



1100 – 1199 West Hastings Street, Vancouver, BC V6E 3T5
Telephone: (604) 569-1609

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**Meeting**") of the shareholders of Santacruz Silver Mining Ltd. (the "**Company**") will be held at 10th Floor, 595 Howe Street, Vancouver, British Columbia, on Friday, December 30, 2022 at 10:00 a.m. (Pacific Time) for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended December 31, 2021 together with the auditor's report thereon;
2. to fix the number of directors at six (6);
3. to elect directors for the ensuing year;
4. to appoint the auditors for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider and, if thought fit, to pass an ordinary resolution approving the Company's new stock option plan, subject to regulatory approval, as more fully set forth in the Information Circular accompanying this notice; and
6. to transact such further or other business as may properly come before the meeting and any adjournments thereof.

The accompanying information circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice of meeting.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy; however, the board of directors (the "Board") is requesting that due to the current COVID-19 pandemic that all shareholders vote their shares by proxy and not attend in person. Shareholders should read, complete, sign and date the enclosed form of proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this notice.

Shareholders that wish to access the Meeting by teleconference can do so by dialing in to the following numbers: Vancouver: 604-899-2339 or Toll Free (Canada and USA): 1-877-385-4099 Participant Code: 2089053#. Please note, voting will NOT be permitted over the phone, so you MUST complete the proxy form if you are attending the meeting by teleconference and wish to vote.

Dated this 23rd day of November, 2022.

BY ORDER OF THE BOARD OF DIRECTORS

"Carlos Alberto Silva Ramos"
Carlos Alberto Silva Ramos
Chief Executive Officer and a Director



INFORMATION CIRCULAR

(As at November 23, 2022 except as indicated)

Santacruz Silver Mining Ltd. (the "**Company**") is providing this management information circular (the "**Information Circular**") and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "**Meeting**") of shareholders of the Company (the "**Shareholders**") to be held on December 30, 2022 and at any adjournments thereof. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation. All amounts referred to as \$ or dollars means United States currency, unless otherwise indicated.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder's behalf in accordance with the instructions given by the Shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "**Management Proxyholders**").

A Shareholder has the right to appoint a person other than a Management Proxyholder to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.

COVID 19 MEASURES

All shareholders are entitled to attend and vote at the Meeting in person or by proxy; however, the board of directors (the "**Board**") is requesting that due to the current COVID-19 pandemic that all shareholders vote their shares by proxy and not attend in person. Shareholders should read, complete, sign and date the enclosed form of proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this notice.

Shareholders that wish to access the Meeting by teleconference can do so by dialing in to the following numbers: Vancouver: 604-899-2339 or Toll Free (Canada and USA): 1-877-385-4099 Participant Code: 2089053#. Please note, voting will NOT be permitted over the phone, so you MUST complete the proxy form if you are attending the meeting by teleconference and wish to vote.

VOTING BY PROXY

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Common shares of the Company ("**Shares**") represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the notice of meeting accompanying this Information Circular (the "**Notice of Meeting**") in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario M4J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

Only Shareholders whose names appear on the records of the Company as the registered holders of Shares or duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders of the Company are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the Shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited and in the United States, under the name Cede & Co., as nominee for the Depository Trust Company (which acts as a brokerage depository for many U.S. firms and custodial banks) (a "**Nominee**"). If you purchased your Shares through a broker, you are likely a Non-Registered Shareholder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of voting instruction or proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order to ensure that your Shares are voted at the Meeting.

If you, as a Non-Registered Shareholder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-Registered Shareholders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" ("**NOBOs**"). Those Non-Registered Shareholders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") of the Canadian Securities Administrators, the Company has elected to send the Meeting materials directly to NOBOs.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

The Company will pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs.

The Company is not sending the Meeting materials to Shareholders using "notice-and-access", as defined under NI 54-101.

REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a Shareholder, his attorney authorized in writing or, if the Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value, of which 346,466,638 Shares are issued and outstanding. Persons who are registered Shareholders at the close of business on November 23, 2022 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Share held. The Company has only one class of shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all Shares of the Company.

ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at six (6).

The Company has an Audit Committee, a Compensation Committee, a Governance and Nomination Committee and a Health, Safety and Environment Committee. Members of these committees are set out below.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation, Business or Employment and, if not a Previously Elected Director, Occupation, Business or Employment During the Past 5 Years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly⁽⁵⁾</i>
Carlos Alberto Silva Ramos ⁽⁴⁾ Zimapan, Hidalgo, Mexico Chief Executive Officer and a Director	CEO of the Company from May 2020 to present. Chief Operating Officer of the Company from October 2019 to May 2020. CEO of Carrizal Mining S.A. de C.V. from January 2010 to July 2019.	Director since October 16, 2019	13,661,500
Arturo Préstamo Elizondo ⁽³⁾ Monterrey, Nuevo Leon, Mexico, Executive Chairman, Interim Chief Financial Officer and a Director	Executive Chairman and Interim CFO of the Company from July 2020 to present. President and CEO of the Company from April 2012 to May 2020.	Director since April 12, 2012	13,177,471
Federico Villaseñor ⁽¹⁾⁽²⁾ Guanajuato, Guanajuato, Mexico Director	Director of Business Development for Goldcorp Mexico, a subsidiary of Goldcorp Inc. from February 2007 to February 2014. Following retirement in 2014, Federico has continued to act as a consultant for various mining companies.	Director since April 8, 2014	1,300,000
Roland Löhner ⁽³⁾ Panama, Panama Director	Roland Löhner was a senior partner and Managing Director of The Boston Consulting Group before retiring in 2015 after 20 years with the firm. Since that time he has been an active investor in the private equity and venture capital space.	Director since February 24, 2015	1,391,500
Larry Okada ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Burnaby, British Columbia, Canada Director	Business consultant. Former Chief Financial Officer of Africo Resources Ltd. from January 2010 to July 2017.	Director since April 28, 2015	1,300,334
Barry Girling ⁽¹⁾⁽²⁾⁽⁴⁾ Vancouver, British Columbia, Canada Director	President of RJG Capital Corporation, a private company providing administrative, financial and regulatory/shareholder services to junior public companies since 1993; VP, I-Minerals Inc. from November 2015 to present.	Director since October 17, 2018	893,000

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance and Nomination Committee.

(4) Member of the Health, Safety and Environment Committee.

(5) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at November 23, 2022, based upon information furnished to the Company by individual directors.

Corporate Cease Trade Orders or Bankruptcies

Except as set forth below, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:

- (i) was subject, while the director was acting in the capacity as director, CEO or CFO of such company, to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Mr. Barry Girling is a director of Zinc One Resources Inc. (“**Zinc One**”), a company listed on the TSX Venture Exchange. On September 16, 2020, the British Columbia Securities Commission issued a cease trade order against Zinc One for failure to file its annual audited financial statements and related management discussion and analysis for the year ended February 29, 2020. The annual filings were made and the cease trade order was revoked on December 15, 2020.

The following directors of the Company hold directorships in other reporting issuers as set out below:

<i>Name of Director</i>	<i>Name of Other Reporting Issuer</i>
Larry M. Okada	Forum Energy Metals Corp. ⁽¹⁾ EMX Royalty Corp. ⁽²⁾ Neo Battery Materials Ltd. ⁽¹⁾
Federico Villaseñor	Starcore International Mines Ltd. ⁽¹⁾
W. Barry Girling	I-Minerals Inc. ⁽¹⁾ Silver One Resources Inc. ⁽¹⁾ Zinc One Resources Inc. ⁽¹⁾

⁽¹⁾ Listed on the TSX Venture Exchange

⁽²⁾ Listed on Toronto Stock Exchange & American Stock Exchange

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for performance

philosophy. This philosophy is linked to the Company's business strategy which includes increasing stakeholder value. In addition, the compensation programs aim for simplicity and responsiveness to market changes.

