new loan facility ("Trafigura Loan Facility"), which included the recapitalization of \$2,616 of indebtedness outstanding under the 2020 Facility in addition to the new \$15,000 loan amount. The Trafigura Loan Facility is for a period of 42 months at an annual interest rate of 1-month SOFR + 6.5%, approximately 11.46 % (approximately 12.23% as at December 31, 2023), repayable in monthly installments 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 rights and properties owned by Carrizal Mining. In addition, the Company issued to Trafigura 28,000,000 warrants ("Trafigura Warrants"), each Trafigura Warrant exercisable into a Santacruz common share at C\$0.395 per share, for a period of 12 months with respect to 7,280,000 of the Trafigura Warrants and 42 months with respect to the remaining 20,720,000 Trafigura Warrants. As at September 30, 2024, a total of 13,280,000 Trafigura Warrants were exercised for gross proceeds to the Company of \$4,049 (C\$5,246) (December 31, 2023 - 13,280,000 warrants for proceeds of \$4,049 (C\$5,246)). On October 24, 2024 the residual 14,720,000 Trafigura Warrants expired unexercised..

The Trafigura Loan Facility was initially measured at a fair value of \$13,795, which has been classified as a financial liability, and is subsequently measured at amortized cost, which is being accreted to the principal amount over the term of the Trafigura Loan Facility at an effective interest rate of 21.66%. The fair value of the Trafigura Warrants at the time of issuance was determined to be \$3,821, being the residual amount of the total Trafigura Loan Facility after deducting its fair value.

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. No offsets were made as of September 30, 2024.

In the fourth quarter of 2023, the Company was granted a principal repayment holiday period from September 2023 to March 2024, effectively extending the Trafigura Loan Facility maturity date from November 2024 to May 2025. In September 2024 the Company paid \$2,424 to Trafigura which covered \$1,933 of principal and \$491 of accrued interest. The Company is currently negotiating an amended agreement which will extend the payment terms of the remaining balance. As at September 30, 2024 the Company is compliant with financial covenants associated with the Trafigura Loan Facility. The entire loan balance is recorded as a current liability until negotiations are completed to reach amended agreement with extended payment terms.

##### **d) Other loans payable**

In the fourth quarter of 2022, the Company entered into contracts to sell trucks and machinery, and the net proceeds totaled \$1,310. The Company subsequently leased the trucks and machinery back from the counterparty for a period of five years at a financing charge of 10.0% per annum, and is required to make quarterly lease payments plus accrued interest.

As the contracts provide the Company the right to repurchase the trucks and machinery at the end of the term for their residual value of 1%, the Company has an irrevocable right to repurchase the assets, and control of the assets did not transfer to the counterparty. Hence, these contracts are accounted for as financing transactions in accordance with IFRS 9 - Financial Instruments, rather than as sale and leaseback transactions under IFRS 16 - Leases.

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**10. LOANS PAYABLE (continued)**

In accordance with IFRS 9, these contracts were recorded as a financial liability at amortized cost using the effective interest rate method. As at September 30, 2024, the financial liability was \$800 (December 31, 2023 - \$950). No interest expense was accrued as it was immaterial.

**e) Glencore credit facility**

As at the Acquisition Date, the Company entered into a \$10,000 senior secured working capital revolving credit facility (the "Credit Facility") with Glencore with a maturity date of March 18, 2024, which shall only be used for working capital purposes of the Company and its Bolivian subsidiaries. On March 18, 2024 the Credit Facility matured undrawn.

**11. OTHER LIABILITIES**

A summary of the Company's other liabilities is as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Post Employment Benefits (note 11(a))	10,626	12,631
Deferred revenue (note 11(b))	-	3,615
Lease liability	1,377	1,997
Bolivia uncertain tax position financing arrangement (note 17(c))	6,407	-
Other taxes payable (note 11(c))	19,770	21,989
<b>Balance, end of the period</b>	<b>38,180</b>	<b>40,232</b>
Less: current portion	17,258	13,922
<b>Non-current portion</b>	<b>20,922</b>	<b>26,310</b>

**a) Post-employment benefits**

As at September 30, 2024, the Company recognized a provision of \$1,535 (\$1,510 as at December 31, 2023) for payments that must be made to employees upon termination of employment which is required by Mexican labour legislation. A provision of \$14,186 (\$17,072 as at December 31, 2023) has been recognized in Bolivia which entitles employees to receive a payment after five years of employment, if the employee resigns or is terminated before the 5-year period they are entitled to receive the amount accrued at the time of separation. Based on expected employee turnover, these provisions are considered non-current.

**b) Deferred revenue**

Deferred revenue represents the amount of funds for which the Company has received as advance payments for concentrate sales from its customers prior to satisfying the performance obligations under IFRS 15 – Revenue from Contracts to recognize the receipt as revenue.

**c) Other taxes payable**

Other taxes payable includes amounts payable to the Mexican and Bolivian tax authorities for miscellaneous taxes such as payroll taxes, withholding taxes, VAT payables and income taxes from prior periods which are being paid under an installment plan.

