Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022 and 2021

(Unaudited - expressed in thousands of US dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022 and 2021.

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

The accompanying unaudited condensed interim consolidated financial statements of Santacruz Silver Mining Ltd. ("the Company" or "Santacruz") for the interim period ended September 30, 2022, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, Deloitte LLP, have not performed a review of these interim financial statements.

November 29, 2022

SANTACRUZ SILVER MINING LTD.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(Unaudited - Expressed in thousands of United States dollars)

	Note	**September 30, 2022**	December 31, 2021
		$	$
ASSETS			
Current			
Cash and cash equivalents		**4,763**	938
Marketable securities	5	**1,204**	4,102
Trade and other receivables	6	**93,176**	13,260
Inventory	7	**52,295**	1,271
Prepaid expenses and deposits		**19,673**	2,503
		171,111	22,074
Other assets		**89**	53
Recoverable taxes	6	**14,155**	-
Property, plant and equipment	8	**75,248**	22,933
Mineral property	9	**102,353**	15,854
Total assets		**362,956**	60,914
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10,17	**96,090**	36,888
Deferred revenue		**7,011**	-
Loans payable - current portion	11	**13,376**	4,832
Lease liability - current portion	12,17	**613**	175
Consideration payable - current portion	13	**73,287**	-
Royalties payable - current portion		**4,223**	-
		194,600	41,895
Provisions	10	**16,822**	-
Loans payable	11	**6,700**	7,166
Lease liability	12	**224**	167
Consideration payable	13	**62,557**	-
Decommissioning and restoration provision	14	**24,447**	6,715
Taxes payable		**24,975**	-
Royalties payable		**18,510**	-
Deferred income tax liability		**2,233**	2,233
Total liabilities		**351,068**	58,176
SHAREHOLDERS' EQUITY			
Share capital		**133,220**	129,532
Stock options and warrants reserve	15(c)	**14,651**	14,343
Contributed surplus		**(1,872)**	(1,872)
Accumulated other comprehensive loss		**62**	(1,323)
Deficit		**(134,173)**	(137,942)
Total shareholders' equity		**11,888**	2,738
Total liabilities and shareholders' equity		**362,956**	60,914

Nature of operations and going concern (Note 1)
Subsequent events (Note 21)

Approved and authorized for issue on behalf of the Board of Directors:

"Arturo Préstamo Elizondo"	*"Larry Okada"*
Director	Director

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

SANTACRUZ SILVER MINING LTD.
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in thousands of United States dollars)

	Note	Three months ended September 30, **2022**	2021	Nine months ended September 30, **2022**	2021
		$	$	**$**	$
Revenues		**87,732**	14,601	**355,771**	39,513
Cost of sales	16(a)	**93,575**	10,945	**303,786**	29,836
Gross (loss) profit		**(5,843)**	3,656	**51,985**	9,677
Operating expenses	16(b)	**(6,836)**	(3,233)	**(27,597)**	(9,684)
Operating (loss) profit		**(12,679)**	423	**24,388**	(7)
Finance expense, net	16(c)	**(2,266)**	(672)	**(6,819)**	(1,121)
Loss on foreign exchange		**(413)**	(1,719)	**(235)**	(1,038)
Transaction recovery (costs) for the Sinchi Wayra and Illapa Business acquisition	4(a)	**2,205**	-	**(85)**	-
Unrealized gain (loss) on marketable securities	5	**247**	(1,836)	**(1,383)**	703
Gain on sale of Zacatecas Properties		**-**	-	**-**	911
(Loss) profit before tax		**(12,906)**	(3,804)	**15,866**	(552)
Income tax recovery (expense)		**3,019**	(45)	**(12,097)**	(563)
Net (loss) income		**(9,887)**	(3,849)	**3,769**	(1,115)
Other comprehensive income:					
Currency translation differences		**420**	1,921	**1,385**	1,907
Comprehensive (loss) income		**(9,467)**	(1,928)	**5,154**	792
Net (loss) income per share:					
Basic and diluted		**(0.03)**	(0.01)	**0.01**	(0.00)
Weighted average number of common shares:					
Basic		**341,424,323**	328,543,493	**337,252,195**	300,532,296
Diluted		**341,424,323**	328,543,493	**337,252,195**	305,702,573

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

SANTACRUZ SILVER MINING LTD.
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in thousands of United States dollars)

	2022	2021
	$	$
Operating activities:		
Net income (loss)	**3,769**	(1,115)
Items not affecting cash:		
Accretion of decommissioning provision	**1,656**	309
Accretion of Trafigura loan facility	**1,111**	736
Accretion of deferred acquisition costs	**1,100**	-
Accretion of royalties payable	**1,172**	-
Carrying and finance charges on loans payable	**-**	1,302
Depreciation and depletion	**21,685**	1,023
Finance charges on leases	**30**	32
Gain on sale of the Zacatecas Properties	**-**	(911)
Income tax expense	**12,097**	-
Penalties and inflation charges	**3,208**	-
Interest expense on loans payable	**1,397**	-
Share-based compensation	**1,086**	1,554
Transaction costs for the Sinchi Wayra and Illapa Business acquisition	**1,000**	
Unrealized foreign exchange loss	**2,135**	(1,044)
Unrealized loss (gain) on marketable securities	**1,383**	(703)
Changes in non-cash working capital:		
Trade and other receivables	**(38,530)**	(5,192)
Inventory	**43,128**	125
Prepaid expenses and deposits	**2,981**	(779)
Accounts payable and accrued liabilities	**22,854**	1,922
Deferred revenue	**(50,231)**	-
Net cash provided by (used in) operating activities	**33,031**	(2,741)
Investing activities:		
Cash acquired from the Sinchi Wayra and Illapa Business acquisition	**18,182**	-
Cash paid in the acquisition of the Zimapan Mine	**-**	(20,000)
Investment in property, plant and equipment	**(8,277)**	(634)
Mineral property development expenditures	**(11,801)**	(1,370)
Cash received from sale of the Zacatecas Properties	**-**	1,500
Reimbursement of deposit	**-**	1,000
Net cash used in investing activities	**(1,896)**	(19,504)
Financing activities:		
Proceeds from issuance of common shares	**-**	11,228
Less: share-issuance costs	**-**	(572)
Proceeds from loans payable	**8,832**	-
Proceeds from exercise of options	**46**	193
Proceeds from exercise of warrants	**1,864**	1,882
(Net payments on) net proceeds from loans payable	**(37,690)**	11,764
Lease payments on plant and equipment	**(355)**	(125)
Net cash (used in) provided by financing activities	**(27,303)**	24,370
Effect of exchange rate on changes in cash	**(7)**	-
Net change in cash and cash equivalents	**3,825**	2,125
Cash and cash equivalents, beginning of period	**938**	430
Cash and cash equivalents, end of period	**4,763**	2,555
Cash paid during the period for:		
Interest expense	**1,026**	696
Income taxes	**573**	-

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

SANTACRUZ SILVER MINING LTD.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in thousands of United States dollars, except number of shares)