The following executive compensation principles guide the Company's overall compensation:

- Compensation levels should be sufficiently competitive to facilitate recruitment and retention of experienced high-caliber executives in the competitive mining industry, while being fair and reasonable to shareholders of the Company ("**Shareholders**");
- The compensation program should align executives' long-term financial interests with those of the Shareholders by providing equity-based incentives; and
- Compensation should be transparent so that both executives and Shareholders understand the executive compensation program.

Compensation Committee

The Compensation Committee of the board of directors of the Company (the "**Board**") is responsible for ensuring that the Company has appropriate policies, plans and programs for executive compensation and for reviewing and making recommendations to the Board with respect to the compensation of the Company's executive officers. The Compensation Committee seeks to ensure that total compensation paid to all executive officers is fair and reasonable and is consistent with the Company's compensation philosophy.

The Compensation Committee is also responsible for recommending compensation for the directors and granting stock options to the directors, officers, employees and consultants of the Company pursuant to the Company's stock option plan.

As at December 31, 2021, the Compensation Committee was comprised of Arturo Préstamo Elizondo, Federico Villaseñor, and Roland Löhner. Federico Villaseñor and Roland Löhner were independent (as that term is defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**")); Arturo Préstamo Elizondo was not independent as he was and continues to be the Interim Chief Financial Officer and Executive Chairman of the Company. Effective June 6, 2022, the Compensation Committee was comprised of Federico Villaseñor, Barry Girling and Larry Okada. Federico Villaseñor, Barry Girling and Larry Okada are all considered independent. Each of these members has extensive experience in executive compensation through their current and previous roles as directors and/or officers of companies in the mining industry. The members have the following skills and experience that enabled them to make decisions on the suitability of the Company's compensation policies and practices.

- Arturo Préstamo Elizondo – Mr. Préstamo Elizondo has been involved with publicly traded mining and mineral exploration companies and has been responsible for the oversight and governance functions of these companies, including the management of executive compensation and human resources.
- Federico Villaseñor – Mr. Villaseñor has been involved with publicly traded mining and mineral exploration companies and has gained significant experience in the management of executive compensation and human resources.
- Roland Löhner – Mr. Löhner was a senior partner and Managing Director of The Boston Consulting Group before retiring in 2015 after 20 years with the firm.
- Barry Girling - Barry Girling is currently an independent business consultant. He obtained a Bachelor of Commerce, Finance from the University of British Columbia in 1990. Mr. Girling has provided consulting services to a number of public companies for over 25 years as well as

being a director or officer of many client companies. Through his work experience, Mr. Girling has interacted with senior management of multiple companies where he has gained an understanding of appropriate executive compensation in public companies.

- Larry Okada - Mr. Okada is a CA/CPA in Canada and the United States and has 33 years experience in public practice initially as a partner in his own firm and subsequently as a partner with PricewaterhouseCoopers LLP. Currently he is a director of three additional public companies and two charities. He has gained significant knowledge with respect to senior management compensation matters in public companies as a result of this broad range of experience..
- The Board is satisfied that the composition of the Compensation Committee ensures an objective process for determining compensation. The Board believes that the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate.

Compensation Consultants

The Company has not retained a compensation consultant or advisor at any time since the Company's most recently completed financial year to assist the Board or the Compensation Committee in determining compensation for any of the Company's directors or executive officers.

Elements of Executive Compensation

Compensation is comprised of a negotiated salary, with bonuses and stock options potentially being paid and issued as incentive for performance.

Salary

The Company's view is that a competitive salary is a necessary element for attracting and retaining qualified executive officers. The Company also believes that attractive salaries can motivate and reward executives for their overall performance. The amount payable to a named executive officer may be based on several factors, including experience, past performance, anticipated future contributions and comparisons to salaries offered by other comparable companies. The Company reviews salaries at least once per year to ensure they remain at appropriate levels.

Amounts paid to an executive officer as base salary, including merit salary increases, are determined by reference to the individual's performance and salaries prevailing in the marketplace for comparable positions. The base salary of each executive officer is reviewed as required. Salary adjustments take into consideration the general level of salaries in the marketplace for comparable positions, the performance of the executive and the Company's performance.

Other Benefits

NEOs (as defined below) are eligible to participate in employee benefit programs and plans that are generally available to all full-time employees (subject to fulfilling certain eligibility requirements). These include extended health and dental plans. In designing these benefits, the Company seeks to provide an overall level and mix of benefits that is competitive to those offered by other comparable companies.

Certain perquisites are also made available to NEOs. These may include payment of professional dues and further health benefits. The Company considers these other benefits a necessary element of a competitive executive compensation package in the industry as these types of perquisites are common among executives in the Company's industry.

Option-based Awards

The Compensation Committee recognizes that the Company operates in a competitive environment and that its performance depends on the quality of its employees. The Company's stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Compensation Committee takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of Shareholders.

Risk Considerations

The Compensation Committee considers the implications of the risk associated with the Company's compensation policies and practices when determining rewards for its officers and directors. The Compensation Committee reviews at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of both short-term compensation in the form of a base salary and an incentive cash bonus plan, and long-term ownership through the grant of stock options. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value.

The Compensation Committee also has the ability to set out vesting periods in each stock option agreement. As the benefits of such compensation, if any, are not realized by officers and directors until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the Shareholders is extremely limited. Furthermore, all elements of executive compensation are discretionary. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the Shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the relatively small size of the Company and its current management group, the Compensation Committee is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company is reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Hedging of Economic Risks in the Company's Securities

Under the Company's compensation policies, directors and officers may not take any derivative or speculative positions in the Company's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Company's securities.

Summary Compensation Table

The following information is provided pursuant to National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

For the purposes of this Statement of Executive Compensation, a "Named Executive Officer" or "NEO" means each of the following individuals:

- (a) the Chief Executive Officer of the Company ("CEO");
 - (b) the Chief Financial Officer of the Company ("CFO");
 - (c) the most highly compensated executive officer of the Company other than the individuals identified in paragraphs (a) and (b) above, at December 31, 2021, whose total compensation was more than \$150,000 for that financial year; and
 - (d) each individual who would be a named executive officer under paragraph (c) above, but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at December 31, 2021,
- (collectively, the "Named Executive Officers" or "NEOs").

For the financial year ending December 31, 2021, the Company had the following Named Executive Officers: Carlos Alberto Silva Ramos, CEO, and Arturo Préstamo Elizondo, Executive Chairman and Interim CFO.

Unless otherwise specified, all amounts stated in this form are in Canadian dollars.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth a summary of all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or a subsidiary of the Company, to each Named Executive Officer and director of the Company, in any capacity, for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company, for the two most recently completed financial years, excluding compensation securities. Compensation securities are disclosed under the heading "*Stock Options and Other Compensation Securities*" below.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Carlos Alberto Silva Ramos <i>CEO; a Director</i> <i>Former Chief Operations Officer</i> ⁽¹⁾	2021	USD\$220,000	N/A	N/A	N/A	N/A	USD\$220,000
	2020	USD\$220,000	N/A	N/A	N/A	N/A	USD\$220,000
Arturo Préstamo Elizondo <i>Executive Chairman;</i> <i>Interim CFO; a Director.</i> <i>Former President and CEO</i> ⁽²⁾	2021	USD\$187,500	N/A	N/A	N/A	N/A	USD\$187,500
	2020	USD\$187,500	N/A	N/A	N/A	N/A	USD\$187,500
Robert G. McMorran <i>Former CFO</i> ⁽³⁾⁽⁴⁾	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	76,239	N/A	N/A	N/A	N/A	76,239
Federico Villaseñor <i>Director</i> ⁽⁵⁾	2021	23,750	N/A	N/A	N/A	N/A	23,750
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Roland Löhner <i>Director</i> ⁽⁶⁾	2021	23,950	N/A	N/A	N/A	N/A	23,950
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Larry Okada <i>Director</i> ⁽⁷⁾	2021	27,450	N/A	N/A	N/A	N/A	27,450
	2020	N/A	N/A	N/A	N/A	N/A	N/A