**SANTACRUZ SILVER MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three and Nine Months ended September 30, 2024 and 2023**

**(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**12. DECOMMISSIONING AND RESTORATION PROVISION**

The Company has an obligation to undertake decommissioning, restoration, rehabilitation and environmental work when environmental disturbance is caused by the development and ongoing production of a mining operation. Movements in decommissioning liabilities during the nine months ended September 30, 2024 and year ended December 31, 2023 are allocated as follows:

	Bolivar	Porco	Caballo Blanco Group	Zimapan	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2022	3,529	5,278	7,249	4,562	20,618
Change in estimate	(263)	(77)	1,504	1,038	2,202
Reclamation work performed	(287)	(97)	(142)	-	(526)
Accretion	126	192	254	465	1,037
Foreign exchange gain	-	-	-	176	176
Balance, December 31, 2023	3,105	5,296	8,865	6,241	23,507
Less: current portion	305	435	656	-	1,396
<b>Non-current portion</b>	<b>2,800</b>	<b>4,861</b>	<b>8,209</b>	<b>6,241</b>	<b>22,111</b>
Balance, December 31, 2023	3,105	5,296	8,865	6,241	23,507
Change in estimate	-	-	-	(271)	(271)
Reclamation work performed	(1)	(6)	(94)	-	(101)
Accretion	198	324	518	404	1,444
Foreign exchange gain	-	-	-	(867)	(867)
<b>Balance, September 30, 2024</b>	<b>3,302</b>	<b>5,614</b>	<b>9,289</b>	<b>5,507</b>	<b>23,712</b>
Less: current portion	318	454	610	-	1,382
<b>Non-current portion</b>	<b>2,984</b>	<b>5,160</b>	<b>8,679</b>	<b>5,507</b>	<b>22,330</b>

A provision for decommissioning liabilities is estimated based on current regulatory requirements and is recognized at the present value of such costs. The expected timing of cash flows in respect of the provision is based on the estimated life of the Company's mining operations.

**Decommissioning and restoration provisions – September 30, 2024**

	Bolivar	Porco	Caballo Blanco Group	Zimapan
Undiscounted uninflated estimated cash flow	3,758	6,345	11,470	7,845
Discount rate	8.1%	8.2%	8.1%	9.2%
Inflation rate	3.5%	3.5%	3.5%	3.4%

**Decommissioning and restoration provisions - December 31, 2023**

	Bolivar	Porco	Caballo Blanco Group	Zimapan
Undiscounted uninflated estimated cash flow	3,758	6,345	11,470	9,116
Discount rate	8.1%	8.2%	8.2%	9.3%
Inflation rate	3.5%	3.5%	3.5%	3.5%

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**13. SHARE CAPITAL****a) Authorized share capital**

The Company is authorized to issue an unlimited number of common shares without par value.

**b) Issued – share capital**

During the nine months ended September 30, 2024, the Company had the following share capital transactions:

- The Company issued 4,864,400 shares from the exercise of options for proceeds of \$642.

During the year ended December 31, 2023, the Company had the following share capital transactions:

- The Company issued 3,724,500 shares from the exercise of warrants for proceeds of \$987 and 800,000 shares from the exercise of options for proceeds of \$225.

**c) Stock options**

On September 16, 2024, the Company's shareholders approved the omnibus equity incentive plan (the "Omnibus Incentive Plan").

Pursuant to the Omnibus Incentive Plan, the Company may grant Options, RSUs, PSUs, and DSUs to directors, officers, employees, management company employees, and consultants of the Company and its subsidiaries. The maximum number of shares available for issuance under the Omnibus Incentive Plan is limited to 10% of the issued and outstanding common shares.

Pursuant to the Omnibus Incentive Plan, Options granted have a maximum term of ten years and the vesting provisions of options granted are at the discretion of the Board of Directors. Options are non-transferrable and the exercise price of the options shall be determined by the Board of Directors at the time the Options are granted but in no event shall be lower than the discounted market price permitted by the TSX-V.

The following is a summary of the Company's stock options for the nine months ended September 30, 2024 and year ended December 31, 2023:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
	<b>#</b>	<b>C\$</b>
Balance, December 31, 2022	23,714,400	0.40
Granted	1,000,000	0.41
Exercised	(800,000)	0.39
Cancelled	(200,000)	0.39
Balance, December 31, 2023	23,714,400	0.40
Granted	2,350,000	0.40
Exercised	(4,864,400)	0.42
Cancelled	(5,400,000)	0.43
<b>Balance, September 30, 2024</b>	<b>15,800,000</b>	<b>0.38</b>

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**13. SHARE CAPITAL (continued)**

As at September 30, 2024, the Company had the following stock options outstanding:

Date of expiry	Options outstanding			Options exercisable		
	Number of options	Weighted average exercise price	Weighted average remaining years	Number of options	Weighted average exercise price	Weighted average remaining years
		#	C\$		Years	#
May 7, 2026	12,450,000	0.47	1.60	12,450,000	0.47	1.60
January 09, 2028	1,000,000	0.41	3.28	1,000,000	0.41	3.28
August 01, 2029	2,350,000	0.40	4.84	-	-	-
	<b>15,800,000</b>	<b>0.40</b>	<b>1.47</b>	<b>13,450,000</b>	<b>0.47</b>	<b>1.72</b>

During the three and nine months ended September 30, 2024, the Company granted a total of 2,350,000 stock options with a fair value of \$400, of which \$55 was recognized in operating expenses during the nine months ended September 30, 2024 (2023 - 1,000,000 stock options with a fair value of \$213, of which \$171 was recognized in operating expenses during the nine months ended September 30, 2023). The weighted average assumptions used in the Black-Scholes option pricing model were as follows:

Assumption	Based on	2024	2023
Risk-free rate (%)	Yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life	3.02%	0.87%
Expected life (years)	Expiry term of the options	5 years	5 years
Expected volatility (%)	Historical volatility of the Company's share price	87.08%	87.66%
Dividend yield (%)	Annualized dividend rate as of the date of grant	nil	nil

The weighted average closing share price on the date of the option exercises for the three and nine months ended September 30, 2024 was C\$0.42 per share (year ended December 31, 2023 - C\$0.48).

**d) Warrants**

The following is a summary of the Company's warrants for the nine months ended September 30, 2024 and year ended December 31, 2023:

	Number of warrants	Weighted average exercise price
	#	C\$
Balance, December 31, 2022	107,474,718	0.38
Exercised	(3,724,500)	0.38
Expired	(40,528,257)	0.30
Balance, December 31, 2023	63,221,961	0.44
Expired	(48,501,961)	0.45
<b>Balance, September 30, 2024</b>	<b>14,720,000</b>	<b>0.40</b>

The outstanding 14,720,000 warrants expired unexercised on October 24, 2024.