	Common shares	Share capital	Stock options and warrants reserve	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total (deficiency) equity
	#	$	$	$	$	$	$
Balance, December 31, 2020	261,606,664	113,217	7,042	(1,872)	(1,429)	(126,377)	(9,419)
Shares issued in private placement	46,980,000	11,228	-	-	-	-	11,228
Less: share issuance costs	-	(815)	243	-	-	-	(572)
Shares issued from exercise of options	1,359,300	319	(126)	-	-	-	193
Shares issued from exercise of warrants	9,939,253	1,882	-	-	-	-	1,882
Shares issued as settlement of debt	10,342,604	3,701	-	-	-	-	3,701
Warrants issued to Trafigura	-	-	3,821	-	-	-	3,821
Share-based payments	-	-	1,554	-	-	-	1,554
Currency translation differences	-	-	-	-	(14)	-	(14)
Net loss for the period	-	-	-	-	-	(1,115)	(1,115)
Balance, September 30, 2021	330,227,821	129,532	12,534	(1,872)	(1,443)	(127,492)	11,259
Share-based payments	-	-	1,809	-	-	-	1,809
Currency translation differences	-	-	-	-	120	-	120
Net loss for the period	-	-	-	-	-	(10,450)	(10,450)
Balance, December 31, 2021	330,227,821	129,532	14,343	(1,872)	(1,323)	(137,942)	2,738
Shares issued from exercise of options	310,000	72	(26)	-	-	-	46
Shares issued from exercise of warrants	8,597,500	2,616	(752)	-	-	-	1,864
Shares issued for transaction costs	3,077,317	1,000	-	-	-	-	1,000
Share-based payments	-	-	1,086	-	-	-	1,086
Currency translation differences	-	-	-	-	1,385	-	1,385
Net income for the period	-	-	-	-	-	3,769	3,769
Balance, September 30, 2022	**342,212,638**	**133,220**	**14,651**	**(1,872)**	**62**	**(134,173)**	**11,888**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The Company is engaged in the operation, acquisition, exploration and development of mineral properties in Latin America, with a primary focus on silver and zinc, but also including lead and copper. As at September 30, 2022, the Company acquired ownership including mining concession rights to the following mineral properties:

- the producing Zimapan Mine located in Mexico;
- the "Sinchi Wayra and Illapa Business", which comprises the following mineral properties and business located in Bolivia: the producing Tres Amigos, Reserva and Colquechaquita mines, collectively the "Caballo Blanco Group"; the producing Bolivar and Porco mines held under an association agreement with Corporación Minera de Bolivia, a Bolivian state-owned entity; the Soracaya development project; as well as the San Lucas ore sourcing and trading business;
- the La Pechuga Property and the Santa Gorgonia Prospect, which are exploration properties located in Mexico, and;
- various other properties located in Mexico, noting that the Rosario Project was placed on care and maintenance in August 2021 and certain assets related to the Rosario Project were sold in December 2021 as part of a tax restructuring of Impulsora Minera Santacruz, S.A. de C.V. ("IMSC").

Going concern

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 and 2021 ("consolidated financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at September 30, 2022, the Company has working capital deficiency of $23,489 (December 31, 2021 - $19,821) and an accumulated deficit of $134,173 (December 31, 2021 - $137,942). Additionally, the Company has non-current loans payable (Note 11) of $6,700 (December 31, 2021 - $7,166) and consideration payable of $62,557 (December 31, 2021 - $nil) (Note 13). For the three and nine months ended September 30, 2022, the Company generated a net loss of $9,887 and a net income $3,769 respectively (2021 - net loss of $3,849 and $1,115, respectively) and generated cash from operating activities of $33,031 (2021 - used cash of $2,741). These factors indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 29, 2022.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These interim financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended December 31, 2021.

2. BASIS OF PREPARATION (continued)

b) Basis of presentation

The consolidated financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

c) Functional and presentation currency

The consolidated financial statements are presented in United States dollars ("US dollar" or "USD"). The functional currency is the currency of the primary economic environment in which an entity operates and listed in Note 1(d) below. References to "C$" or "CAD" are to Canadian dollars, references to "MXN" are to Mexican pesos, references to "BOB" are to Bolivian bolivianos, references to "BMD" are to Bermudian dollars, and references to "PAB" are to Panamanian balboas.

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

These consolidated financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of entity	Country of incorporation	Percentage ownership	Functional currency	Principal activity
Santacruz Silver Mining Ltd.	Canada	100%	CAD	Holding company and head office function
Santacruz Holdings Ltd.	Canada	100%	CAD	Holding company
Carrizal Holdings Ltd.	Canada	100%	CAD	Holding company
Impulsora Minera Santacruz, S.A. de C.V. ("IMSC")	Mexico	100%	USD	Mine operations
Carrizal Mining, S.A. de C.V. ("Carrizal Mining") [1]	Mexico	100%	USD	Mine operations
Operadora Minera Anacore, S.A. de C.V.	Mexico	100%	MXN	Holding company
PCG Mining, S.A. de C.V.	Mexico	100%	MXN	Holding company
Laikra Limited [2]	Bermuda	100%	BMD	Holding company
Apamera Limited [2]	Bermuda	100%	BMD	Holding company
Lewron Metals Ltd. [2]	Bermuda	100%	BMD	Holding company
Kempsey S.A. [2]	Panama	100%	PAB	Holding company
Shattuck Trading Co. Inc. [2]	Panama	100%	PAB	Holding company
Iris Mines and Metals S.A. [2]	Panama	100%	PAB	Holding company
Sociedad Minera Illapa S.A. [2]	Bolivia	100%	USD	Mine operations
Sinchi Wayra S.A. [2]	Bolivia	100%	USD	Mine operations
Sociedad Minero Metalurgico Reserva Ltda. [2]	Bolivia	100%	USD	Mine operations
Empresa Minera San Lucas S.A. [2]	Bolivia	100%	USD	Ore trading house
Compania Minera Concepcion S.A. [2]	Bolivia	100%	USD	Ore trading house
Compania Minera Colquiri S.A. [2]	Bolivia	100%	USD	Inactive
Complejo Metalurgico Vinto S.A. [2]	Bolivia	100%	USD	Inactive

[1] On October 1, 2019, the Company acquired a 100% interest in Carrizal Mining.
[2] On March 18, 2022, the Company acquired a 100% interest in the Sinchi Wayra and Illapa Business (Note 4(a)).
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3. SIGNIFICANT ACCOUNTING POLICIES

In the preparation of these consolidated financial statements, the Company used the same accounting policies as in the most recent audited annual financial statements for the Company for the year ended December 31, 2021, with exception of the following:

a) Deferred revenue

Deferred revenue consists of payments received by the Company in consideration for future commitments to deliver payable metal contained in concentrate at contracted prices. In addition, it includes the fair value of such commitments acquired by way of business combination. As deliveries are made, the Company records a portion of the deferred revenue as revenue, based on a proportionate share of deliveries made compared with the total estimated contractual commitment.

b) Deferred consideration payable

Deferred consideration payable consists of amounts payable to vendors pursuant to business acquisitions. Amounts are recorded at their value on the date of initial recognition, determined using the discounted net present value of the consideration payable using discount rates commensurate with the Company's credit risk profile.

c) Construction-in-progress

Assets under construction are capitalized as construction-in-progress, and classified as property, plant and equipment or mine properties until the asset is available for use. The cost of construction-in-progress comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Construction-in-progress is not depreciated. Upon completion of the asset under construction and it is commissioned for use, the asset is transferred from construction-in-process to the applicable category of property, plant and equipment and depreciation commences.

d) Royalties

Certain of the Company's properties are subject to royalty arrangements based on mineral production at the properties. The primary type of royalty is a net smelter return ("NSR") royalty. Under this type of royalty, the Company pays the holder an amount calculated as the royalty percentage multiplied by the value of metals production at market metals prices less third-party smelting, refining and transportation costs. Other types of royalties include an adjusted gross margin royalty on the Company's San Lucas business and the mine royalty payable to the Bolivian government.