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Barry Girling <i>Director</i> ⁽⁸⁾	2021	22,950	N/A	N/A	N/A	N/A	22,950
	2020	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Mr. Carlos Alberto Silva Ramos was appointed as Chief Operations Officer effective November 27, 2017. Mr. Silva Ramos resigned as Chief Operations Officer effective May 11, 2020, at which time Mr. Silva Ramos was appointed Chief Executive Officer of the Company. Mr. Silva Ramos was also appointed as a director of the Company effective October 19, 2019. Mr. Silva Ramos received nil compensation in 2021 for his services as a director of the Company.
- (2) Mr. Arturo Préstamo Elizondo resigned as President and Chief Executive Officer effective May 11, 2020, at which time Mr. Préstamo Elizondo was appointed as Executive Chairman. Mr. Préstamo Elizondo was appointed as Interim Chief Financial Officer effective July 15, 2020. Mr. Préstamo Elizondo also serves as a director of the Company. Mr. Préstamo Elizondo received nil compensation in 2021 for his services as a director of the Company.
- (3) Mr. Robert McMorran resigned as Chief Financial Officer of the Company effective July 15, 2020, at which time Mr. McMorran became a consultant to the Company.
- (4) Fees for the services of Mr. Robert McMorran as Chief Financial Officer of the Company.
- (5) Mr. Federico Villaseñor was appointed as a director of the Company effective April 8, 2014.
- (6) Mr. Roland Löhner was appointed as a director of the Company effective February 24, 2015.
- (7) Mr. Larry Okada was appointed as a director of the Company effective April 28, 2015.
- (8) Mr. Barry Girling was appointed as a director of the Company effective October 17, 2018.

Director Compensation

A fee schedule for non-executive directors has been established as follows:

- Each non-executive director shall receive a monthly retainer of \$1,750;
- Each non-executive director shall receive a fee of \$800 per board or committee meeting attended, whether via telephone or in person;
- The Chair of the Audit Committee shall receive an additional monthly retainer of \$500; and
- The Chair of the Compensation Committee shall receive an additional fee of \$1,000 per meeting of the Compensation Committee attended, whether by telephone or in person.

External Management Companies

Other than as described below, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

The Company incurred fees of \$81,601 for the year ended December 31, 2021, and \$47,428 for the year ended December 31, 2020 from Malaspina Consultants Inc. ("**Malaspina**") for accounting and administrative services provided to the Company. Malaspina is a private company that provides out-sourced accounting services to junior public companies. Robert McMorran, the former Chief Financial Officer of the Company, previously controlled Malaspina until July 31, 2018.

Stock Options and Other Compensation Securities

The following table provides a summary of all compensation securities granted or issued by the Company or one of its subsidiaries to each NEO and director of the Company in the financial year ended December

31, 2021, for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

COMPENSATION SECURITIES							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities (#)	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Securities or Underlying Security on Date of Grant ⁽²⁾ (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Carlos Alberto Silva Ramos <i>CEO; a Director Former Chief Operations Officer⁽¹⁾</i>	Options	2,000,000	May 7, 2021 ⁽²⁾⁽³⁾	\$0.47	\$0.48	\$0.31	May 7, 2026
Arturo Préstamo Elizondo <i>Executive Chairman; Interim CFO; a Director. Former President and CEO⁽⁴⁾</i>	Options	1,800,000	May 7, 2021 ⁽²⁾⁽³⁾	\$0.47	\$0.48	\$0.31	May 7, 2026
Federico Villaseñor <i>Director⁽⁵⁾</i>	Options	2,000,000	May 7, 2021 ⁽²⁾⁽³⁾	\$0.47	\$0.48	\$0.31	May 7, 2026
Roland Löhner <i>Director⁽⁶⁾</i>	Options	2,000,000	May 7, 2021 ⁽²⁾⁽³⁾	\$0.47	\$0.48	\$0.31	May 7, 2026
Larry Okada <i>Director⁽⁷⁾</i>	Options	2,000,000	May 7, 2021 ⁽²⁾⁽³⁾	\$0.47	\$0.48	\$0.31	May 7, 2026
Barry Girling <i>Director⁽⁸⁾</i>	Options	2,400,000	May 7, 2021 ⁽²⁾⁽³⁾	\$0.47	\$0.48	\$0.31	May 7, 2026

(1) As at December 31, 2021, Mr. Carlos Alberto Silva Ramos held 2,600,000 stock options, 600,000 of which were granted to Mr. Silva Ramos on August 6, 2019.

(2) Options granted on August 6, 2019 are all exercisable at a price of \$0.18 per share until August 6, 2024. Such options vested 20% on the date of grant, with a further 20% vesting every 6 months thereafter. As at December 31, 2021, all options granted on August 6, 2019 to each of Messrs. Silva Ramos, Préstamo Elizondo, Villaseñor, Löhner, Okada and Girling have vested.

(3) Option granted on May 7, 2021 are all exercisable at a price of \$0.47 per share until May 7, 2026. This amount represents the fair value of these options on the grant date using the Black-Scholes option pricing model assuming an average expected life of 5 years, a risk-free interest rate of 0.87%, a nil dividend yield, and an expected annualized volatility of 87.66%. Such options vested 25% on the date of grant, with a further 25% vesting every six months thereafter. As at December 31, 2021, 1,000,000 options granted to each of Messrs. Villaseñor, Löhner and Okada, and 1,200,000 options granted to Mr. Girling have vested.

(4) As at December 31, 2021, Mr. Arturo Préstamo Elizondo held 2,700,000 stock options, 900,000 of which were granted to Mr. Préstamo Elizondo on August 6, 2019.

(5) As at December 31, 2021, Mr. Federico Villaseñor held 2,200,000 stock options, each expiring on August 6, 2024 and May 7, 2026 and exercisable into one common share at a price of \$0.18 and \$0.47 per share.

(6) As at December 31, 2021, Mr. Roland Löhner held 2,958,400 stock options, each expiring on August 6, 2024 and May 7, 2026 and exercisable into one common share at a price of \$0.18 and \$0.47 per share.

(7) As at December 31, 2021, Mr. Larry Okada held 3,000,000 stock options, each expiring on August 6, 2024 and May 7, 2026 and exercisable into one common share at a price of \$0.18 and \$0.47 per share.

(8) As at December 31, 2021, Mr. Barry Girling held 3,400,000 stock options, each expiring on August 6, 2024 and May 7, 2026 and exercisable into one common share at a price of \$0.18 and \$0.47 per share.

Exercise of Compensation Securities

During the financial year ended December 31, 2021, none of the Named Executive Officers or directors of the Company exercised any stock options.

Stock Option Plan and Other Incentive Plans

The Company has a "rolling" stock option plan (the "**Stock Option Plan**" or the "**Plan**") for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the Shareholders.

The Stock Option Plan has been used in the past and will be used in the future to provide share purchase options which are awarded based on the recommendations of the independent Directors, taking into account the level of responsibility of the executive as well as his or her past impact on or contribution to, and/or his or her ability in future to have an impact on or to contribute to the longer-term operating performance of the Company. In determining the number of Stock Options to be granted to the Company's executive officers, the Board takes into account the number of Stock Options, if any, previously granted to each executive officer, and the exercise price of any outstanding Stock Options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange (the "**TSXV**") and to closely align the interests of executive officers with the interests of Shareholders. The Board determines the vesting provisions of all Stock Option grants. Please refer to "Particulars of Other Matters to be Acted Upon – Approval of New Stock Option Plan" in this Information Circular for more complete details regarding the Stock Option Plan.

Employment, Consulting and Management Agreements

There are no agreements or arrangements under which compensation was provided during the financial year ended December 31, 2021 or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a Named Executive Officer or director of the Company or performed by any other party but are services typically provided by a Named Executive Officer or director of the Company.

Neither the Company, nor its subsidiaries, has a contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or its subsidiaries, or a change in responsibilities of the NEO following a change in control.

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers or directors at, following, or in connection with retirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at December 31, 2021.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i> <i>(a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> <i>(b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i> <i>(c)</i>
Equity compensation plans approved by securityholders	21,724,400	\$0.40	11,298,382 ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	21,724,400	\$0.40	11,298,382

- (1) Represents the number of Shares remaining available for future issuance under stock options available for grant as of December 31, 2021 under the Plan. The maximum number of Shares which may be issued pursuant to options granted under the Plan is 10% of the issued and outstanding Shares at the time of grant.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Information Circular there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or which is owing to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

in relation to a securities purchase program or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set out herein, no informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiaries.