**SANTACRUZ SILVER MINING LTD.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Three and Nine Months ended September 30, 2024 and 2023**

**(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

---

**13. SHARE CAPITAL (continued)**

**e) Restricted Share Units (RSU)**

RSUs are non-transferrable awards for service which upon vesting and settlement entitle the recipient to receive cash or common shares of equivalent value. The choice of settlement method is at the Company's sole discretion. Vesting conditions for RSUs are set by the Board of Directors, no RSUs granted shall vest earlier than one year or later than three years after the grant date, except in the sole discretion of the Board of Directors.

During the three month and nine months ended September 30, 2024, the Company granted 825,000 RSUs with a weighted average grant date fair value of C\$285 of which \$29 was recognized in operating expenses during the three and nine months ended September 30, 2024 (2023 the Company granted \$nil RSUs).

**f) Deferred Share Units (DSU)**

DSUs are non-transferrable awards that become payable upon termination of service of the participant. Vesting conditions for DSUs are set by the Board of Directors. Upon settlement, DSUs entitle the recipient to receive cash or common shares of an equivalent value. Timing of settlement after vesting occurs at the discretion of the participant and communicated to the Company by the participant in writing at least fifteen days prior to the designated day, or an earlier date as the participant and the Company pay agree. If no notice is given by the participant for a designated day, the DSUs shall be payable on the first anniversary of the date on which the participant's termination of service, or any earlier period on which the DSUs vest, at the sole discretion of the participant.

During the three month and nine months ended September 30, 2024, the Company granted 675,000 DSUs with a weighted average grant date fair value of C\$233 of which \$28 was recognized in operating expenses during the three and nine months ended September 30, 2024 (2023 the Company granted \$nil PSUs).

**g) Performance Share Units (PSU)**

PSUs are non-transferrable awards that will vest and become payable upon the attainment of performance criteria within a certain period, which criteria and period shall be selected, settled and determine by the Board of Directors. PSUs are settled through cash or the issuance of common shares of equivalent value. The choice of settlement method is at the Company's sole discretion.

During the three month and nine months ended September 30, 2024, the Company granted 1,250,000 PSUs during the three and nine months ended September 30, 2024 for which the fair value cannot yet be determined because the performance criteria have not been defined by the Board of Directors, so no expense has been recognized.

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**14. COST OF SALES**

Cost of sales excluding depletion, depreciation and amortization are costs that directly relate to production and generation of revenues at the operating segments. Significant components of cost of sales are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Consumables and materials	4,807	6,671	13,459	14,023
Energy	1,164	2,482	3,328	4,159
Insurance	798	1,994	2,504	1,067
Labour costs	10,845	8,859	32,033	27,456
Mine and plant maintenance	3,092	334	8,442	3,541
Mining contractors	10,017	1,598	28,458	19,855
Ore and concentrate purchase costs	13,830	14,237	30,733	28,280
Other costs	492	(20)	1,251	2,785
<b>Production Costs</b>	<b>45,045</b>	<b>36,155</b>	<b>120,208</b>	<b>101,166</b>
Transportation and other selling costs	5,572	7,894	17,434	23,949
Mine royalty expense	3,029	4,370	8,488	12,138
Finished goods inventory changes	2,309	3,617	4,835	8,375
<b>Cost of sales</b>	<b>55,955</b>	<b>52,036</b>	<b>150,965</b>	<b>145,628</b>

<sup>(1)</sup> Mine royalty expense relates to the mining royalty due to the Bolivian government as a result of mining operations at the Sinchi Wayra and Illapa Business.

**15. GENERAL AND ADMINISTRATIVE EXPENSES**

A summary of the Company's operating expenses is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Community relationship	720	572	1,374	1,380
Corporate administration	412	1,455	1,814	4,451
Professional fees	720	529	1,978	2,816
Salaries and benefits	3,642	3,351	9,149	9,815
Tax penalties	985	1,819	3,897	3,156
	<b>6,479</b>	<b>7,726</b>	<b>18,212</b>	<b>21,618</b>

During the three and nine months ended September 30, 2024, included in salaries and benefits, and pursuant to Mexican labour laws, is \$482 and \$968, respectively (2023 - \$216 and \$1,211, respectively) for annual employee profit sharing tax related to Carrizal Mining.

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements  
Three and Nine Months ended September 30, 2024 and 2023  
(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**16. FINANCE COSTS**

A summary of the Company's finance costs (income) is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	
Accretion of consideration payable (note 9)	-	1,222	1,578	4,244
Accretion of decommissioning provisions (note 12)	483	350	1,444	877
Accretion of Trafigura Facility Loan (note 10)	82	220	547	763
Accretion of receivable from COMIBOL (note 5(a))	(372)	(603)	(1,115)	(1,810)
Change in decommissioning & restoration provision (note 12)	421	313	-	-
Financing charge on leases	66	18	149	26
Loss on change in fair value of consideration payable (note 9)	7,510	-	15,542	-
Interest expense, carrying and finance charges on loans payable	145	328	1,002	887
Interest expense (income)	308	147	(16)	(330)
Other expense	3,621	1,501	4,012	3,779
	<b>12,264</b>	<b>3,496</b>	<b>23,143</b>	<b>8,436</b>

**17. INCOME TAX EXPENSE****a) Income tax expense**

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Current tax expense	11,138	4,147	19,465	12,899
Deferred tax (recovery)	(1,315)	(425)	(695)	(748)
Income tax expense	<b>9,823</b>	<b>3,722</b>	<b>18,770</b>	<b>12,151</b>