4. ACQUISITIONS

a) Sinchi Wayra and Illapa Business acquisition

On March 18, 2022 (the "Acquisition Date"), the Company acquired 100% ownership of a portfolio of companies (the "Sinchi Wayra and Illapa Business") from Glencore plc ("Glencore"). The "Sinchi Wayra and Illapa Business" comprises the following mineral property and business located in Bolivia: the producing Tres Amigos, Reserva and Colquechaquita mines, collectively the "Caballo Blanco Group"; the producing Bolivar and Porco mines held in partnership with Corporación Minera de Bolivia, a Bolivian state-owned entity; the Soracaya development project; as well as the San Lucas ore sourcing and trading business.

Consideration for the acquisition comprised: $20,000 cash consideration payable prior to September 30, 2022; $90,000 deferred cash consideration payable in four annual installments from the closing date, a 1.5% NSR over the producing life of the mineral property (excluding the San Lucas ore sourcing and trading business), as well as a 14% adjusted gross margin royalty exclusively over the San Lucas ore sourcing and trading business in perpetuity. In addition, the Company will pay to Glencore the value of certain assets acquired as part of the acquisition which existed as at the Acquisition Date including (1) the total profits on sale of the inventory acquired, estimated to be $6,087, and (2) the amount of value added taxes ("VAT") receivable from the Bolivian government, estimated to be $56,261, which is expected to be recovered through to the end of 2023 upon completion of requisite and customary government audit procedures for which the timing is not certain.

4. ACQUISITIONS (continued)

As a result of certain logistical and closing item delays, the cash consideration payable prior to September 30, 2022 was renegotiated and reduced to $2,106. This amount was paid subsequent to the period end (Note 21). Management determined the preliminary fair value of the deferred cash consideration as $71,322 applying a discount rate of 10%. Management determined the preliminary fair value of the royalties as $21,561 applying a discount rate of 10% as applicable to the acquired assets.

The acquisition of the Sinchi Wayra and Illapa Business has been accounted for by the Company as a business combination under IFRS 3 *Business Combinations*, with the assets and liabilities acquired recorded at their fair values at the acquisition date. The Company is required to determine the fair value of tangible and identifiable intangible assets acquired and liabilities assumed.

Given the complexity of certain assets and liabilities acquired, primarily mineral property values and income tax items, the purchase accounting recorded in the accompanying interim consolidated financial statements is preliminary and the amounts below are provisional. The Company is completing a full and detailed valuation of the fair value of the net assets of acquired using income, market, and cost valuation methods with the assistance of an independent third party. As of the date of these consolidated financial statements, the allocation of purchase price with respect to the fair value increment of assets acquired and liabilities assumed have been updated to reflect new information obtained which existed at the Acquisition Date. The fair value of assets acquired, and liabilities assumed are subject to change for up to one year from the Acquisition Date. The Company is finalizing its full and detailed assessment of the fair value of the net assets acquired. Additionally, any consequential impact on the deferred tax liabilities, has yet to be finally determined. If new information arises which would impact management's assessment of the fair value at the Acquisition Date, any adjustments to the allocation of the purchase consideration will be recognized retrospectively and comparative information will be revised. Consequently, the final allocation of the purchase price consideration may result in material adjustments to the amounts shown in these consolidated financial statements.

The following table is a preliminary summary of the Company's allocation of the purchase price to the fair values of assets acquired and liabilities assumed at the acquisition date.

	Preliminary as reported June 30, 2022	**Adjustments**	**Preliminary as reported September 30, 2022**
	$	$	$
Fair values of acquired assets and liabilities:			
Cash	18,182	-	18,182
Inventory	94,152	-	94,152
Trade receivable	379	-	379
Prepaid expenses and deposits	20,151	-	20,151
Recoverable taxes	55,274	-	55,274
Investment in shares	325	-	325
Plant and equipment	38,933	-	38,933
Construction-in-progress	10,003	-	10,003
Computer hardware and software	2,178	-	2,178
Mineral properties	99,425	(10,938)	88,487
Accounts payable and accrued liabilities	(47,576)	-	(47,576)
Deferred revenue	(57,242)	-	(57,242)
Decommissioning liabilities	(17,098)	-	(17,098)
Lease liabilities	-	-	-
Loans payable	(34,428)	-	(34,428)
Taxes payable	(15,415)	-	(15,415)
Net assets acquired	**167,243**	**(10,938)**	**156,305**
Purchase price:			
Initial cash payment	12,011	(9,905)	2,106
Deferred purchase price due over four years from acquisition date	71,322	-	71,322
Royalties payable to Glencore	21,561	-	21,561
Payables to Glencore	62,349	(1,033)	61,316
Total consideration	**167,243**	**(10,938)**	**156,305**

4. ACQUISITIONS (continued)

Inventory comprises mineralized material, finished concentrate, concentrate in process and various supplies.

Trade receivables comprises balances owed to the Company for sales transactions, which are expected to be collected by the Company upon final processing and settlement.

Prepaid expenses and deposits comprise amounts advanced to suppliers for construction projects as well as insurance costs and other deposits.

Recoverable taxes relate to the amount of funds the Company expects to recover related to Bolivian VAT recoverable, of which $43,625 (which is net of an $8,000 provision for non-collection) is expected to be received within twelve months of the balance sheet date and the remaining amount is recorded as non-current as a result of the expected receipt of funds from the Bolivian tax authority after 2023.

Investment in shares comprises the book value of private company shares located in Bolivia. The Company is not aware of any indications of adverse business conditions which would indicate the fair value is less than the carrying value.

Plant and equipment comprise various on-site equipment including the mill facility and on-site structures. Construction-in-progress comprises various investments in equipment, overhauls, installations and other mining infrastructure projects. Computer hardware and software comprises software licenses and other on-site technology. The acquired mineral property comprises 89 mining claims along with various development expenditures and infrastructure which are part of the operating mines part of the Sinchi Wayra and Illapa Business. The Company has engaged an independent valuation firm to complete a valuation of the acquired property, plant and equipment, including the construction-in-progress and computer hardware and software, and continues to refine and finalize its purchase price allocation to the various identifiable tangible and intangible assets and allocation to goodwill (if any).

Accounts payable and accrued liabilities represent regular course vendor payables for services provided. Of the balance acquired, $11,556 is related to state and federal income taxes payable, which is net of prepaid tax instalments of $8,235 that were made up to the acquisition date.

Deferred revenue represents the amount of funds for which the Company's Bolivian subsidiaries have received as advance payment for concentrate shipments, which is part of the revenue process for the Sinchi Wayra and Illapa Business. The Company receives advance payments from its customer for concentrate sales prior to the concentrate being shipped to the customer and as a result does not meet revenue recognition criteria under IFRS 15 *Revenues from Contracts with Customers*.

Decommissioning liabilities represent the Company's future obligation to remediate the producing mines, which are part of the Sinchi Wayra and Illapa Business after the lives of these mines have expired.

Loans payable comprises a bank loan of $9,428 and a promissory loan payable to a Bolivian brokerage house for $25,000. The bank loan accrued interest at an annual rate of 6.0% with a capital repayment of $5,000 due in 2022 with the balance due in 2023. The promissory loan payable accrued interest at an annual rate of 2.5% and matured on May 1, 2022. The fair value of these loans payable was determined to be equal to its carrying value as the loan is collateralized, the borrower did not breach any of the default provisions, and the lenders are unrelated third parties. As at September 30, 2022, the loans payable mentioned above have been fully paid.

Taxes payable comprises income tax due to the Bolivian tax authority from historic operations.

Provisions represents accrued amounts payable to employees of the Sinchi Wayra and Illapa Business in the event that their employment is terminated.

In connection with this acquisition, the Company paid $320 in cash and issued 3,077,317 common shares with a fair value of C$0.41 per share to Big Buck Capital, S.C. ("BBC") to settle $1,320 of fees for services provided pursuant to the terms of a consulting services agreement with BBC. In addition, the Company incurred $970 in legal and consulting costs in order to complete the acquisition. These transaction costs of $2,290 have been expensed in accordance with IFRS 3.