APPOINTMENT OF AUDITORS

Deloitte LLP, Chartered Professional Accountants, of Vancouver, British Columbia were first appointed as auditors of the Company on November 10, 2022.

On November 10, 2022 the Board (on the recommendation of the Audit Committee) determined not to re-appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the Company's auditors, and Deloitte LLP, Chartered Professional Accounts were appointed as auditors of the Company. A copy of the "reporting package" in respect of the change of auditors is attached as Schedule A to this Circular.

MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are performed or, since the start of the company's most recently completed financial year, have been performed to any substantial degree by a person other than the directors or executive officers of the Company or its subsidiaries.

AUDIT COMMITTEE

The Audit Committee's Charter

1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under National Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

4.0 Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;

- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company; and
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

5.0 Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

Composition of the Audit Committee

The following are the members of the Committee:

Larry Okada ⁽¹⁾	Independent ⁽²⁾	Financially literate ⁽²⁾
Federico Villaseñor	Independent ⁽²⁾	Financially literate ⁽²⁾
Barry Girling	Independent ⁽²⁾	Financially literate ⁽²⁾

⁽¹⁾ Chair of the Audit Committee.

⁽²⁾ As defined by NI 52-110.

Relevant Education and Experience

Larry Okada is the Chair of the Audit Committee. Mr. Okada is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements. He graduated from the University of British Columbia with a BA after which he articulated to become a CPA, CA in Canada followed by a CPA in the United States.

Barry Girling is currently an independent business consultant. He obtained a Bachelor of Commerce, Finance from the University of British Columbia in 1990. Mr. Girling has provided consulting services to a number of public companies for over 25 years as well as being a director or officer of many client companies. Through his education and work experience, Mr. Girling has an understanding of public company financial statements and related disclosure.

Federico Villaseñor holds a B.Sc in Mining and Metallurgy from the University of Guanajuato, a M.S. of Mineral Economics from Columbia University and a Finance Degree from The Instituto Tecnológico Autónomo de Mexico. His career has spanned 40 years in the mining industry and he is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), an exemption in subsections 6.1.1.1(4), (5) or (6) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Company's Audit Committee Charter under the heading "Duties and Responsibilities".

External Auditors Service Fees (By Category)

The aggregate fees billed by the Company's external auditors during the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees⁽¹⁾</i>	<i>Audit Related Fees⁽²⁾</i>	<i>Tax Fees⁽³⁾</i>	<i>All Other Fees⁽⁴⁾</i>
December 31, 2021	C\$330,740	Nil	C\$102,185	Nil
December 31, 2020	C\$205,400	Nil	C\$12,305	Nil

(1) Includes the aggregate fees billed by the issuer's external auditor in each of the last two fiscal years for audit fees.

(2) Includes the aggregate fees billed in each of the last two fiscal years for assurance and related services by the issuer's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and are not reported under "Audit Fees".

(3) Includes the aggregate fees billed in each of the last two fiscal years for professional services rendered by the issuer's external auditor for tax compliance, tax advice, and tax planning.

(4) Includes the aggregate fees billed in each of the last two fiscal years for products and services provided by the issuer's external auditor, other than the services reported under "Audit Fees", "Audit Related Fees" and "Tax Fees".

CORPORATE GOVERNANCE DISCLOSURE

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

The Company's Board consists of six (6) directors, four of whom are independent based upon the tests for independence set forth in NI 52-110. Federico Villaseñor, Roland Löhner, Larry Okada and Barry Girling are independent. Carlos Alberto Silva Ramos and Arturo Préstamo Elizondo are not independent as they are the CEO and the Interim CFO and Executive Chairman of the Company, respectively.

Management Supervision by Board

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent directors are also able to meet at any time without any members of management, including the non-independent directors, being present. Further supervision is performed through the Audit Committee (which is composed entirely of independent directors) who meet with the Company's auditors without management being in attendance.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

- (1) information respecting the functioning of the Board, committees and copies of the Company's corporate governance policies;
- (2) access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
- (3) access to management, technical experts and consultants; and
- (4) a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to Shareholders. The Board has adopted a Code of Business Conduct and Ethics that is posted on its website at www.santacruzsilver.com and has instructed its management and employees to abide by the Code.

Nomination of Directors

The Governance and Nomination Committee (the "**Nominating Committee**") has responsibility for identifying potential Board candidates. The members of the Nominating Committee are Larry Okada, Roland Löhner, and Arturo Préstamo Elizondo. Larry Okada and Roland Löhner are independent directors of the Company; Arturo Préstamo Elizondo is not an independent director as he is the Interim CFO and Executive Chairman of the Company. The Nominating Committee assesses potential Board candidates to fill perceived needs on the Board for required skill, expertise, independence and other factors. Members of the Board and representatives are consulted for possible candidates. The Board has adopted a written charter that sets forth the responsibilities of the Nominating Committee and gives the Nominating Committee the authority to engage outside experts to assist in identifying potential candidates if considered advisable. A copy of the Nominating Committee's charter is posted on SEDAR.

Compensation of Directors and the CEO

The members of the Compensation Committee were Arturo Préstamo Elizondo, Federico Villaseñor, and Roland Löhner. Federico Villaseñor and Roland Löhner are independent directors of the Company; Arturo Préstamo Elizondo is not an independent director as he is the Interim CFO and Executive Chairman of the Company. Effective June 6, 2022, the Compensation Committee was comprised of Federico Villaseñor, Barry Girling and Larry Okada. Federico Villaseñor, Barry Girling and Larry Okada are all considered independent. The Compensation Committee has responsibility for determining compensation for the directors and senior management.

To determine compensation payable, the Compensation Committee reviews compensation paid for directors and CEOs of companies of similar size and stage of development in the mineral exploration and mining industries and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting compensation the Compensation Committee annually reviews the performance of the Company's CEO and other executive officers in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives. The Board has adopted a written charter that sets forth the responsibilities of the Compensation Committee and gives the Compensation Committee the authority to engage outside experts to assist in identifying potential candidates if considered advisable. A copy of the Compensation Committee's charter is posted on SEDAR. For further information regarding how the

Company determines compensation for its directors and executive officers, see "*Executive Compensation– Compensation Discussion and Analysis*".

Board Committees

In addition to the Audit, Compensation and Nominating Committee, the Company has a Health, Safety and Environment Committee.

The Board had adopted a written mandate that sets forth the responsibilities of the Health, Safety and Environment Committee, which includes overseeing the development and implementation of policies and procedures for ensuring a safe, healthy work environment and sustainable development. The mandate of the Health, Safety and Environment Committee is filed on SEDAR.

Assessments

The Board does not consider that formal assessments of the Board would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees. To assist in its review, the Board conducts informal surveys of its directors. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of New Stock Option Plan

The Board has approved the Company's current form of 10% "rolling" stock option plan (the "**Stock Option Plan**" or the "**Plan**"). The Stock Option Plan incorporates certain requirements of Exchange Policy 4.4 – *Security Based Compensation* ("**Policy 4.4**"), which was amended on November 24, 2021. The information below should be read in conjunction with the Stock Option Plan. Any definitions or capitalized terms used or referenced below have the same meaning attributed to them in the Stock Option Plan which is attached to this Information Circular as Schedule "B" and will be accessible on the Company's SEDAR profile at www.sedar.com.

The purpose of the Plan is to give to Eligible Persons (as defined herein) additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Stock Options, exercisable over periods of up to ten (10) years as determined by the Board, to buy shares of the Company at a price not less than the Market Price (as defined herein) prevailing on the date the Stock Option is granted less applicable discount, if any, permitted by the policies of the Exchange and approved by the Board. The general terms and conditions of the Stock Option Plan are reflected in the disclosure below.