A summary of the Company's reconciliation of income taxes at statutory rates for the three and nine months ended September 30, 2024 and 2023, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Income before income taxes	13,885	(577)	153,396	12,027
Combined federal and provincial statutory income tax rates	27%	27%	27%	27%
Income tax expense (recovery) at statutory rates	3,749	(156)	41,417	3,247
Permanent differences	3,631	4,666	(30,153)	7,532
Change due to differences in tax rates	1,561	(547)	4,046	(453)
Inflation adjustment	309	(4)	(48)	(165)
Change due to foreign translation	(53)	(1,091)	1,676	99
Deferred tax assets not recognized	499	246	(227)	130
Mexico mining royalty tax	-	550	748	1,461
Tax effect of investment in subsidiaries	153	(268)	943	-
Others	(26)	326	368	300
Income tax expense (recovery)	<b>9,823</b>	<b>3,722</b>	<b>18,770</b>	<b>12,151</b>



**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**b) Deferred taxes**

The significant components of the Company's deferred tax assets are as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Trade and other receivables	159	1,665
Other liabilities	6,031	5,101
Mineral properties, plant and equipment	786	1,835
Decommissioning and restoration provision	2,098	2,339
Non-capital losses	5,763	5,061
Inventories	499	916
Other assets	585	401
Mining tax	223	387
Other	2,682	1,479
Deferred tax assets	<b>18,826</b>	<b>19,184</b>

The significant components of the Company's deferred tax liabilities are as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Mineral properties, plant and equipment	<b>(18,182)</b>	(18,529)
Investment in subsidiaries	<b>(5,854)</b>	(4,910)
Other liabilities	<b>(6,268)</b>	(5,328)
Inventories	-	(1,511)
Trade payables and accrued liabilities	635	(793)
Other	<b>(58)</b>	(32)
Deferred tax liabilities	<b>(29,727)</b>	<b>(31,103)</b>

The following table reconciles to the Consolidated Statements of Financial Position:

	September 30, 2024	December 31, 2023
	\$	\$
Deferred tax assets	<b>7,806</b>	3,787
Deferred tax liabilities	<b>(18,707)</b>	(15,706)
	<b>(10,901)</b>	<b>(11,919)</b>

Deferred tax assets and liabilities that are probable to be utilized are offset if they relate to the same taxable entity and same taxation authority. Future potential tax deductions that do not offset deferred tax liabilities are considered to be deferred tax assets.

As at September 30, 2024, the Company had unrecognized capital losses of approximately \$55,245 (December 31, 2023 - \$56,929) that arose in Canada, the capital losses can be carried forward indefinitely.

At Sep 30, 2024 the Company has unrecognized taxable temporary differences of \$109,706 (December 31, 2023 - \$105,098) for taxes that would be payable on the unremitted earnings of certain subsidiaries of the Company.

## SANTACRUZ SILVER MINING LTD.

### Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months ended September 30, 2024 and 2023 (Unaudited)

(Expressed in thousands of US dollars, unless otherwise noted)

---

#### c) Bolivia uncertain income tax position relating to tax year 2017

As part of the Acquisition, the Company assumed potential pre-acquisition income tax liabilities for Bolivia's 2017 tax year related to decommissioning and restoration provisions, depreciation of mineral properties, plant and equipment, undeclared income, and non-deductible expenses in the determination of the Bolivian current income tax. As at the Acquisition date and throughout 2022, the Company was still undergoing tax appeal proceedings. In the second quarter of 2023, the Company received notification from the Bolivian tax authorities on its decision to deny the appeal and confirmed the tax reassessment of \$16,998, which includes tax interest and penalties. The Company and the Bolivian tax authorities agreed on a financing arrangement ("financing arrangement") by making an initial deposit of \$5,816 (which represents 35% of the total balance) in the second quarter of 2023, and monthly instalments for the remaining balance of \$10,801 over the next five years to June 2028.

The Company is challenging the Bolivian tax authorities' decision and has filed legal proceedings with the Supreme Court of Justice and the Constitutional Court in Bolivia.

As the matter relates to income tax, and there is uncertainty over whether the relevant authorities will accept the current tax treatment under the Bolivian tax law, management believes that it meets the definition of an uncertain tax treatment and this is within the scope of *IAS 12 – Income Taxes* and *IFRIC 23 – Uncertainty over Income Tax Treatments*. In accordance with *IFRIC 23*, an entity shall consider whether it is probable (more likely than not) that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that a taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable income or loss consistent with the tax treatment applied in its income tax filings.

Pursuant to the Amended SPA for the Acquisition and related agreements, Glencore has agreed to indemnify the Company for up to a maximum of \$25,000, in aggregate, for all claims and liabilities under the Amended SPA and such related agreements. Such indemnification would, subject to such cap and certain conditions, extend to income tax liabilities. In the unlikely event that the Company exhausts all avenues and receives an unfavourable ruling, the Company is indemnified by the Amended SPA and would not be liable for any income tax liability up to \$25,000.

The Company obtained legal advice to assess the probability of a final favourable ruling from its legal proceedings and the acceptance of the current tax treatments of the various tax items. Based on the legal assessment, the Company believes it is probable that the current tax treatments will be accepted as it has a strong substantive defense. Accordingly, the Company believes there is no current tax liability and has not recognized an expense related to this matter as at September 30, 2024.

As at September 30, 2024, the Company has already remitted tax instalments totaling \$8,647 inclusive of interest and penalties to the Bolivian tax authorities based on the financing arrangement. The Company has recognized a liability of \$6,407 to account for the obligation to make the remaining payments under the financing arrangement (Note 11). The Company needs to continue to make payments under the financing arrangement until there is final legal resolution to avoid adverse actions from the taxation authorities such as the seizing of bank accounts. However, as the Company believes the current tax owing related to this matter is \$nil and the amounts paid will ultimately be refunded to the Company, the total payment made to date of \$8,647 and the liability for the remaining outstanding payments of \$6,407 under the financing arrangement have been recognized as "trade and other receivables" (Note 5).