4. ACQUISITIONS (continued)

b) Zimapan Mine Acquisition

On April 23, 2021, the Company acquired 100% ownership of the Zimapan Mine (the "Zimapan Mine Acquisition") from Minera Cedros S.A. de C.V. ("Minera Cedros"). Prior to this acquisition, the Company, via its subsidiary Carrizal Mining, operated the Zimapan Mine under a lease arrangement with Minera Cedros. The Company paid cash consideration of $20,000, which was funded in part by a loan facility with Trafigura Mexico, S.A. de C.V. (Note 11) for $15,000 and by $5,000 from the Company's treasury. The Company also paid Minera Cedros a $661 deferred purchase price charge in cash as a result of the acquisition closing subsequent to December 31, 2020.

The assets acquired pursuant to this transaction include the Zimapan mill facility, surface and underground infrastructure, and 34 mining claims. Environmental and retirement obligations were also assumed with the transaction.

The acquisition of the Zimapan Mine has been accounted for by the Company as a business combination under IFRS 3 *Business Combinations*, with the assets and liabilities acquired recorded at their fair values at the acquisition date. The Company is required to determine the fair value of tangible and identifiable intangible assets acquired and liabilities assumed.

The following table summarizes the fair values of assets acquired and liabilities assumed:

	April 23, 2021
	$
Fair values of acquired assets and liabilities:	
Mineral property [(1)]	16,051
Plant and equipment	7,761
Property	1,713
Buildings	459
Decommissioning and restoration provision	(4,059)
Accounts payable	(113)
Deferred income tax liability	(1,151)
Net assets acquired	**20,661**
Purchase price:	
Cash	20,000
Deferred purchase price	661
Total consideration	**20,661**

(1) Consists of producing and depleting mineral property of $14,584 and non-depleting mineral property of $1,467 which represents further exploration potential at Zimapan Mine.

The acquired mineral property comprises 34 mining claims, which include the Zimapan Mine. The fair value of the mineral property was determined with the assistance of an independent valuation firm who completed a valuation of the Zimapan mining operations, including the mining concessions, using a discounted cash flow model. The model takes into account forecasted production and sales, which is derived from a technical resource study completed by the Company in 2021. Significant assumptions used in the valuation were: silver price of $22.80 to $25.60 per ounce, discount rate of 19%, and a tax rate of 30%.

Plant and equipment comprise various on-site equipment including the mill facility. The fair value was determined by an independent valuation firm, which used replacement value and comparable market value of similar assets approaches as the basis for determining this fair value.

Property comprises 308 hectares of land with surface and underground infrastructure. Buildings include various on-site structures. The fair value was determined by an independent valuation firm, which reviewed similar commercial real estate transactions to determine this fair value.

The decommissioning and restoration provision represents the Company's future obligation to remediate the Zimapan Mine site after completion of the mining activities. The fair value was determined using a discounted cash flow analysis adjusted for the impacts for inflation and changes in the period-end exchange rate. Significant assumptions used in the determination of the fair value were: discount rate of 10.75%, inflation rate of 4.65%, and 7.5 years until payment of the rehabilitation costs.

4. ACQUISITIONS (continued)

Accounts payable represents lease payments the Company owes to Minera Cedros for operation of the Zimapan Mine prior to the acquisition. The deferred income tax liability represents the amount of future income taxes that will be incurred as a result of the non-deductibility of the acquisition's purchase price for purposes of calculating a 7.5% mining tax as required per Mexican tax law.

As part of the acquisition, the Company deposited $1,000 to Minera Cedros. As at December 31, 2021, upon completion of the acquisition, the deposit was refunded back to the Company.

5. MARKETABLE SECURITIES

	September 30, 2022	December 31, 2021
	$	$
Balance, beginning of period	**4,102**	-
Shares received on sale of the Zacatecas Properties	**-**	1,980
Change in fair value	**(1,383)**	2,083
Foreign exchange (loss) gain	**(1,515)**	39
Balance, end of period	**1,204**	4,102

The unrealized (loss) gain on the marketable securities for the three and nine months ended September 30, 2022, was a gain of $247 and a loss of $1,383, respectively (2021 - loss of $1,836 and gain of $703, respectively), based on the change in price of the underlying shares of Zacatecas Silver Corporation ("Zacatecas Silver") during those respective periods. The shares of Zacatecas Silver are measured at FVTPL using Level 1 inputs (Note 19). The securities owned by the Company represent a 9.47% ownership in the company.

6. TRADE AND OTHER RECEIVABLES

	September 30, 2022	December 31, 2021
	$	$
Trade receivables	**13,987**	5,278
COMIBOL contract receivables [(1)]	**14,886**	-
Mexican VAT recoverable	**5,677**	7,277
Bolivian VAT recoverable	**56,376**	-
Canadian GST recoverable	**6**	27
Other receivables	**2,244**	678
	93,176	13,260

[(1)] Corporación Minera de Bolivia ("COMIBOL").

As at September 30, 2022, in addition to the Bolivian VAT recoverable of $56,376, the Company has recognized $14,155 (December 31, 2021 - $nil) as non-current recoverable taxes, which are related to Bolivian VAT receivables expected to be collected after 2023 reflecting expected timing of this receivable.

7. INVENTORY

	September 30, 2022	December 31, 2021
	$	$
Mineralized material stockpiles	**3,644**	39
Concentrate inventory	**24,560**	548
Concentrate work-in-process	**2,863**	-
Supplies inventory	**21,228**	684
	52,295	1,271

As part of the acquisition of the Sinchi Wayra and Illapa Business, the Company recognized supplies inventory of $19,618 (Note 4(a)).

8. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings	Plant and equipment	Office furniture and equipment	Vehicles	Computer hardware and software	Construction-in-progress	Total
	$	$	$	$	$	$	$
Cost							
Balance, December 31, 2020	419	22,494	62	499	263	-	23,737
Acquisition (Note 4(b))	2,172	7,761	-	-	-	-	9,933
Additions	-	1,010	45	106	151	-	1,312
Impairment	-	(1,840)	-	-	-	-	(1,840)
Balance, December 31, 2021	2,591	29,425	107	605	414	-	33,142
Acquisition (Note 4(a))	-	38,933	-	-	2,178	10,003	51,114
Additions	732	2,322	9	404	6	5,624	9,097
Disposals		(60)	-	(75)	-	-	(135)
Transfers	369	4,626	-	522	579	(6,096)	-
Balance, September 30, 2022	**3,692**	**75,246**	**116**	**1,456**	**3,177**	**9,531**	**93,218**
Accumulated depreciation							
Balance, December 31, 2020	52	8,227	28	322	203	-	8,832
Depreciation	30	1,293	18	14	22	-	1,377
Balance, December 31, 2021	82	9,520	46	336	225	-	10,209
Disposals	-	(60)	-	(75)	-	-	(135)
Depreciation	3,285	4,174	3	172	262	-	7,896
Balance, September 30, 2022	**3,367**	**13,634**	**49**	**433**	**487**	**-**	**17,970**
Carrying amount							
Balance, December 31, 2021	2,509	19,905	61	269	189	-	22,933
Balance, September 30, 2022	**325**	**61,612**	**67**	**1,023**	**2,690**	**9,531**	**75,248**

Depreciation during the three and nine months ended September 30, 2022 was $3,061 and $7,896, respectively (2021 - $343 and $1,023, respectively).