Key Terms	Summary
Administration	The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Stock Option Plan, to interpret the Stock Option Plan, to prescribe, amend and rescind rules and regulations relating to the Stock Option Plan and to make all other determinations deemed necessary or advisable in respect of the Stock Option Plan. Except as set forth in certain sections of the Stock Option Plan and subject to any required prior Exchange approval, the interpretation and construction of any provision of the Stock Option Plan by the Board shall be final and conclusive. Administration of the Stock Option Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.
Number of Common Shares	The maximum aggregate number of Common Shares that are issuable pursuant to security-based compensation granted or issued under the Stock Option Plan and all of the Company's other previously established or proposed security-based

Key Terms	Summary
	<p>compensation plans (to which the following limits apply under Exchange policies):</p> <p>(a) to all Eligible Persons granted a Stock Option pursuant to the Stock Option Plan and their heirs, executors, and administrators (“Optionees”) as a group (including for greater certainty Insiders (as a group) shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis at any point in time;</p> <p>(b) to Insiders (as a group) in any 12-month period shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis on the date specified in an agreement whereby the Company grants an Optionee a Stock Option (an “Option Agreement”) as the date on which a Stock Option is granted (the “Grant Date”), unless the Company has obtained the requisite disinterested shareholder approval pursuant to applicable Exchange policies;</p> <p>(c) to any one Optionee (including, where permitted under applicable policies of the Exchanges, any companies that are wholly owned by such Optionee) in any 12-month period shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis on the Grant Date, unless the Company has obtained the requisite disinterested shareholder approval pursuant to applicable Exchange policies.</p> <p>(d) to any one Consultant (as defined under the policies of the Exchange) in any 12-month period shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis on the Grant Date;</p> <p>(e) to Investor Relations Service Providers (as defined under the policies of the Exchange) (as a group) in any 12-month period shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis on the Grant Date, and Investor Relations Service Providers shall not be eligible to receive any security- based compensation other than Stock Options if the Common Shares are listed on the Exchange at the time of any issuance or grant; and</p> <p>(f) to Eligible Charitable Organizations (as defined under the policies of the Exchange) (as a group) shall not exceed 1% of the total number of issued and outstanding Common Shares on a non-diluted basis on the Grant Date.</p>
Securities	Each Stock Option entitles the holder thereof to purchase one Common Share (subject to adjustment in certain circumstances) at an exercise price determined by the Board.
Participation	Any directors, officers, Employees (as defined under the policies of the Exchange), Management Company Employees (as defined under the policies of the Exchange), Consultants and Eligible Charitable Organizations (as defined under the policies of the Exchange) of the Company and its subsidiaries (collectively " Eligible Persons ").
Stock Option Price	The price per Common Share specified in an Option Agreement, adjusted from time to time, (the “ Option Price ”) under each Stock Option shall be not less than the Market Price on the Grant Date less the applicable discount permitted under the policies of the Exchanges or, if the Common Shares are not listed on any Exchange, less 25%.

Key Terms	Summary
Exercise Period	<p>The exercise period of a Stock Option will be the period from and including the Grant Date up to 4:00 p.m. Pacific Time on the expiry date that will be determined by the Board at the time of grant (the “Expiry Date”), provided that the Expiry Date of a Stock Option will be no later than the tenth anniversary of the Grant Date of the Stock Option. In the event that the Expiry Date of a Stock Option falls during, a trading blackout period imposed by the Company (the “Blackout Period”), the Expiry Date of such Stock Option shall automatically be extended to a date which is ten (10) trading days following the end of such Blackout Period (the “Extension Period”), subject to no cease trade order being in place under applicable securities laws; provided that if an additional Blackout Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Blackout Period to enable the exercise of such Stock Option within ten (10) trading days following the end of the last imposed Blackout Period.</p>
Ceasing to be an Eligible Person	<p>If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:</p> <p>(a) <u>Death or Disability</u></p> <p>If the Optionee ceases to be an Eligible Person, due to his or her death or disability or, in the case of an Optionee that is a company, the death or disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Stock Option then held by the Optionee shall be exercisable to acquire the number of Common Shares, at a particular time, which have been reserved for issuance upon the exercise of a Stock Option but which have not been issued, as adjusted from time to time (“Unissued Option Shares”) that have become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement (“Vested”) at any time up to but not after the earlier of:</p> <p>(i) 365 days after the date of death or disability; and</p> <p>(ii) the Expiry Date;</p> <p>(b) <u>Termination For Cause</u></p> <p>If the Optionee or, in the case of a Management Company Employee or a Consultant Company (as defined under the policies of the Exchange), the Optionee’s employer, ceases to be an Eligible Person as a result of termination for cause as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee’s employer, is employed or engaged; any outstanding Stock Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.</p> <p>(c) <u>Early Retirement, Voluntary Resignation or Termination Other than For Cause</u></p> <p>If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee’s employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company’s retirement policy then in force, or due to his or her</p>

Key Terms

Summary

termination by the Company other than for cause, or due to his or her voluntary resignation, the Stock Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days (30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

(d) Spin-Out Transactions

If pursuant to the operation of section 5.3(c) of the Stock Option Plan (in connection with a corporate reorganization) an Optionee receives options (the "**New Options**") to purchase securities of another company (the "**New Company**") in respect of the Optionee's Stock Options (the "**Subject Options**"), subject to the prior approval of the Exchanges, the New Options shall expire on the earlier of: (i) the Expiry Date of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to paragraph (a), (b) or (c) above, as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to section (a), (b) or (c) above; and (iv) the date that is one (1) year after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

(e) Eligible Charitable Organizations

If the Optionee ceases to be an Eligible Person due to no longer being an Eligible Charitable Organization, the Stock Options then held by that Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days after the date the Optionee ceases to be an Eligible Person.

Notwithstanding the foregoing, the Board may, in its sole discretion if it determines such is in the best interests of the Company and subject to the policies of the Exchanges, extend the early Expiry Date (as set out above in paragraphs (a) to (e)) of any Stock Option held by an Optionee who ceases to be an Eligible Person to a later date within a reasonable period, subject to such period not exceeding 12 months from the date the Optionee ceases to be an Eligible Person.

Vesting

The Board shall determine the terms upon which each Stock Option shall vest at the time of grant, subject to the policies of the Exchanges. Unless otherwise specified by the Board at the time of granting an Stock Option, all Stock Options shall vest and become exercisable in full upon grant, except Stock Options granted to Investor Relations Service Providers, which Stock Options must vest in stages over twelve months with no more than one-quarter of the Stock Options vesting in any three month period.

Acceleration Events (Take-Over Bid and Change of Control)

If at any time when a Stock Option granted under the Stock Option Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer and subject to the approval of the Exchanges with respect to Investor Relations Service Providers, declare all Option Shares issuable upon the exercise of Stock Options granted under the Stock Option Plan, Vested, and declare that the Expiry

Key Terms	Summary
	<p>Date for the exercise of all unexercised Stock Options granted under the Stock Option Plan is accelerated so that all Stock Options will either be exercised or will expire prior to the date upon which Common Shares must be tendered pursuant to the Offer.</p> <p>If a Change of Control occurs, all Option Shares subject to each outstanding Stock Option will become Vested, whereupon such Stock Option may be exercised in whole or in part by the Optionee, subject to the approval of the Exchanges with respect to Investor Relations Service Providers or if otherwise necessary.</p>
Amendments	<p>The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders (or disinterested shareholders, if required), Exchanges or any other regulatory body having authority over the Company or the Stock Option Plan, suspend, terminate or discontinue the Stock Option Plan at any time, or amend or revise the terms of the Stock Option Plan or of any Stock Option granted under the Stock Option Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Stock Option previously granted to an Optionee under the Stock Option Plan without the consent of that Optionee.</p>
Common Shares Not Acquired	<p>Any Unissued Option Shares not acquired by an Optionee under a Stock Option which has been settled in cash, cancelled, terminated, surrendered, forfeited or expired without being exercised may be made the subject of a further Stock Option pursuant to the provisions of the Stock Option Plan.</p>
Adjustments	<p>The Stock Option Plan provides for certain standard adjustments to the Option Price and the number of Unissued Option Shares in the event of a share reorganization, special dividend distribution or corporate reorganization. Any adjustment is subject to the prior approval of the Exchange, other than adjustments due to a share subdivision, combination or consolidation.</p>
Rights of Optionees	<p>An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).</p>
Previously Granted Stock Options	<p>Stock Options which are outstanding under pre-existing stock option plan(s) of the Company as of the effective date of the Stock Option Plan shall continue to be exercisable and shall be deemed to be governed by and be subject to the terms and conditions of the Stock Option Plan except to the extent that the terms of the Stock Option Plan are more restrictive than the terms of such pre-existing plan(s) under which such stock options were originally granted, in which case the applicable pre-existing plan(s) shall govern, provided that any stock options granted, issued or amended after November 23, 2021 must comply with TSXV Policy 4.4 - <i>Incentive Stock Options</i> (as at November 24, 2021).</p>

Shareholders will be asked at the Meeting to approve, with or without variation, the following ordinary resolution (the “**Stock Option Resolution**”):

“BE IT RESOLVED THAT:

- (a) the Company’s Stock Option Plan be confirmed and approved, and that in connection therewith a

maximum of 10% of the issued and outstanding common shares of the Company at the time of each grant be approved for granting as options; and

- (b) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.”