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**18. CAPITAL MANAGEMENT**

The Company's objective when managing its capital is to maintain its ability to continue as a going concern while at the same time maximizing the growth of its business and providing returns to its shareholders. The Company's capital structure consists of shareholders' equity (comprising issued capital plus equity reserves plus deficit) with a shareholders' equity of \$146,957 as at September 30, 2024 (December 31, 2023 - \$5,415). The Company manages its capital structure and makes adjustments based on changes to its economic environment and the risk characteristics of the Company's assets. The Company's capital requirements are effectively managed based on the Company having a thorough reporting, planning and forecasting process to help identify the funds required to ensure the Company is able to meet its operating and growth objectives.

The Company is not subject to any externally imposed capital requirements with the exception of compliance with covenants for the Trafigura Loan Facility. As at September 30, 2024 the Company is compliant with financial covenants associated with the Trafigura Loan Facility.

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The carrying amounts of the Company's financial assets and financial liabilities by category are as follows:

<b>September 30, 2024</b>	<b>Amortized cost</b>	<b>FVTPL</b>	<b>Total</b>
	\$	\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	18,242	-	18,242
Trade and other receivables	47,590	28,537	76,127
	<b>65,832</b>	<b>28,537</b>	<b>94,369</b>
<b>Financial liabilities</b>			
Trade payables and accrued liabilities	48,054	-	48,054
Consideration payable	33,203	13,651	46,854
Loans payable	17,120	-	17,120
Other liabilities	38,180	-	38,180
	<b>136,557</b>	<b>13,651</b>	<b>150,208</b>
<b>December 31, 2023</b>			
<b>Financial assets</b>			
Cash and cash equivalents	4,947	-	4,947
Trade and other receivables	47,812	18,618	66,430
	<b>52,759</b>	<b>18,618</b>	<b>71,377</b>
<b>Financial liabilities</b>			
Trade payables and accrued liabilities	51,973	-	51,973
Consideration payable	147,886	15,102	162,988
Loans payable	17,775	-	17,775
Other liabilities	40,232	-	40,232
	<b>257,866</b>	<b>15,102</b>	<b>272,968</b>

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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

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

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

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

Trade receivables are measured at fair value using Level 1 inputs. The fair value of trade receivables is measured based on inputs other than quoted prices for the underlying commodity prices (silver, lead, zinc, copper) to which the receivable relates as the trade receivables are provisionally priced at the time of sale.

The carrying values of cash and cash equivalents, other receivables, and trade payables and accrued liabilities approximate their fair values because of their short-term nature.

The fair value of the loans payable for disclosure purposes is determined using discounted cash flows based on the expected amounts and timing of future cash flows discounted using a market rate of interest adjusted for appropriate credit risk.

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

	September 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Trade and other receivables	28,537	-	-	18,618	-	-
	<b>28,537</b>	-	-	<b>18,618</b>	-	-
<b>Liabilities</b>						
Consideration payable	-	-	13,651	-	-	15,102
	-	-	<b>13,651</b>	-	-	<b>15,102</b>

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

The methodology and assessment of inputs for determining the fair value of financial assets and liabilities as well as the levels of hierarchy for the Company's financial assets and liabilities measured at fair value remains unchanged from that at December 31, 2023.

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

***Credit risk***

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

The Company has concentrate contracts to sell the zinc and lead concentrates produced by all of the Company's mines. Concentrate contracts are a common business practice in the mining industry. The terms of the concentrate contracts may require the Company to deliver concentrate that has a value greater than the payment received at the time of delivery, thereby introducing the Company to credit risk of the buyers of concentrates. Should any of these counterparties not honour purchase arrangements, or should any of them become insolvent, the Company may incur losses for products already shipped and be forced to sell its concentrates on the spot market or it may not have a market for its concentrates and therefore its future operating results may be materially adversely impacted. At September 30, 2024, the Company had receivable balances associated with buyers of its concentrates of \$28,537 (December 31, 2023 - \$18,558). The vast majority of the Company's concentrate is sold to well-known concentrate buyers.

The following financial assets represent the maximum credit risk to the Company:

	<b>September 30, 2024</b>	December 31, 2023
	\$	\$
Cash and cash equivalents	<b>18,242</b>	4,947
Trade and other receivables	<b>76,127</b>	66,430
Prepaid expenses and deposits	<b>5,269</b>	5,536

Management constantly monitors and assesses the credit risk resulting from its concentrate sales, trading counterparties and customers. With the exception to the above, the Company believes it is not exposed to significant credit risk.

***Liquidity risk***

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

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following tables summarize the remaining contractual maturities of the Company's financial liabilities and operating and capital commitments on an undiscounted basis at September 30, 2024:

	<1 year	1 – 2 years	2 – 5 years	>5 years	Total
	\$	\$	\$	\$	\$
Trade payables and accrued liabilities	39,446	8,608	-	-	48,054
Consideration payable <sup>(1)</sup>	-	10,000	40,000	30,000	80,000
Loans payable	16,372	748	-	-	17,120
Lease payments	260	960	46	-	1,266
	<b>56,078</b>	<b>20,316</b>	<b>40,046</b>	<b>30,000</b>	<b>146,440</b>

<sup>(1)</sup> The Base Purchase Price, as disclosed in Note 9(a)(i), includes acceleration options that enable the Company to repay less than the contractually committed amounts as presented in the table above. The Company continues to monitor its liquidity position and will determine prior to November 1, 2025 whether it will exercise the first acceleration option available to the Company.

**Currency risk**

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

The sensitivity of the Company's net loss to changes in the exchange rate between the US dollar and the Bolivian boliviano, the Mexican peso and the Canadian dollar, respectively, would be as follows: a 1% change in the US dollar exchange rate relative to the Bolivian boliviano would change the Company's net income by approximately \$309, a 1% change in the US dollar exchange rate relative to the Mexican peso would change the Company's net loss by approximately (\$2), and a 1% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately (\$53).

