

Santacruz Announces Amendments To Terms Of Sale Of Glencore's Bolivian Mining Assets

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VANCOUVER, April 4, 2024 - [Santacruz Silver Mining Ltd.](#) (TSXV: SCZ) ("Santacruz" or the "Company") is pleased to announce that it has entered into a binding term sheet (the "Term Sheet") dated March 28, 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.

Arturo Préstamo, Executive Chairman and Interim CEO of Santacruz, commented, "This amended agreement represents a significant milestone for the Company, as it strengthens our balance sheet and equips us with the financial flexibility necessary to effectively manage our business. We continue to value Glencore as our partner and look forward to maintaining a collaborative relationship with them."

Pursuant to the Term Sheet, Santacruz and Glencore have agreed to the following terms:

- The total consideration payable by Santacruz to Glencore under the Term Sheet 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, in the event that in any calendar month after the date the parties enter into the Term Sheet, the average LME spot price of zinc (or the highest open hedge price if the Hedging Option (as defined below) has been exercised) in the calendar month is at least US\$3,850 per tonne (the "Base Price"). The CVR Payment will increase by US\$83,333.33 for each increase of US\$100 per tonne above the Base Price and up to a price of US\$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) in a calendar month is at least US\$5,050 per tonne (the "Additional Payment Price"), Glencore will be entitled to certain additional payments (the "Additional Payments"), which will increase for each increase of US\$100 per tonne above the Additional Payment Price.
- Upon the occurrence of the monthly average zinc LME spot price exceeding the Base Price, 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").
- The CVR and Additional Payments will be effective from the date of the Term Sheet until December 31, 2032. The Additional Payments will terminate once Santacruz is no longer obligated to make CVR Payments.

The parties will use good faith efforts to finalize, execute and deliver the definitive agreements (the "Definitive Agreements") containing the terms and provisions outlined in this Term Sheet and other customary terms.

The completion of the transactions contemplated by the Term Sheet are subject to approval of the TSX Venture Exchange (the "TSXV").

About Santacruz Silver Mining Ltd.

Santacruz is engaged in the operation, acquisition, exploration, and development of mineral properties in

Latin America. The Bolivian operations are comprised of the Bolivar, Porco and the Caballo Blanco Group, which consists of the Tres Amigos, Reserva and Colquechaquita mines. The Soracaya exploration project and San Lucas feed sourcing business are also in Bolivia. The Zimapan mine is located in Mexico.

'signed'

Arturo Préstamo Elizondo,
Executive Chairman and Interim CEO

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward looking information

This news release 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 news release and include without limitation, statements regarding the terms of the Definitive Agreements, the potential maximum consideration payable to Glencore pursuant to the Definitive Agreements and the approval of the Term Sheet, Definitive Agreements and the transaction contemplated thereby by the TSXV.

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 the parties may not be able to reach an agreement regarding the terms of the Definitive Agreements, that changes to the market price of zinc may affect the total consideration payable to Glencore pursuant to the Definitive Agreements, that the TSXV may not provide approval for the Term Sheet, Definitive Agreements and the transaction contemplated thereby, 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.

In making the forward-looking statements in this news release, the Company has applied several material assumptions, including without limitation, the assumption that the parties will be able to negotiate the terms of the Definitive Agreements, that the market price of zinc may be above certain minimum thresholds for the payment of the CVR Payments and Additional Payments and that the TSXV will provide approval for the Term Sheet, Definitive Agreements and the transaction 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 ~~please contact~~ to update ~~forward-looking information~~ Santacruz Silver Mining Ltd., Email: ~~info@santacruzsilver.com~~ ~~info@santacruzsilver.com~~ ~~Telephone: +52 81 83 785707~~; Sabina Srbiski, Manager, Investor Relations, Santacruz Silver Mining Ltd., Email: info@santacruzsilver.com, Telephone: +1 888 883 2011
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