The full text of the Plan is available for viewing up to the date of the Meeting at the Company's offices at 1100 – 1199 West Hastings Street, Vancouver, British Columbia and will also be available for review at the Meeting.

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval and ratification of the Stock Option Plan.

The Board believes the passing of the foregoing resolution is in the best interests of the Company and recommends that Shareholders vote in favour of the resolution.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company at (604) 569-1609 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

DATED this 23rd day of November, 2022.

APPROVED BY THE BOARD OF DIRECTORS

"Carlos Alberto Silva Ramos"

Carlos Alberto Silva Ramos
Chief Executive Officer and a Director

SANTACRUZ SILVER MINING LTD.

CHANGE OF AUDITOR NOTICE

TO: PricewaterhouseCoopers LLP

AND TO: Deloitte LLP

**AND TO: Alberta Securities Commission
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission of New Brunswick
Manitoba Securities Commission
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island
Ontario Securities Commission**

In accordance with Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), Santacruz Silver Mining Ltd. (the "**Company**") hereby gives notice and confirms that:

1. PricewaterhouseCoopers LLP (the "**Former Auditor**"), has resigned as auditor of the Company, effective November 10, 2022;
2. the Former Auditor resigned at the Company's request;
3. Deloitte LLP (the "**Successor Auditor**"), has been appointed as successor auditor, to hold office commencing November 10, 2022, until the close of the next annual general meeting of the Company;
4. the audit committee of the Company (the "**Audit Committee**") has considered the resignation of the Former Auditor as the Company's auditor and recommended the appointment of the Successor Auditor as the Company's auditor;
5. the resignation of the Former Auditor as the Company's auditor and the appointment of the Successor Auditor as the Company's auditor were approved by the board of directors of the Company (the "**Board**") and the Audit Committee;
6. the Former Auditor has not expressed any modified opinion in its reports on any of the Company's financial statements for the period commencing at the beginning of the Company's two most recent financial years and ending at the date of this notice; and
7. to the knowledge of the Board, no "reportable event" as such term is defined in NI-51-102 has occurred in connection with the audits for the period commencing at the beginning of the Company's two most recent financial years and ending at the date of this notice.

DATED the 10th day of November, 2022

SANTACRUZ SILVER MINING LTD.



Per: _____

Name: Arturo Prestamo Elizondo

Title: Executive Chairman, Interim
Chief Financial Officer and
Corporate Secretary



November 14, 2022

To:

Alberta Securities Commission
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission of New Brunswick
Manitoba Securities Commission
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island
Ontario Securities Commission

We have read the statements made by Santacruz Silver Mining Ltd. in the attached copy of change of auditor notice dated November 10, 2022, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated November 10, 2022.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Professional Accountants

November 10, 2022

To: Alberta Securities Commission
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission of New Brunswick
Manitoba Securities Commission
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island
Ontario Securities Commission

Dear Sirs/Mesdames:

As required by subparagraph (6)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of Santacruz Silver Mining Ltd. (the "Company") dated November 10, 2022 (the "Notice") and, based on our knowledge of such information at this time, we agree with statements 3 and 4 as it relates to Deloitte LLP and we have no basis to agree or disagree with statements 1, 2, 5, 6 and 7 contained in the Notice.

Yours very truly,

/s/ Deloitte LLP

Chartered Professional Accountants

Schedule B

SANTACRUZ SILVER MINING LTD.

November 14, 2022

10% ROLLING STOCK OPTION PLAN

1. PURPOSE OF THE PLAN

The Company hereby establishes a stock option plan for Directors, Officers, Employees, Management Company Employees, Consultants and Eligible Charitable Organizations (as such terms are defined below) of the Company and its subsidiaries (collectively "**Eligible Persons**"), to be known as the "Santacruz Silver Mining Ltd. Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Options, exercisable over periods of up to ten (10) years as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the Market Price prevailing on the date the Option is granted less applicable discount, if any, permitted by the policies of the Exchanges and approved by the Board.

2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

- 2.1 **"Board"** means the Board of Directors of the Company.
- 2.2 **"Change of Control"** means the occurrence of any one or more of the following events:
- (i) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of its affiliates, with respect to which all or substantially all of the persons who were the beneficial owners of the Shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Company or its successor;
 - (ii) the sale, exchange or other disposition to a person other than an affiliate of the Company of all, or substantially all of the Company's assets;
 - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
 - (iv) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Company or upon the execution of a shareholders' resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change; or
 - (v) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when added to the Voting Securities owned or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of

the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Company's outstanding Voting Securities which may be cast to elect directors of the Company or the successor Company (regardless of whether a meeting has been called to elect directors);

For the purposes of the foregoing, "**Voting Securities**" means Shares and any other shares entitled to vote for the election of directors and shall include any security, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities;

- 2.3 "**Company**" means Santacruz Silver Mining Ltd. and its successors.
- 2.4 "**Consultant**" means a "Consultant" as defined in the TSXV Policies.
- 2.5 "**Consultant Company**" means a "Consultant Company" as defined in the TSXV Policies.
- 2.6 "**Director**" means a "Director" as defined in the TSXV Policies.
- 2.7 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
 - a. being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
 - b. acting as a director or officer of the Company or its subsidiaries.
- 2.8 "**Eligible Charitable Organization**" means an "Eligible Charitable Organization" as defined in TSXV Policies.
- 2.9 "**Eligible Persons**" has the meaning given to that term in section 1 hereof.
- 2.10 "**Employee**" means an "Employee" as defined in the TSXV Policies.
- 2.11 "**Exchanges**" means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.12 "**Exchange Hold Period**" means "Exchange Hold Period" as defined in TSXV Policies.
- 2.13 "**Expiry Date**" means the date set by the Board under section 3.1 of the Plan, as the last date on which an Option may be exercised.
- 2.14 "**Grant Date**" means the date specified in an Option Agreement as the date on which an Option is granted.
- 2.15 "**Insider**" means an "Insider" as defined in the TSXV Policies.
- 2.16 "**Investor Relations Activities**" means "Investor Relations Activities" as defined in the TSXV Policies.
- 2.17 "**Investor Relations Service Provider**" means "Investor Relations Service Provider" as defined in the TSXV Policies.
- 2.18 "**Joint Actor**" means a person acting "jointly or in concert with" another person as that phrase is interpreted in National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.