As at September 30, 2022, the Company's plant and equipment includes a net carrying amount of $1,548 for leased mining equipment (December 31, 2021 - $1,122). Depreciation on the leased mining equipment for the three and nine months ended September 30, 2022 was $67 and $173, respectively (2021 - $127 and $195, respectively).

On October 5, 2021, the Company announced it was placing the Rosario Mine on care and maintenance, which resulted in subsequent impairment of some related property and equipment.

9. MINERAL PROPERTY

	September 30, 2022	December 31, 2021
	$	$
Balance, beginning of period	**15,854**	-
Acquisition of the Zimapan Mine (Note 4(b))	**-**	16,051
Acquisition of the Sinchi Wayra and Illapa Business (Note 4(a))	**88,487**	-
Mineral property development expenditures	**11,801**	2,286
Change in decommissioning and restoration costs (Note 13)	**-**	277
Depletion	**(13,789)**	(2,760)
Balance, end of period	**102,353**	15,854

As part of the Zimapan Mine Acquisition, the Company acquired producing and depleting property with a calculated fair value of $14,584 and non-depleting mineral property of $1,467, which represents further exploration potential at the Zimapan Mine. As at September 30, 2022, no impairment indicators relating to the mineral property were identified.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
	$	$
Trade payables	**71,407**	25,729
Taxes payable	**16,173**	7,270
Accrued liabilities	**8,510**	3,889
	96,090	36,888

The Company recognizes accrued liabilities for payments that will be made to employees of the Sinchi Wayra and Illapa Business in the event that employment is terminated. As at September 30, 2022, included in accrued liabilities is $2,267 related to this provision (December 31, 2021 - $nil). As at September 30, 2022, the Company has recognized $16,822 as a non-current provision related to these future payments (December 31, 2021 - $nil).

11. LOANS PAYABLE

	Trafigura	Bank	Promissory loan payable	MineCo	Muutrade	Kampala	FF Swaps	Total
	$	$	$	$	$	$	$	$
Balance, December 31, 2021	11,998	-	-	-	-	-	-	11,998
Acquisition (Note 4(a))	-	9,428	25,000	-	-	-	-	34,428
Proceeds	-	8,832	-	-	-	-	-	8,832
Accretion	1,111	-	-	-	-	-	-	1,111
Interest expense	649	503	245	-	-	-	-	1,397
Repayment with cash	(4,242)	(8,203)	(25,245)	-	-	-	-	(37,690)
Balance, September 30, 2022	**9,516**	**10,560**	**-**	**-**	**-**	**-**	**-**	**20,076**
Less: current portion	(5,079)	(8,297)	-	-	-	-	-	(13,376)
Non-current portion	**4,437**	**2,263**	**-**	**-**	**-**	**-**	**-**	**6,700**

	Trafigura	Bank	Promissory loan payable	MineCo	Muutrade	Kampala	FF Swaps	Total
	$	$	$	$	$	$	$	$
Balance, December 31, 2020	2,677	-	-	3,106	350	50	104	6,287
Proceeds advanced (a)	17,616	-	-	-	-	280	-	17,896
Repayments of loans payable (a)	(2,616)	-	-	-	-	-	-	(2,616)
Equity component representing warrants issued (a)	(3,821)	-	-	-	-	-	-	(3,821)
Carrying charges and restructuring fees	-	-	-	564	34	17	-	615
Accretion	1,152	-	-	-	-	-	-	1,152
Interest expense	818	-	-	158	-	-	-	976
Repayment with shares (b)	-	-	-	(3,545)	-	-	-	(3,545)
Repayment with cash	(3,828)	-	-	(283)	(384)	(347)	(104)	(4,946)
Balance, December 31, 2021	**11,998**	**-**	**-**	**-**	**-**	**-**	**-**	**11,998**
Less: current portion	(4,832)	-	-	-	-	-	-	(4,832)
Non-current portion	**7,166**	**-**	**-**	**-**	**-**	**-**	**-**	**7,166**

11. LOANS PAYABLE (continued)

a) Trafigura loan facility

On April 23, 2021, in connection with the Zimapan Mine Acquisition (Note 4(b)), Trafigura Mexico, S.A. de C.V. ("Trafigura") loaned the Company $17,616 under a new loan facility ("Trafigura Loan Facility"), which included the recapitalization of $2,616 of indebtedness outstanding under a prior loan facility held with Trafigura since 2019, in addition to the new $15,000 loan amount. The Trafigura Loan Facility is for a period of 42 months at an annual interest rate of three-month LIBOR + 6.5% (approximately 10.75% as at September 30, 2022), repayable in monthly installments of principal plus accrued interest for the respective period.

The Trafigura Loan Facility is secured by a first charge over all Zimapan Mine assets and all other material assets owned by the Company's Mexican subsidiaries. In addition, the Company issued to Trafigura 28,000,000 warrants ("Trafigura Warrants"), each Trafigura Warrant exercisable into a Santacruz common share at C$0.395 per share, expiring April 24, 2022 with respect to 7,280,000 of the Trafigura Warrants and expiring October 24, 2024 with respect to the remaining 20,720,000 Trafigura Warrants. The remaining 5,280,000 of the Trafigura Warrants expiring April 24, 2022 were exercised for gross proceeds to the Company of $2,296 (C$2,876).

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

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

b) Repayment with shares

During the year ended December 31, 2021, the Company settled an outstanding loan balance of $3,828 by way of the issuance of 9,907,530 common share of the Company with a fair value of $3,545 and a cash payment of $283.

12. LEASE LIABILITY

The Company entered into certain mining equipment leases with an interest rate between 6.5% and 10.5% per annum. The outstanding balances of the Company's mining equipment leases as at September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
	$	$
Balance, beginning of period	**342**	469
Additions	**820**	0
Finance costs	**30**	40
Lease payments	**(355)**	(165)
Foreign exchange gain	**-**	(2)
Balance, end of period	**837**	342
Less: current portion	**(613)**	(175)
Non-current portion	**224**	167

12. LEASE LIABILITY (continued)

The following is a schedule of the Company's future minimum lease payments related to the equipment under finance lease:

	September 30, 2022
	$
2022	**221**
2023	**191**
2024	**194**
2025	**152**
2026	**197**
Total future minimum lease payments	**955**
Effects of discounting	**(118)**
Total present value of minimum lease payments	**837**
Less: current portion	**(613)**
Non-current portion	**224**

13. CONSIDERATION PAYABLE

	Cash	Deferred cash	Other payables	Total
	$	$	$	$
Balance, December 31, 2020 and 2021	-	-	-	-
Acquisition (Note 4(a))	2,106	71,322	61,316	134,744
Accretion	-	1,100	-	1,100
Balance, end of period	**2,106**	**72,422**	**61,316**	**135,844**
Less: current portion	**(2,106)**	**(22,500)**	**(48,681)**	**(73,287)**
Non-current portion	**-**	**49,922**	**12,635**	**62,557**

As part of the acquisition of the Sinchi Wayra and Illapa Business, the Company owes to Glencore deferred purchase consideration payable of $90,000. The fair value of $71,322 on initial recognition was determined using a discount rate of 10% applied to each of the four scheduled annual payments of $22,500 pursuant to the acquisition agreement. Additionally, the Company owes to Glencore the amount of VAT recoverable from the Bolivian government from operations prior to the Acquisition Date for $56,262 and from the revenue generated from the sales of the inventory held at the acquisition date for $5,054, both amounts will be paid once the VAT is recovered and the inventory is sold, respectively.

As at September 30, 2022, the consideration payable of $2,106 relates to the initial cash payment due to Glencore pursuant to the acquisition of the Sinchi Wayra and Illapa Business.