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

The Company's financial assets and liabilities as at September 30, 2024 are denominated in Canadian dollars, US dollars, Bolivian bolivianos and Mexican pesos and translated to US dollars as follows:

	CAD	BOB	USD	MXN	Total
	\$	\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	6	1,915	16,071	250	18,242
Trade and other receivables	-	48,103	28,024	-	76,127
	6	50,018	44,095	250	94,369
<b>Financial liabilities</b>					
Trade payables and accrued liabilities	43	39,000	6,087	2,924	48,054
Consideration payable	-	-	46,854	-	46,854
Loans payable	-	12,958	4,163	-	17,120
Other liabilities	-	26,971	-	11,209	38,180
	43	78,928	57,104	14,133	150,208
<b>Net financial assets (liabilities)</b>	<b>(37)</b>	<b>(28,910)</b>	<b>(13,009)</b>	<b>(13,883)</b>	<b>(55,839)</b>

**Interest rate risk**

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. As at September 30, 2024, the Company's exposure to interest rate risk on interest bearing liabilities is limited to its consideration payable, debt facilities and lease liabilities. Based on the Company's interest rate exposure at September 30, 2024, a change of 1% increase or decrease of market interest rate would impact the Company's income or loss by approximately \$185.

**Price risk**

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

## SANTACRUZ SILVER MINING LTD.

### Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months ended September 30, 2024 and 2023 (Unaudited)

(Expressed in thousands of US dollars, unless otherwise noted)

## 20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company's related parties include its subsidiaries, joint arrangements and key management personnel. During its normal course of operation, the Company enters into transactions with its related parties for goods and services. All related party transactions for the three and nine months ended September 30, 2024 and 2023, have been disclosed in these consolidated financial statements.

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

### Remuneration of key management personnel

Key management includes directors of the Company, the CEO, the CFO, the Executive Chairman, and other members of key management. Compensation to key management personnel was as follows:

	Three months ended September		Nine months ended September	
	2024	30, 2023	2024	30, 2023
	\$	\$	\$	\$
Management and consulting fees	988	916	2,059	1,973
Share-based compensation	113	32	132	202
	1,101	948	2,191	2,175

Of the \$988 and \$2,059 in management and consulting fees incurred with related parties during the three and nine months ended September 30, 2024, \$58 and \$109, respectively (2023 - \$26 and \$73, respectively) was related to directors' fees and \$930 and \$1,950 respectively (2023 - \$890 and \$1,900, respectively), was related to management fees.

As at September 30, 2024, directors and officers or their related companies were owed \$nil (December 31, 2023 - \$27) in respect of the services rendered. These are non-interest bearing with standard payment terms.

## 21. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and the executive management team, collectively the chief operating decision maker ("CODM"), in assessing performance and in determining the allocation of resources. The Company primarily manages its business by looking at individual producing and developing resource projects as well as the aggregate of the exploration and evaluation properties and typically segregate these projects between production, development, and exploration.

### a) Operating segments

The following reportable operating segments have been identified: the Bolivar mine and processing plant, the Porco mine and processing plant, the Caballo Blanco Group, San Lucas, Zimapan, and Corporate and Other activities. The corporate division earns income that is considered incidental to the Company's activities and therefore does not meet the definition of an operating segment.

<sup>(1)</sup> In the following tables it should be noted that the CODM reviews Bolivar and Porco revenues, cost of sales information, capital expenditures, total assets and total liabilities on a 100% basis whereas this financial information is recorded at 45% in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).



**SANTACRUZ SILVER MINING LTD.**
**Notes to the Condensed Interim Consolidated Financial Statements**
**Three and Nine Months ended September 30, 2024 and 2023**
**(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**21. SEGMENT INFORMATION (continued)**

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

<b>Three months ended September 30, 2024</b>	<b>Bolivar</b>	<b>Porco</b>	<b>Caballo Blanco Group</b>	<b>San Lucas</b>	<b>Zimapan</b>	<b>Corporate and other</b>	<b>Illapa Joint Operation eliminations<sup>(1)</sup></b>	<b>Inter- company eliminations</b>	<b>Total</b>
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	20,900	12,345	20,194	22,878	21,570	-	(17,423)	(2,220)	78,244
Mine operating costs									
Cost of sales	(13,749)	(9,869)	(12,852)	(20,041)	(14,457)	-	12,793	2,220	(55,955)
Depletion and amortization	(4,062)	(806)	(2,914)	(5)	(1,977)	-	2,242	-	(7,522)
	(17,811)	(10,675)	(15,766)	(20,046)	(16,434)	-	15,035	2,220	(63,477)
<b>Gross profit</b>	<b>3,089</b>	<b>1,670</b>	<b>4,428</b>	<b>2,832</b>	<b>5,136</b>	<b>-</b>	<b>(2,388)</b>	<b>-</b>	<b>14,767</b>

<b>Three months ended September 30, 2023</b>	<b>Bolivar</b>	<b>Porco</b>	<b>Caballo Blanco Group</b>	<b>San Lucas</b>	<b>Zimapan</b>	<b>Corporate and other</b>	<b>Illapa Joint Operation eliminations<sup>(1)</sup></b>	<b>Inter- company eliminations</b>	<b>Total</b>
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	17,279	6,171	15,798	25,840	18,225	-	(13,315)	(5,590)	64,408
Mine operating costs									
Cost of sales	(12,621)	(6,292)	(11,540)	(26,734)	(12,266)	-	11,827	5,590	(52,036)
Depletion and amortization	(2,523)	(1,662)	(2,333)	(5)	(670)	-	2,215	-	(4,978)
	(15,144)	(7,954)	13,873	(26,739)	12,936	-	14,042	5,590	(57,014)
<b>Gross profit (loss)</b>	<b>2,135</b>	<b>(1,783)</b>	<b>1,925</b>	<b>(899)</b>	<b>5,289</b>	<b>-</b>	<b>727</b>	<b>-</b>	<b>7,394</b>