- 2.19 **"Management Company Employee"** means a "Management Company Employee" as defined in the TSXV Policies.
- 2.20 **"Market Price"** of Shares at any Grant Date means the market price per Share as determined by the Board, provided that if the Company is listed on an Exchange, such price shall not be less than the market price determined in accordance with the rules of such Exchange.
- 2.21 **"Officer"** means an "Officer" as defined in the TSXV Policies.
- 2.22 **"Option"** means an option to purchase Shares granted pursuant to, or governed by, this Plan and any pre-existing stock option plan of the Company.
- 2.23 **"Option Agreement"** means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.
- 2.24 **"Optionee"** means each of the Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.
- 2.25 **"Option Price"** means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.
- 2.26 **"Option Shares"** means the aggregate number of Shares which an Optionee may purchase under an Option.
- 2.27 **"Plan"** means this Santacruz Silver Mining Ltd. Stock Option Plan.
- 2.28 **"Securities Act"** means the Securities Act (British Columbia), R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.29 **"Security Based Compensation"** means "Security Based Compensation" as defined in the TSXV Policies.
- 2.30 **"Shares"** means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.31 **"TSXV Policies"** means the policies included in the TSX Venture Exchange Corporate Finance Manual and **"TSXV Policy"** means any one of them.
- 2.32 **"Unissued Option Shares"** means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.33 **"Vested"** means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

3. GRANT OF OPTIONS

3.1 Option Terms

The Board may from time to time authorize the issue of Options to Eligible Persons. Where permitted under applicable policies of the Exchanges, companies that are wholly owned by Eligible Persons may also be issued Options. The Option Price under each Option shall be not less than the Market Price on the Grant Date less the applicable discount permitted under the policies of the Exchanges or, if the Shares are not listed on any Exchange, less 25%. The Expiry Date for each Option shall be set by the Board at the time of

issue of the Option and shall not be more than ten years after the Grant Date, subject to the operation of section 4.1. Options shall not be assignable or transferable by the Optionee.

3.2 Limits on Shares Issuable on Exercise of Options

The maximum aggregate number of Shares that are issuable pursuant to Security Based Compensation granted or issued under the Plan and all of the Company's other previously established or proposed Security Based Compensation plans (to which the following limits apply under Exchange policies):

- (a) to all Optionees as a group (including for greater certainty Insiders (as a group)) shall not exceed 10% of the total number of issued and outstanding Shares on a non-diluted basis at any point in time;
- (b) to Insiders (as a group) in any 12-month period shall not exceed 10% of the total number of issued and outstanding Shares on a non-diluted basis on the Grant Date, unless the Company has obtained the requisite disinterested shareholder approval pursuant to applicable Exchange policies;
- (c) to any one Optionee (including, where permitted under applicable policies of the Exchanges, any companies that are wholly owned by such Optionee) in any 12-month period shall not exceed 5% of the total number of issued and outstanding Shares on a non-diluted basis on the Grant Date, unless the Company has obtained the requisite disinterested shareholder approval pursuant to applicable Exchange policies.
- (d) to any one Consultant in any 12-month period shall not exceed 2% of the total number of issued and outstanding Shares on a non-diluted basis on the Grant Date;
- (e) to Investor Relations Service Providers (as a group) in any 12-month period shall not exceed 2% of the total number of issued and outstanding Shares on a non-diluted basis on the Grant Date, and Investor Relations Service Providers shall not be eligible to receive any Security Based Compensation other than Options if the Shares are listed on the TSX Venture Exchange at the time of any issuance or grant; and
- (f) to Eligible Charitable Organizations (as a group) shall not exceed 1% of the total number of issued and outstanding Shares on a non-diluted basis on the Grant Date.

3.3 Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. In respect of Options granted to Employees, Consultants, Consultant Companies or Management Company Employees, the Company and the Optionee is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan. All Options shall be subject to any applicable resale restrictions pursuant to applicable securities laws. In addition, Options and Option Shares that are subject to the Exchange Hold Period pursuant to TSXV Policy 1.1 must be legended with the Exchange Hold Period commencing on the Grant Date, and the Option Agreement shall contain any applicable resale restriction or Exchange Hold Period.

4. EXERCISE OF OPTION

4.1 When Options May be Exercised

Subject to the operation of this section 4 of the Plan with respect to the conditions and acceleration of the vesting of an Option and the acceleration and extension of the Expiry Date of an Option, an Option may be exercised to purchase any number of Shares up to the number of Vested Unissued Option Shares at any

time after the Grant Date up to 4:00 p.m. Pacific Time on the Expiry Date and shall not be exercisable thereafter. In the event that the Expiry Date of an Option falls during a trading blackout period imposed by the Company (the “**Blackout Period**”), the Expiry Date of such Option shall automatically be extended to a date which is ten (10) trading days following the end of such Blackout Period (the “**Extension Period**”), subject to no cease trade order being in place under applicable securities laws; provided that if an additional Blackout Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Blackout Period to enable the exercise of such Option within ten (10) trading days following the end of the last imposed Blackout Period.

4.2 Manner of Exercise

The Option shall be exercisable by delivering to the Company a notice specifying the number of Option Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Option Share. Upon notice and payment there will be a binding contract for the issue of the Option Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's cheque payable to the Company or such other method of cash payment as is acceptable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the cheque or other method of cash payment, as the case may be, is not honoured upon presentation in which case the Option shall not have been validly exercised.

4.3 Vesting of Option Shares

The Board, subject to the policies of the Exchanges, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out in Section 3.2 hereof, all Options granted under the Plan shall vest and become exercisable in full upon grant, except Options granted to Investor Relations Service Providers, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three month period.

4.4 Termination of Employment

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

- (i) 365 days after the date of death or Disability; and
- (ii) the Expiry Date;

(b) Termination For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days (30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

(d) Spin-Out Transactions

If pursuant to the operation of sub-section 5.3(c) an Optionee receives options (the "**New Options**") to purchase securities of another company (the "**New Company**") in respect of the Optionee's Options (the "**Subject Options**"), subject to the prior approval of the Exchanges, the New Options shall expire on the earlier of: (i) the Expiry Date of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to sub-section 4.4(a), (b) or (c), as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to sub-section 4.4(a), (b) or (c) hereof; and (iv) the date that is one (1) year after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

(e) Eligible Charitable Organizations

If the Optionee ceases to be an Eligible Person due to no longer being an Eligible Charitable Organization, the Options then held by that Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days after the date the Optionee ceases to be an Eligible Person.

Notwithstanding the foregoing, the Board may, in its sole discretion if it determines such is in the best interests of the Company and subject to the policies of the Exchanges, extend the early Expiry Date (as set out above in this section 4.4) of any Option held by an Optionee who ceases to be an Eligible Person to a later date within a reasonable period, subject to such period not exceeding 12 months from the date the Optionee ceases to be an Eligible Person.

For purposes of this section 4.4, the dates of death, Disability, termination, retirement, voluntary resignation, ceasing to be an Eligible Person and incapacity shall be interpreted to be without regard to any period of notice (statutory or otherwise) or whether the Optionee or his or her estate continues thereafter to receive any compensatory payments from the Company or is paid salary by the Company in lieu of notice of termination.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this section 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled.

4.5 Effect of a Take-Over Bid

If a *bona fide* offer (an "**Offer**") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon (subject to the approval of the Exchanges with respect

to Investor Relations Service Providers) all Option Shares subject to such Offer will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to section 4.3 shall be reinstated. If any Option Shares are returned to the Company under this section 4.5, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

4.6 Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer and subject to the approval of the Exchanges with respect to Investor Relations Service Providers, declare all Option Shares issuable upon the exercise of Options granted under the Plan, Vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer. The Board shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days of notice is required and more than 30 days of notice is not required.

4.7 Compulsory Acquisition or Going Private Transaction

If and whenever, following a take-over bid or issuer bid, there shall be a compulsory acquisition of the Shares pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal take-over bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Option Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Option Shares to the take-over bid.

4.8 Effect of a Change of Control

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee, subject to the approval of the Exchanges with respect to Investor Relations Service Providers or if otherwise necessary.

4.9 Exclusion from Severance Allowance, Retirement Allowance or Termination Settlement

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

4.10 Shares Not Acquired

Any Unissued Option Shares not acquired by an Optionee under an Option which has been settled in cash, cancelled, terminated, surrendered, forfeited or expired without being exercised may be made the subject of a further Option pursuant to the provisions of the Plan.

5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization

Subject to the prior approval of the Exchanges (other than in the case of a Share subdivision or consolidation), whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
 - (i) the Option Price in effect immediately before that effective date or record date; and
 - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subsection 5.1 (a)(ii).