14. DECOMMISSIONING AND RESTORATION PROVISION

The discounted liabilities for each of the Company's decommissioning and restoration provisions are as follows:

	Rosario [(a)]	Veta Grande	Zimapan [(b)]	Sinchi Wayra and Illapa[(c)]	Total
	$	$	$	$	$
Balance, December 31, 2020	1,203	345	-	-	1,548
Acquisition (Note 4(b))	-	-	4,059	-	4,059
Change in estimate	854	-	277	-	1,131
Accretion	40	-	436	-	476
Foreign exchange gain	(38)	-	(461)	-	(499)
Balance, December 31, 2021	2,059	345	4,311	-	6,715
Acquisition (Note 4(a))	-	-	-	17,098	17,098
Accretion	-	-	516	1,140	1,656
Foreign exchange loss (gain)	28	-	(466)	(584)	(1,022)
Balance, September 30, 2022	**2,087**	**345**	**4,361**	**17,654**	**24,447**

14. DECOMMISSIONING AND RESTORATION PROVISION (continued)

a) Rosario Mine

In October 2021, the Company announced the Rosario Mine had been placed on care and maintenance. Certain assets of the Rosario Mine were subsequently sold during the year ended December 31, 2021

b) Zimapan Mine

The undiscounted amount of estimated cash flows required to settle the decommissioning and reclamation costs at the Zimapan Mine at the end of mine life was estimated to be $6,874 as at September 30, 2022. The key assumptions on which the provision estimates were based as at September 30, 2022 are as follows:

- Expected timing of the cash flows is based on the estimated useful life of the Zimapan Mine. The majority of the expenditures are expected to occur in 2028, which is the currently anticipated closure date;
- The inflation rate used is 4.65%, based on realized inflation in Mexico; and
- The discount rate used is 10.75%.

c) Sinchi Wayra and Illapa Business

The undiscounted amount of estimated cash flows required to settle the decommissioning and reclamation costs of the producing mines forming part of the Sinchi Wayra and Illapa Business at the end of those mines' lives was estimated to be $34,764 as at September 30, 2022. The key assumptions on which the provision estimates were based as at September 30, 2022 are as follows:

- Expected timing of the cash flows is based on the estimated useful life of the mines forming part of the Sinchi Wayra and Illapa Business. The majority of the expenditures are expected to occur between 2029 and 2040, which is based on the currently anticipated closure dates of the mines;
- The inflation rate used is 0.67%, based on realized inflation in Bolivia; and
- The discount rate used is 10.0%.

15. SHARE CAPITAL

a) Authorized share capital

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

b) Issued share capital

During the nine months ended September 30, 2022, the Company had the following share capital transactions:

- The Company issued 8,597,500 shares from the exercise of warrants for proceeds of $2,616 and 310,000 shares from the exercise of options for proceeds of $72. The $752 and $26 fair values attributed to the warrants and options exercised, respectively, were reclassified from reserve to share capital.
- The Company issued 3,077,317 shares with a fair value of $1,000 to a third-party finder pursuant to the acquisition of the Sinchi Wayra and Illapa Business (Note 4(a)).

During the year ended December 31, 2021, the Company had the following share capital transactions:

- On April 13, 2021, the Company completed a non-brokered private placement of 46,980,000 units ("2021 Units") for gross proceeds of $11,228 (C$14,094). Each 2021 Unit consists of one common share of the Company and one non-transferable common share purchase warrant ("2021 Warrant"). Each 2021 Warrant entitles the holder to acquire one common share of the Company at a price of C$0.45 until April 13, 2024, expiring thereafter. In consideration for their services, the Company paid to certain finders cash finder's fees of $572 and issued 1,671,961 finders' warrants having the same terms as the 2021 Warrants.
- The Company issued 9,939,253 shares from the exercise of warrants for proceeds of $1,882 and 1,359,300 shares from the exercise of options for proceeds of $193. The $126 fair value attributed to the options exercised was reclassified from reserves to share capital.
- On July 15, 2021, the Company issued 10,342,604 shares with a fair value of $3,701 pursuant to the settlement of accounts payable and loans payable.

15. SHARE CAPITAL (continued)

c) Stock options and warrants reserve

	Stock options	Warrants	Total
	$	$	$
Balance, December 31, 2020	5,015	2,027	7,042
Share-based compensation	3,363	-	3,363
Exercise of options and warrants	(126)	-	(126)
Warrants issued as part of private placement	-	243	243
Warrants issued as part of Trafigura loan (Note 11)	-	3,821	3,821
Balance, December 31, 2021	8,252	6,091	14,343
Share-based compensation	1,086	-	1,086
Exercise of options and warrants	(26)	(752)	(778)
Balance, September 30, 2022	**9,312**	**5,339**	**14,651**

d) Stock options

The Company established a stock option plan (the "Plan") for the benefit of full-time and part-time employees, officers, directors, and consultants of the Company and its affiliates. The maximum number of shares available under the Plan is limited to 10% of the issued common shares. Options granted under the Plan have a maximum term of ten years and the vesting provisions of options granted are at the discretion of the Board.

A summary of the Company's stock options for the nine months ended September 30, 2022 and the year ended December 31, 2021 is as follows:

	Number of stock options	Weighted average exercise price
	#	C$
Balance, December 31, 2020	7,113,700	0.18
Granted	16,250,000	0.47
Exercised	(1,359,300)	0.18
Expired	(280,000)	0.18
Balance, December 31, 2021	21,724,400	0.40
Granted	2,300,000	0.40
Exercised	(310,000)	0.32
Balance, September 30, 2022	**23,714,400**	**0.40**

As at September 30, 2022, the Company had the following stock options outstanding:

Date of expiry	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining years
	#	#	C$	Years
August 6, 2024	5,464,400	5,464,400	0.18	1.85
August 16, 2024	1,000,000	250,000	0.45	1.88
May 7, 2026	16,250,000	12,187,500	0.47	3.60
June 10, 2027	1,000,000	600,000	0.39	4.70
	23,714,400	**18,501,900**	**0.40**	**3.17**

15. SHARE CAPITAL (continued)

The weighted average assumptions used in the Black-Scholes option pricing model for the nine months ended September 30, 2022 and 2021 were as follows:

	2022	2021
Risk-free rate	0.00%	0.87%
Expected life	-	5.00 years
Expected volatility	0.00%	68.37%
Dividend yield	0.00%	0.00%

During the nine months ended September 30, 2022, the weighted average share price on the date of exercise of the stock options was C$0.48 per share (2021 - C$0.39).

e) Warrants

The following is a summary of the Company's warrants for the nine months ended September 30, 2022 and the year ended December 31, 2021:

	Number of warrants	**Weighted average exercise price**
	#	C$
Balance, December 31, 2020	53,613,510	0.29
Issued - private placement	46,980,000	0.45
Issued - finders' warrants	1,671,961	0.45
Issued - Trafigura Loan Facility (Note 11)	28,000,000	0.40
Exercised	(9,939,253)	0.23
Balance, December 31, 2021	120,326,218	0.39
Exercised	(8,597,500)	0.34
Balance, September 30, 2022	**111,728,718**	**0.38**

As at September 30, 2022, the Company had the following warrants outstanding:

Date of expiry	**Number of warrants**	**Weighted average exercise price**	**Weighted average remaining years**
	#	C$	Years
October 7, 2023	29,052,205	0.30	1.02
October 15, 2023	13,454,552	0.30	1.04
April 12, 2024	48,501,961	0.45	1.53
October 24, 2024	20,720,000	0.395	2.07
	111,728,718	**0.38**	**1.44**

The weighted average assumptions used in the Black-Scholes option pricing model for the nine months ended September 30, 2022 and 2021 were as follows:

