

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**ITEM 1. NAME AND ADDRESS OF ISSUER**

Santacruz Silver Mining Ltd. (the "**Company**")  
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Telephone: (604) 839-8076

**ITEM 2. DATE OF MATERIAL CHANGE**

October 3, 2024.

**ITEM 3. NEWS RELEASE**

Issued October 4, 2024 and disseminated through the facilities of Newswire.

**ITEM 4. SUMMARY OF MATERIAL CHANGE**

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

**ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE**

The Company announced that it has entered into the Definitive Agreements, each with an effective date of October 3, 2024 with Glencore to amend certain transaction documents in connection with the Transaction, as previously announced by Santacruz on March 21, 2022 and October 13, 2021.

Pursuant to the Definitive Agreements, Santacruz and Glencore have agreed to the following terms:

- The total consideration payable by Santacruz to Glencore under the Definitive Agreements will be in lieu of all present and future amounts owing or payable by Santacruz under the transaction documents entered into pursuant to the Transaction.
- Subject to the Acceleration Option (as defined below), Santacruz will pay up to US\$80 million in cash to Glencore in eight equal annual instalments of US\$10 million each (the "**Base Purchase Price**") with the first payment being made on or before November 1, 2025.

- Santacruz can exercise an option to accelerate the payment of the outstanding balance of the Base Purchase Price in full at any time, such prepayment amount will be US\$40 million if exercised prior to November 1, 2025 and shall decrease by US\$2 million for each annual instalment of US\$10 million that has been paid by Santacruz (the “**Acceleration Option**”).
- Santacruz grants to Glencore a contingent value right (the “**CVR**”) whereby Santacruz will pay Glencore a monthly payment of US\$1,333,333.33 (the “**CVR Payment**”), subject to a total cap of US\$77.7 million (the “**CVR Cap**”), in the event that in any calendar month during the period commencing on March 28, 2024 and ending on December 31, 2032, the average LME spot price of zinc (or the highest open hedge price if the Hedging Option (as defined below) has been exercised or the price at which a hedge would have been entered into if Santacruz exercises the Santacruz Option (as defined below)) in the calendar month is at least US\$3,850 per tonne (the “**Base Price**”). The CVR Payment will increase by US\$83,333.33 for each increase of \$100 per tonne above the Base Price and up to a price of \$5,049.99 per tonne (the “**CVR Escalator**”).
- In addition to the CVR Payment, in the event the average LME spot price of zinc (or the highest open hedge price if the Hedging Option has been exercised or the price at which a hedge would have been entered into if Santacruz exercises the Santacruz Option) in a calendar month is at least US\$5,050 per tonne (the “**Additional Payment Price**”), Glencore will be entitled to an additional monthly payment of US\$166,666.66 for each increase of \$100 per tonne above the Additional Payment Price, with 50% of such payment being treated as a CVR Payment counting towards the CVR Cap and the remaining 50% of such payment not being treated as a CVR Payment and therefore will not count towards the CVR Cap (such amount not counting towards the CVR Cap being the “**Additional Payments**”).
- Glencore can require Santacruz to hedge a limited amount of zinc production from its Bolivian mining operations (so long as the hedging price would exceed the Base Price) subject to certain conditions (the “**Hedging Option**”). If Santacruz determines, acting reasonably and in good faith, that the cost of entering into either a hedging arrangement is not commercially reasonable based on current market conditions, Santacruz may, in lieu of entering into a hedging arrangement, pay the CVR Payments and, if applicable, the Additional Payments to Glencore over the period which the hedge would have covered, based on the price at which a hedging arrangement would have been entered into pursuant to the Glencore notice exercising the Hedging Option (the “**Santacruz Option**”).
- The Additional Payments will terminate once Santacruz is no longer obligated to make CVR Payments.
- The payment obligations of Santacruz under the Omnibus Agreement are secured against the Bolivian mining assets of Santacruz pursuant to the Omnibus Security Agreement.

The Definitive Agreements and the transactions contemplated thereby are subject to final acceptance of the TSX Venture Exchange (the “TSXV”).

**ITEM 5.2            DISCLOSURE FOR RESTRUCTURING TRANSACTIONS**

Not applicable.

**ITEM 6.            RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102**

Not applicable.

**ITEM 7.            OMITTED INFORMATION**

There are no significant facts required to be disclosed herein which have been omitted.

**ITEM 8.            EXECUTIVE OFFICER**

Contact:            Arturo Préstamo Elizondo, Executive Chairman and CEO  
Telephone:        +52 81 83 785707

**ITEM 9.            DATE OF REPORT**

October 18, 2024

**Forward looking information**

*This material change report includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs of management of the Company regarding future events. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends", "expects" or "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would" or will "potentially" or "likely" occur. This information and these statements, referred to herein as "forward-looking statements", are not historical facts, are made as of the date of this material change report and include without limitation, statements regarding the terms of the Definitive Agreements, the potential maximum consideration payable to Glencore pursuant to the Definitive Agreements, the expected effects of the Definitive Agreements on Santacruz and TSXV acceptance of the Definitive Agreements and the transactions contemplated thereby.*

*These forward-looking statements involve numerous risks and uncertainties and actual results might differ materially from results suggested in any forward-looking statements. These risks and uncertainties include, among other things, risks that changes to the market price of zinc may affect the total consideration payable to Glencore pursuant to the Definitive Agreements, risks that the Company may not receive TSXV acceptance of the Definitive Agreements and the transactions contemplated thereby, risks that the Definitive Agreements may not impact cash flows of Santacruz as anticipated, or at all, risks related to changes in general economic, business and political conditions, including changes in the financial markets, changes in applicable laws, and compliance with extensive government regulation, as well as those risk factors discussed or referred to in the Company's disclosure documents filed with the securities regulatory authorities in certain provinces of Canada and available at [www.sedarplus.ca](http://www.sedarplus.ca).*

*In making the forward-looking statements in this material change report, the Company has applied several material assumptions, including without limitation, the assumption that the market price of zinc may be above certain minimum thresholds for the payment of the CVR Payments and Additional Payments, that the Definitive Agreements will affect the cash flows of Santacruz as anticipated and that the Company will receive TSXV acceptance of the Definitive Agreements and the transactions contemplated thereby.*

*There can be no assurance that any forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. The Company undertakes no obligation to update forward-looking information or statements, other than as required by applicable law.*