<b>Nine months ended September 30, 2024</b>	<b>Bolivar</b>	<b>Porco</b>	<b>Caballo Blanco Group</b>	<b>San Lucas</b>	<b>Zimapan</b>	<b>Corporate and other</b>	<b>Illapa Joint Operation eliminations<sup>(1)</sup></b>	<b>Inter- company eliminations</b>	<b>Total</b>
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	62,832	31,888	49,632	55,450	57,037	-	(49,563)	(5,958)	201,318
Mine operating costs									
Cost of sales	(40,339)	(25,850)	(38,255)	(48,472)	(40,015)	-	36,008	5,958	(150,965)
Depletion and amortization	(11,342)	(2,261)	(6,314)	(28)	(6,407)	-	6,919	-	(19,433)
	(51,681)	(28,111)	(44,569)	(48,500)	(46,422)	-	42,927	5,958	(170,398)
<b>Gross profit</b>	<b>11,151</b>	<b>3,777</b>	<b>5,063</b>	<b>6,950</b>	<b>10,615</b>	<b>-</b>	<b>(6,636)</b>	<b>-</b>	<b>30,920</b>

<b>Nine months ended September 30, 2023</b>	<b>Bolivar</b>	<b>Porco</b>	<b>Caballo Blanco Group</b>	<b>San Lucas</b>	<b>Zimapan</b>	<b>Corporate and other</b>	<b>Illapa Joint Operation eliminations<sup>(1)</sup></b>	<b>Inter- company eliminations</b>	<b>Total</b>
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	49,901	26,066	56,074	90,980	40,464	-	(30,449)	(39,396)	193,640
Mine operating costs									
Cost of sales	(36,966)	(22,685)	(38,809)	(85,036)	(34,559)	-	33,031	39,396	(145,628)
Depletion and amortization	(8,782)	(4,215)	(7,031)	(9)	(2,045)	-	7,120	-	(14,962)
	(45,748)	(26,900)	(45,840)	(85,045)	(36,604)	-	40,151	39,396	(160,590)
<b>Gross profit (loss)</b>	<b>4,153</b>	<b>(834)</b>	<b>10,234</b>	<b>5,935</b>	<b>3,860</b>	<b>-</b>	<b>9,702</b>	<b>-</b>	<b>33,050</b>

**SANTACRUZ SILVER MINING LTD.**
**Notes to the Condensed Interim Consolidated Financial Statements**
**Three and Nine Months ended September 30, 2024 and 2023**
**(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**21. SEGMENT INFORMATION (continued)**

<b>As at September 30, 2024</b>	<b>Bolivar</b>	<b>Porco</b>	<b>Caballo Blanco Group</b>	<b>San Lucas</b>	<b>Zimapan</b>	<b>Corporate and other</b>	<b>Illapa Joint Operation eliminations<sup>(2)</sup></b>	<b>Inter-company eliminations</b>	<b>Total</b>
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital expenditures	5,206	1,991	4,849	-	6,676	-	(4,807)	-	13,915
Total assets	103,940	65,063	86,412	70,753	60,080	13,814	(24,106)	-	375,956
Total liabilities	(47,954)	(33,503)	(5,311)	(77,686)	(47,581)	(49,230)	32,266	-	(228,999)

<b>As at December 31, 2023</b>	<b>Bolivar</b>	<b>Porco</b>	<b>Caballo Blanco Group</b>	<b>San Lucas</b>	<b>Zimapan</b>	<b>Corporate and other</b>	<b>Illapa Joint Operation eliminations<sup>(2)</sup></b>	<b>Inter-company eliminations</b>	<b>Total</b>
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital expenditures	12,327	2,223	9,152	-	5,862	108	(8,003)	-	21,669
Total assets	94,384	53,903	99,409	50,055	53,670	11,795	(24,180)	-	339,036
Total liabilities	(47,508)	(30,934)	(54,448)	(23,000)	(44,253)	(169,504)	36,026	-	(333,621)

**b) Segment revenue by location and major customers**

<b>Three months ended September 30, 2024</b>	<b>Bolivar</b>	<b>Porco</b>	<b>Caballo Blanco Group</b>	<b>San Lucas</b>	<b>Zimapan</b>	<b>Corporate and other</b>	<b>Illapa Joint Operation eliminations<sup>(1)</sup></b>	<b>Inter-company eliminations</b>	<b>Total</b>
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Silver	11,510	4,669	9,337	9,072	11,104	-	-	-	45,692
Zinc	9,432	6,686	10,062	14,415	9,037	-	-	-	49,632
Lead	554	605	1,613	1,168	3,407	-	-	-	7,347
Copper	-	-	-	-	2,280	-	-	-	2,280
Illapa joint operation 55% int.	-	-	-	-	-	-	(17,423)	-	(17,423)
Intercompany transactions	615	953	652	-	-	-	-	(2,220)	-
Provisional pricing adjustments	565	591	342	(188)	1,273	-	-	-	2,583
Smelting and refining costs	(1,776)	(1,159)	(1,812)	(1,589)	(5,531)	-	-	-	(11,867)
<b>Sales to external customers</b>	<b>20,900</b>	<b>12,345</b>	<b>20,194</b>	<b>22,878</b>	<b>21,570</b>	<b>-</b>	<b>(17,423)</b>	<b>(2,220)</b>	<b>78,244</b>

<b>Three months ended September 30, 2023</b>	<b>Bolivar</b>	<b>Porco</b>	<b>Caballo Blanco Group</b>	<b>San Lucas</b>	<b>Zimapan</b>	<b>Corporate and other</b>	<b>Illapa Joint Operation eliminations<sup>(1)</sup></b>	<b>Inter-company eliminations</b>	<b>Total</b>
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Silver	8,999	941	4,109	14,184	8,168	-	-	-	36,401
Zinc	10,037	5,766	9,304	14,537	8,022	-	-	-	47,666
Lead	757	-	862	2,343	3,000	-	-	-	6,962
Copper	-	-	-	-	2,124	-	-	-	2,124
Illapa joint operation 55% int.	-	-	-	-	-	-	(13,315)	-	(13,315)
Intercompany transactions	578	859	4,153	-	-	-	-	(5,590)	-
Provisional pricing adjustments	305	240	300	119	2,625	-	-	-	3,589
Smelting and refining costs	(3,397)	(1,635)	(2,930)	(5,343)	(5,714)	-	-	-	(19,019)
<b>Sales to external customers</b>	<b>17,279</b>	<b>6,171</b>	<b>15,798</b>	<b>25,840</b>	<b>18,225</b>	<b>-</b>	<b>(13,315)</b>	<b>(5,590)</b>	<b>64,408</b>