	2022	2021
Risk-free rate	-	0.88%
Expected life	-	3 years
Expected volatility	-	88.06%
Dividend yield	-	0%

16. COSTS BY NATURE

a) Cost of sales

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Direct production costs	**81,430**	10,602	**268,387**	28,813
COMIBOL contract expense [1]	**-**	-	**5,696**	-
COMIBOL contract income [2]	**(3,343)**	-	**(3,343)**	-
Mine royalty expense [3]	**5,125**	-	**11,361**	-
Depreciation and depletion	**10,363**	343	**21,685**	1,023
	93,575	10,945	**303,786**	29,836

[1] COMIBOL contract expense relates to the payment due to the Bolivian government as a result of mining operations at the Sinchi Wayra and Illapa Business, based on the agreement signed with it.
[2] COMIBOL contract income relates to the revenue generated from the Bolivian government as a result of mining operations at the Sinchi Wayra and Illapa Business, based on the agreement signed with it.
[3] Mine royalty expense relates to the mining royalty due to the Bolivian government as a result of mining operations at the Sinchi Wayra and Illapa Business.

b) Operating expenses

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Administrative	**1,639**	1,320	**3,976**	2,655
Licenses and other fees	**436**	-	**1,161**	-
Management and consulting fees	**189**	449	**654**	546
Other	**-**	14	**27**	307
Penalties and inflation charges	**752**	-	**3,208**	-
Professional fees	**1,288**	151	**1,680**	2,246
Reimbursement of salaries and benefits [1]	**(4,191)**	-	**(4,191)**	-
Salaries and benefits	**2,654**	220	**9,931**	774
Share-based compensation (Note 15(d), 17)	**170**	525	**870**	1,554
Shareholder communications	**-**	73	**183**	245
Shipping	**3,892**	479	**9,991**	1,287
Transfer agent and filing fees	**2**	2	**47**	63
Travel	**5**	-	**60**	7
	6,836	3,233	**27,597**	9,684

[1] Reimbursement of salaries and benefits are amounts paid by the Company on behalf of a third party, subsequent to which the Company was fully reimbursed.

16. COSTS BY NATURE (continued)

c) Finance expense, net

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Accretion of decommissioning provisions	**(866)**	(182)	**(1,656)**	(309)
Accretion of Trafigura Facility Loan	**(346)**	(118)	**(1,111)**	(736)
Accretion of consideration payable	**(515)**	-	**(1,098)**	-
Accretion of royalties payable	**(554)**	(20)	**(1,172)**	(20)
Financing charge (recovery) on leases	**(16)**	20	**(30)**	-
Interest expense, carrying charges and finance charges on loans payable	**(1,617)**	(309)	**(3,514)**	(1,789)
Interest (expense) income	**-**	(26)	**113**	224
IVA recovery inflationary (loss) gain	**-**	(28)	**-**	1,694
Other expense	**(590)**	(9)	**(589)**	(185)
Reversal of provision [(1)]	**2,238**	-	**2,238**	-
	(2,266)	(672)	**(6,819)**	(1,121)

[(1)] Reversal of provision relates to the derecognition of financial liabilities that are no longer payable.

17. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Management and consulting fees	**22**	130	**282**	368
Share-based compensation	**128**	280	**653**	1,167
	150	410	**935**	1,535

Of the $22 and $282 in management and consulting fees incurred with related parties during the three and nine months ended September 30, 2022, $22 and $72, respectively (2021 - $25 and $53, respectively) were related to directors' fees and $nil and $210, respectively (2021 - $105 and $305, respectively) were related to management fees.

As at September 30, 2022, directors and officers or their related companies were owed $38 (December 31, 2021 - $26) in respect of the services rendered. These are non-interest bearing with standard payment terms. A total of $38 of the leases payable remains outstanding as at September 30, 2022 (December 31, 2021 - $38) and are owed to a company owned by the Executive Chairman of the Company.

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

18. SEGMENT INFORMATION

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

a) Operating segments

The corporate division earns income that is considered incidental to the Company's activities and therefore does not meet the definition of an operating segment. Consequently, the following operating and reportable segments have been identified: the Rosario Project and Veta Grande Project ("Other"), the Zimapan Mine, and the Sinchi Wayra and Illapa Business.

Below is a summary of the reported amounts of income or loss and the carrying amounts of assets and liabilities by operating segment.

Three months ended September 30, 2022	**Other**	**Zimapan**	**Sinchi Wayra and Illapa**	**Corporate**	**Total**
	$	$	$	$	$
Revenues	28	14,315	73,389	-	**87,732**
Production costs	-	9,892	71,538	-	**81,430**
COMIBOL contract income	-	-	(3,343)	-	**(3,343)**
Mine royalty expense	-	-	5,125	-	**5,125**
Depletion and amortization	-	3,740	6,623	-	**10,363**
Cost of sales	-	13,632	79,943	-	**93,575**
Gross profit (loss)	28	683	(6,554)	-	**(5,843)**
Operating profit (loss)	28	683	(6,554)	(6,836)	**(12,679)**
Finance expense	-	(167)	(699)	(1,400)	**(2,266)**
Loss on foreign exchange	-	-	-	(413)	**(413)**
Transaction recovery for Sinchi Wayra acquisition	-	-	-	2,205	**2,205**
Unrealized gain on marketable securities	-	-	-	247	**247**
Profit (loss) before tax	**28**	**516**	**(7,253)**	**(6,197)**	**(12,906)**

Three months ended September 30, 2021	**Other**	**Zimapan**	**Sinchi Wayra and Illapa**	**Corporate**	**Total**
	$	$	$	$	$
Revenues	182	14,419	-	-	14,601
Production costs	401	10,201	-	-	10,602
Depletion and amortization	53	290	-	-	343
Cost of sales	454	10,491	-	-	10,945
Gross (loss) profit	(272)	3,928	-	-	3,656
Operating (loss) profit	(272)	3,928	-	(3,233)	423
Finance expense	(20)	(162)	-	(490)	(672)
Loss on foreign exchange	-	-	-	(1,719)	(1,719)
Unrealized loss on marketable securities	-	-	-	(1,836)	(1,836)
(Loss) profit before tax	**(292)**	**3,766**	**-**	**(7,278)**	**(3,804)**

18. SEGMENT INFORMATION (continued)

Nine months ended September 30, 2022	**Other**	**Zimapan**	**Sinchi Wayra and Illapa**	**Corporate**	**Total**
	$	$	$	$	**$**
Revenues	34	43,002	312,735	-	**355,771**
Production costs	-	29,038	239,349	-	**268,387**
COMIBOL contract expense	-	-	5,696	-	**5,696**
COMIBOL contract income	-	-	(3,343)	-	**(3,343)**
Mine royalty expense	-	-	11,361	-	**11,361**
Depletion and amortization	-	4,523	17,162	-	**21,685**
Cost of sales	-	33,561	270,225	-	**303,786**
Gross profit	34	9,441	42,510	-	**51,985**
Operating profit (loss)	34	9,441	42,510	(27,597)	**24,388**
Finance expense	-	(516)	(1,140)	(5,163)	**(6,819)**
Loss on foreign exchange	-	-	-	(235)	**(235)**
Transaction costs for Sinchi Wayra acquisition	-	-	-	(85)	**(85)**
Unrealized loss on marketable securities	-	-	-	(1,383)	**(1,383)**
Profit (loss) before tax	**34**	**8,925**	**41,370**	**(34,463)**	**15,866**

