

SANTACRUZ SILVER MINING LTD.
(the "Company")

FORM 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS
FOR THE YEAR ENDED DECEMBER 31, 2021

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. 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.

As of June 6, 2022, the Compensation Committee was reconstituted and is currently comprised of Barry Girling, Federico Villaseñor and Larry Okada.

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 Former Chief Operations Officer⁽¹⁾</i>	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; Interim CFO; a Director. Former President and CEO⁽²⁾</i>	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⁽³⁾⁽⁴⁾</i>	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⁽⁵⁾</i>	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⁽⁶⁾</i>	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	2021	27,450	N/A	N/A	N/A	N/A	27,450

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 (\$)
<i>Director</i> ⁽⁷⁾	2020	N/A	N/A	N/A	N/A	N/A	N/A
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 "**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 Plan provides that the number of common shares ("**Shares**") reserved for issuance will not exceed 10% of the issued and outstanding Shares at the time of grant. The Plan authorized the Board to grant, in its absolute discretion, stock options to directors, officers, employees or consultants on such terms, limitations, conditions and restrictions as it deems necessary and advisable.

Under the Plan, the number of Shares reserved for issuance to any one individual in a 12-month period may not exceed 5% of the issued and outstanding Shares and the Shares of shares reserved for issuance to consultants may not exceed 2% of the issued and outstanding Shares. The Plan contains no vesting requirements except as to options granted to persons engaged in Investor Relations Activities (as defined in the Plan), but permits the Board to specify a vesting schedule in its discretion.

Options may be granted for a maximum term of ten years. Options may be exercised the lesser of the term of the option and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, consulting arrangement or employment is by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the earlier expiry date of such option.

The exercise price of the options granted under the Plan will be determined by the Board, in its discretion, but shall not be less than the closing price of the Shares on the day preceding the date of grant, less any discount permitted by the TSX Venture Exchange. Options granted under the Plan shall not be subject to any resale restrictions imposed by the TSX Venture Exchange unless granted at the maximum discount permitted by the TSX Venture Exchange.

Options are non-assignable and non-transferable (subject to options being exercisable by the optionee's heirs or administrator). The number of Shares reserved for option and the exercise price payable for the Shares subject to such option shall be adjusted appropriate in the event of any consolidation, subdivision, or stock dividend of the Shares. The Plan requires annual Shareholder approval. The Plan was last approved by the Shareholders at the Company's 2021 annual general meeting of Shareholders on November 25, 2021.

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.