**SANTACRUZ SILVER MINING LTD.**
**Notes to the Condensed Interim Consolidated Financial Statements**
**Three and Nine Months ended September 30, 2024 and 2023**
**(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**21. SEGMENT INFORMATION (continued)**

Nine months ended September 30, 2024	Caballo Blanco					Corporate and other	Illapa Joint Operation eliminations <sup>(1)</sup>	Inter- company eliminations	Total
	Bolivar	Porco	Group	San Lucas	Zimapan				
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Silver	33,044	10,455	19,146	19,178	29,300	-	-	-	111,123
Zinc	32,290	20,367	31,057	40,126	23,061	-	-	-	146,901
Lead	2,250	1,240	3,421	2,434	10,851	-	-	-	20,196
Copper	-	-	-	-	6,653	-	-	-	6,653
Illapa joint operation 55% int.	-	-	-	-	-	-	(49,563)	-	(49,563)
Intercompany transactions	1,889	2,720	1,349	-	-	-	-	(5,958)	-
Provisional pricing adjustments	2,167	2,017	2,259	(235)	4,108	-	-	-	10,316
Smelting and refining costs	(8,808)	(4,911)	(7,600)	(6,053)	(16,936)	-	-	-	(44,308)
<b>Sales to external customers</b>	<b>62,832</b>	<b>31,888</b>	<b>49,632</b>	<b>55,450</b>	<b>57,037</b>	<b>-</b>	<b>(49,563)</b>	<b>(5,958)</b>	<b>201,318</b>

Nine months ended September 30, 2023	Caballo Blanco					Corporate and other	Illapa Joint Operation eliminations <sup>(1)</sup>	Inter- company eliminations	Total
	Bolivar	Porco	Group	San Lucas	Zimapan				
Country	Bolivia	Bolivia	Bolivia	Bolivia	Mexico		Bolivia	Bolivia	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Silver	17,783	3,126	12,024	53,396	19,696	-	-	-	106,025
Zinc	28,362	21,328	34,228	51,175	21,092	-	-	-	156,185
Lead	1,093	-	2,316	8,841	6,565	-	-	-	18,815
Copper	-	-	-	-	7,752	-	-	-	7,752
Illapa joint operation 55% int.	-	-	-	-	-	-	(30,449)	-	(30,449)
Intercompany transactions	12,668	7,938	18,790	-	-	-	-	(39,396)	-
Provisional pricing adjustments	(2,071)	(1,357)	(2,365)	(694)	890	-	-	-	(5,597)
Smelting and refining costs	(7,934)	(4,969)	(8,919)	(21,738)	(15,531)	-	-	-	(59,091)
<b>Sales to external customers</b>	<b>49,901</b>	<b>26,066</b>	<b>56,074</b>	<b>90,980</b>	<b>40,464</b>	<b>-</b>	<b>(30,449)</b>	<b>(39,396)</b>	<b>193,640</b>

During the three and nine months ended September 30, 2024, the Company had two and two customers, respectively (2023 – two and two customers, respectively). One customer accounted for 72% and 72% of the total sales revenue for the three and nine months ended September 30, 2024, respectively (2023 – 72% and 79%, respectively). The other customer accounted for the remaining 28% and 28% of the total sales revenue for the three and nine months ended September 30, 2024, respectively (2023 – 28% and 21% respectively).

**SANTACRUZ SILVER MINING LTD.****Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months ended September 30, 2024 and 2023****(Unaudited)**

(Expressed in thousands of US dollars, unless otherwise noted)

**22. EARNINGS PER SHARE**

Earnings (loss) per share for the Company was calculated based on the following:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income (loss) for the period	4,062	(4,298)	134,626	(124)
Weighted average number of shares outstanding	355,703,581	350,991,138	354,947,655	349,587,319
Earnings (loss) per share – basic	0.01	(0.01)	0.38	(0.00)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income (loss) for the period	4,062	(4,298)	134,626	(124)
Weighted average number of shares outstanding	358,453,581	350,991,138	357,697,655	349,587,319
Incremental shares from options and warrants	-	-	-	-
Earnings (loss) per share – diluted	0.01	(0.01)	0.38	(0.00)

Earnings per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, RSUs, DSUs and PSUs in the weighted average number of common shares outstanding during the period, if dilutive.

The following securities could potentially dilute basic earnings per share in the future, but were not included in the computation of diluted earnings per share because they were anti-dilutive:

	2024	2023
Stock options	15,800,000	23,714,400
Warrants	14,720,000	103,750,218
	30,520,000	127,464,618

**23. SUPPLEMENTAL CASH FLOW INFORMATION**

A summary of the Company's non-cash finance costs is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Accretion of consideration payable (note 9)	-	1,222	1,578	4,244
Accretion of decommissioning provision (note 12)	483	350	1,444	877
Accretion of Trafigura Loan Facility (note 10)	82	220	547	763
Accretion of receivable from COMIBOL (note 5(a))	(372)	(603)	(1,115)	(1,810)
Change in decommissioning and restoration provision (note 12)	421	313	-	-
Finance charges on leases	66	18	149	26
Loss on change in fair value of consideration payable (note 9)	7,510	-	15,542	-
Interest expense on loans payable	353	(264)	1,002	785
Other income (expense)	-	(253)	-	3,221
	8,543	1,003	19,147	8,106