Nine months ended September 30, 2021	**Other**	**Zimapan**	**Sinchi Wayra and Illapa**	**Corporate**	**Total**
	$	$	$	$	$
Revenues	1,630	37,883	-	-	39,513
Production costs	2,810	26,003	-	-	28,813
Depletion and amortization	53	970	-	-	1,023
Cost of sales	2,863	26,973	-	-	29,836
Gross (loss) profit	(1,233)	10,910	-	-	9,677
Operating profit (loss)	(1,233)	10,910	-	(9,684)	(7)
Finance expense	(40)	(269)	-	(812)	(1,121)
Loss on foreign exchange	-	-	-	(1,038)	(1,038)
Unrealized gain on marketable securities	-	-	-	703	703
Gain on sale of Zacatecas Properties	-	-	-	911	911
(Loss) profit before tax	**(1,273)**	**10,641**	**-**	**(9,920)**	**(552)**

As at September 30, 2022	**Other**	**Zimapan**	**Sinchi Wayra and Illapa**	**Corporate**	**Total**
	$	$	$	$	$
Current assets	4,982	15,495	147,849	2,785	**171,111**
Non-current assets	4,538	35,827	151,480	-	**191,845**
Total assets	9,520	51,322	299,329	2,785	**362,956**
Total liabilities	(20,159)	(39,175)	(288,298)	(3,436)	**(351,068)**

As at December 31, 2021	**Other**	**Zimapan**	**Sinchi Wayra and Illapa**	**Corporate**	**Total**
	$	$	$	$	$
Current assets	9,257	12,324	-	493	22,074
Non-current assets	5,554	33,286	-	-	38,840
Total assets	14,811	45,610	-	493	60,914
Total liabilities	(21,012)	(35,617)	-	(1,547)	(58,176)

18. SEGMENT INFORMATION (continued)

The Company's consolidated statement of income includes the results of the Sinchi Wayra and Illapa Business for the period from the closing date of the acquisition on March 18, 2022 to September 30, 2022.

b) Segment revenue by location and major customers

For the other and Zimapan segments, the Company had one customer who accounted for 100% of total concentrate revenue in Mexico. Similarly, for the Sinchi Wayra and Illapa segment, the Company had one customer who accounted for 100% of total concentrate revenue in Bolivia.

c) Non-current assets by location

All of the Company's non-current assets of the other and Zimapan segments are located in Mexico and all of the Company's non-current assets of the Sinchi Wayra and Illapa segment are located in Bolivia.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

As at September 30, 2022, marketable securities and trade receivables are measured at fair value using Level 1 inputs. The fair value of marketable securities is measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in profit or loss. The fair value of trade receivables is measured based on quoted market prices for the underlying commodity prices (silver, lead, zinc, copper) to which the receivable relates as the trade receivables are provisionally priced at the time of sale.

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

The fair value of the other assets, which are shares held in a private company based in Mexico and a private company based in Bolivia, are measured at fair value using Level 3 inputs. The carrying value of these other assets approximates its fair value because of the regular course business activity of the entity. The Company is not aware of any indications of adverse business conditions which would indicate the fair value is less than the carrying value.

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

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk relates primarily to cash and cash equivalents, trade receivables, and other receivables. The Company minimizes its credit risk related to cash and cash equivalents by placing cash with major financial institutions. The Company regularly reviews the collectability of its trade receivables. The Company considers the credit risk related to both cash and cash equivalents and trade receivables to be minimal.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates increase, the Company will incur more interest expense. The sensitivity of the Company's profit or loss to changes in the interest rate would be as follows: a 1% change in the interest rate would change the Company's profit or loss by approximately $209.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company endeavors to ensure that sufficient funds are raised from equity offerings or debt financing to meet its operating requirements, after taking into account existing cash and expected exercise of stock options and share purchase warrants. The Company's cash is held in business accounts which are available on demand for the Company's programs. Refer to Note 1 with respect to going concern matters.

Contractual undiscounted cash flow requirements as at September 30, 2022 were as follows:

	< 1 year	1 - 2 years	2 - 5 years	>5 years	Total
	$	$	$	$	**$**
Accounts payable and accrued liabilities	96,090	-	-	-	**96,090**
Loans payable	16,216	5,656	471	-	**22,343**
Leases	360	507	197	-	**1,064**
Royalties payable	4,223	2,941	18,202	13,111	**38,477**
Consideration payable	73,287	45,000	35,135	-	**153,422**
	190,176	**54,104**	**54,005**	**13,111**	**311,396**

iv) Foreign exchange risk

The Company operates in Canada, Mexico and Bolivia and is exposed to foreign exchange risk due to fluctuations in the US dollar, the Mexican peso and the Bolivian boliviano. Foreign exchange risk arises from financial assets and liabilities denominated in these foreign currencies. The sensitivity of the Company's profit or loss to changes in the exchange rate between the US dollar, the Mexican peso, Bolivian boliviano and the Canadian dollar, respectively, would be as follows: a 1% change in the US dollar exchange rate relative to the Mexican peso would change the Company's profit or loss by approximately $8; a 1% change in the US dollar exchange rate relative to the Bolivian boliviano would change the Company's profit or loss by approximately $152; and a 1% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by approximately $55.

The Company's financial assets and liabilities as at September 30, 2022 are denominated in Canadian dollars, US dollars, Bolivian bolivianos and Mexican pesos and translated to US dollars as follows:

	CAD	USD	BOB	MXN	Total
	$	$	$	$	**$**
Financial assets					
Cash and cash equivalents	159	1,427	2,987	190	**4,763**
Marketable securities	1,204	-	-	-	**1,204**
Trade receivables	-	22,636	6,237	-	**28,873**
Other receivables	6	-	56,376	7,921	**64,303**
Recoverable taxes	-	-	14,155	-	**14,155**
	1,369	24,063	79,755	8,111	**113,298**
Financial liabilities					
Accounts payable and accrued liabilities	77	38,383	21,268	36,362	**96,090**
Loans payable	-	7,452	12,624	-	**20,076**
Royalties payable	-	22,733	-	-	**22,733**
Consideration payable	-	135,844	-	-	**135,844**
	77	204,412	33,892	36,362	**274,743**
Net financial assets (liabilities)	**1,292**	**(180,349)**	**45,863**	**(28,251)**	**(161,445)**

v) Price risk

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

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

vi) Geopolitical risk

Geopolitical risk is the risk that the fair value of financial instruments will fluctuate if there is a sudden and rapid destabilization of global financial conditions in response to the current pandemic or future events, as government authorities may have limited resources to respond to the current or future crisis. Future crises may be precipitated by any number of factors outside the Company's control, including another pandemic, natural disasters, geopolitical instability, supply chain constraints or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Company's ability to obtain equity or debt financing or make other suitable arrangements to operate and/or finance its projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Company's profitability, results of operations and financial condition could be adversely affected.

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

Historically, the Company has depended on external financing to fund its activities. The capital structure of the Company currently consists of shareholders' equity, which was $11,888 as at September 30, 2022 (December 31, 2021 - $2,738). The Company manages its capital structure and makes adjustments to it for changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties.

In order to maintain or adjust its capital structure, the Company may issue new shares through equity offerings or sell assets to fund operations. Management reviews the Company's capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid, and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions. There have not been changes to the Company's capital management policy during the year.

21. SUBSEQUENT EVENTS

During October and November 2022, the Company and Glencore concluded the review of closing and logistical items on the Sinchi Wayra and Illapa Business acquisition (Note 4) and agreed to a final cash consideration amount of $2,106, which was paid by the Company to Glencore subsequent to the period end.

During November 2022, the Company received C$1,561 from the exercise of 4,254,300 warrants with an exercise price between C$0.30-C$0.395 per warrant.

During November 2022, the Company paid $831 to Trafigura Mexico S.A. de C.V. in relation with the loan facility held.