Any increase in the number of Unissued Option Shares as a result of the adjustment provisions provided in this section 5.1 is subject to compliance with the limits set out in section 3.2 and, if any increase in the number of Unissued Option Shares as a result of the adjustment provisions provided in this section 5.1 would result in any limit set out in section 3.2 being exceeded, then the Company may, if determined by the Board in its sole and unfettered discretion (subject to the prior approval of the Exchanges), make payment in cash to the Optionee in lieu of increasing the number of Unissued Option Shares in order to properly reflect any diminution in value of the Option Shares as a result of such Share Reorganization.

5.2 Special Distribution

Unless the Company is listed on the TSX Venture Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly

increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

Any increase in the number of Unissued Option Shares as a result of the adjustment provisions provided in this section 5.2 is subject to compliance with the limits set out in section 3.2 and, if any increase in the number of Unissued Option Shares as a result of the adjustment provisions provided in this section 5.2 would result in any limit set out in section 3.2 being exceeded, then the Company may, if determined by the Board in its sole and unfettered discretion (subject to the prior approval of the Exchanges, provided that no adjustment pursuant to the operation of section 5.2 may occur while the Company is listed on the TSX Venture Exchange), make payment in cash to the Optionee in lieu of increasing the number of Unissued Option Shares in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3 Corporate Organization

Subject to the prior approval of the Exchanges, whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in sections 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company, or securities of another company, or both; or
- (d) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation,

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he/she would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he/she would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he/she had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Board.

5.4 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Board may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

5.5 Regulatory Approval

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of sections 5.1, 5.2 or 5.3 is subject to the prior approval of the Exchanges and any other governmental authority having jurisdiction, provided that no adjustment pursuant to the operation of section 5.2 may occur while the Company is listed on the TSX Venture Exchange.

Notwithstanding the foregoing, adjustments pursuant to section 5.1 due to a Share subdivision or consolidation do not require prior approval of the Exchanges.

6. MISCELLANEOUS

6.1 Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

6.2 Necessary Approvals

The Plan shall be effective upon the approval of the Plan by the Board and the Exchange or any regulatory authority having jurisdiction over the securities of the Company and shall be ratified thereafter by the shareholders of the Company by way of an ordinary resolution at the next duly convened meeting of the shareholders of the Company. Disinterested shareholder approval (as required by the Exchanges) will be obtained for any reduction in the exercise price, or any extension of the term, of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. In addition, any amendment to an Option (including any cancellation of an Option and subsequent grant of a new Option to the same Person within one year) that results in a benefit to an Insider of the Company at the time of amendment will be subject to disinterested shareholder approval (as required by the Exchanges). The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchanges and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

6.3 Administration of the Plan

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in section 5.4 and subject to any required prior Exchange approval, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

6.4 Withholding Taxes

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Company determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Company. In such circumstances, the Company may require that the Optionee pay to the Company, in addition to and in the same manner as the exercise price for the Shares, such amount as the Company is obliged to remit to the relevant tax authority in respect of the exercise of the Option. Alternatively, the Company shall have the right in its discretion to satisfy any such liability for withholding or other required deduction amounts by retaining or acquiring any Shares acquired upon exercise of any Option, or retaining any amount payable, which would otherwise be issued or delivered, provided or paid to an Optionee by the Company, whether or not such amounts are payable under the Plan. For greater certainty, the application of this section 6.4 to any exercise of an Option shall not conflict with the policies of the Exchanges that are in effect at the relevant time and the Company will obtain prior Exchange acceptance and/or shareholder approval of any application of this section 6.4 if required pursuant to such policies.

6.5 Amendments to the Plan

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders (or disinterested shareholders, if required), Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

6.6 Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

6.7 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

6.8 Compliance with Applicable Law

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.9 No Assignment or Transfer

No Optionee may assign or transfer any of his or her rights under the Plan or any option granted thereunder. Notwithstanding the foregoing, where permitted under applicable policies of the Exchanges, companies that are wholly owned by Eligible Persons may be issued Options.

6.10 Rights of Optionees

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

6.11 Previously Granted Options

Stock options which are outstanding under pre-existing stock option plan(s) of the Company as of the effective date of this Plan shall continue to be exercisable and shall be deemed to be governed by and be subject to the terms and conditions of this Plan except to the extent that the terms of this Plan are more restrictive than the terms of such pre-existing plan(s) under which such stock options were originally granted, in which case the applicable pre-existing plan(s) shall govern, provided that any stock options granted, issued or amended after November 23, 2021 must comply with TSXV Policy 4.4 - *Incentive Stock Options (as at November 24, 2021)*.

6.12 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

6.13 Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

6.14 Time of Essence

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

6.15 Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

Approved by the Board of Directors of the Company effective November 14, 2022.

Approved by the shareholders of the Company on _____, 20_____.

SCHEDULE "A"

SANTACRUZ SILVER MINING LTD.

STOCK OPTION PLAN - OPTION AGREEMENT

[If the Company is listed on the TSXV at the time of the option grant, the following legend is required in respect of: (i) Options with an Option Price at a discount to the Market Price; or (ii) Options granted to directors, officers, promoters of the Company or persons holding securities carrying more than 10% of the voting rights and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Company: *Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ●, 20● (being four months and one day after the date of grant).*]

This Option Agreement is entered into between Santacruz Silver Mining Ltd. (the "**Company**") and the **OPTIONEE** named below pursuant to the Company Stock Option Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that:

1. on ●, 20● (the "**Grant Date**");
2. ● (the "**Optionee**");
3. was granted the option (the "**Option**") to purchase ● common shares (the "**Option Shares**") of the Company;
4. for the price (the "**Option Price**") of \$● per share;
5. which rights to purchase the Option Shares under the Option may be exercised and will vest on the Grant Date [OR set forth applicable vesting schedule – **NOT LESS THAN QUARTERLY VESTING OVER A MINIMUM OF 1 YEAR FOR INVESTOR RELATIONS SERVICE PROVIDERS**]; and
6. the Option will terminate on ● (the "**Expiry Date**");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, Option Shares continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

Where the Optionee is resident in or otherwise subject to the securities laws of the United States, the Optionee acknowledges that any Option Shares received by him/her upon exercise of the Option have not been registered under the United States *Securities Act of 1933*, as amended, or the Blue Sky laws of any state (collectively, the "**Securities Acts**"). The Optionee acknowledges and understands that the Company is under no obligation to register, under the Securities Acts, the Option Shares received by him/her or to assist him/her in complying with any exemption from such registration if he/she should at a later date wish to dispose of the Option Shares. The Optionee acknowledges that the Option Shares shall bear a legend restricting the transferability thereof, such legend to be substantially in the following form:

"The shares represented by this certificate have not been registered or qualified under the United States Securities Act of 1933, as amended or state securities laws. The shares may not be offered for sale, sold, pledged or otherwise disposed of unless so registered or qualified, unless an exemption exists or unless such disposition is not subject to U.S. federal or state securities laws, and the Company may require that the availability of any exemption or the inapplicability of such securities laws be established by an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company."

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement (including without limitation all representations set out therein with respect to the Optionee).

Acknowledgement – Personal Information

The undersigned hereby acknowledges and consents to:

- (a) the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (b) the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ● day of ●, 20 ●.

Signature

SANTACRUZ SILVER MINING LTD.

Print Name

Per: _____
Authorized Signatory

Address

**SANTACRUZ SILVER MINING LTD.
STOCK OPTION PLAN
NOTICE OF EXERCISE OF OPTION**

TO: Santacruz Silver Mining Ltd. (the "Company")

The undersigned hereby irrevocably gives notice, pursuant to the stock option plan of the Company (the of the exercise of stock options ("**Options**") to acquire and hereby subscribes for (cross out inapplicable item):

- (a) all of the Option Shares; or
- (b) _____ of the Option Shares,

which are the subject of the Option Agreement attached hereto.

The undersigned tenders herewith payment to "Santacruz Silver Mining Ltd.", or such other payee as directed by the Company, in an amount equal to the aggregate exercise price of the aforesaid Option Shares and directs the Company to issue the certificate evidencing said Option Shares in the name of the undersigned and mail a copy of that certificate to the undersigned at the following address:

DATED the ____ day of _____, 20____.

Signature of Option Holder