TSX.V: SCZ
FSE: 1SZ

June 17, 2020

Santacruz Silver Reports Fourth Quarter / Year-End 2019 Financial Results

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the “Company” or “Santacruz”) reports on its financial and operating results for the fourth quarter (“Q4”) of 2019 and for the 2019 fiscal year. The full version of the financial statements and accompanying management discussion and analysis can be viewed on the Company’s website at www.santacruzsilver.com or on SEDAR at www.sedar.com. All financial information is prepared in accordance with IFRS and all dollar amounts are expressed in thousands of US dollars, except per unit amounts, unless otherwise indicated.

Mr Carlos Silva, CEO of the Company commented; “This past year was a period of both challenges and successes. In October 2019 we completed a two-step process with the Company acquiring a 50% interest in Carrizal Mining at each step. This has allowed the Company to operate the low cost Zimapan mine in Q3 and Q4 under a lease agreement with Grupo Peñoles.” Mr. Silva added; “Fiscal 2020 is about the Company executing the mine plan at Zimapan to further improve mine performance, while commodity markets continue to rebound.“ Finally, Mr. Silva commented; “Now with a strong and proven mine and a solid Team onboard, the Company is poised to become a significant producer and cash flow generator in 2020 and beyond”.

Selected operating and financial information for the three months and years ended December 31, 2019 and 2018 is presented below:

	Three months ended Dec 31,		**Years ended Dec 31,**	
	2019	**2018**	**2019**	**2018**
Financial				
Revenue – Mining Operations	9,964	1,258	27,140	5,134
Revenue – Mining Services	-	1,466	1,971	8,017
Gross Loss [4]	(1,550)	(3,073)	(1,711)	(4,060)
Impairment	(12,202)	(1,486)	(12,202)	(1,486)
Net Loss	(16,017)	(4,239)	(20,432)	(4,637)
Net Loss Per Share – Basic ($/share)	(0.08)	(0.03)	(0.12)	(0.03)
Adjusted EBITDA [4]	(3,442)	(2,404)	(5,181)	(3,468)
Operating				
Material Processed (tonnes milled)	220,154	53,396	469,291	211,465
Silver Equivalent Produced (ounces) [1]	1,324,303	237,542	2,829,453	815,323
Silver Equivalent Sold (payable ounces) [2]	805,468	106,757	1,851,191	420,553
Production Cost per Tonne [3]	51.03	89.97	54.97	67.01
Cash Cost per Silver Equivalent ($/oz.) [3]	18.75	48.32	18.34	36.76
All-in Sustaining Cost per Silver Equivalent ($/oz.) [3]	21.29	56.19	21.55	37.23
Average Realized Silver Price per Ounce ($/oz.) [3][5]	17.00	14.40	16.75	15.30

(1) Silver equivalent ounces produced in 2019 have been calculated using prices of $15.25/oz., $1,281/oz., $0.94/lb, $1.20/lb and $2.92/lb for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Veta Grande Project and the Rosario Project for 2019 and including 50% and 100% of the metal content of the concentrates produced at the leased Zimapan Mine in Q3 and Q4 2019 respectively. Silver equivalent ounces produced in 2018 have been calculated using prices of $17.00/oz., $1,295/oz., $1.00/lb and $1.35/lb for silver, gold, lead and zinc respectively applied to the metal content of the concentrates produced by the Veta Grande Project and the Rosario Project.

(2) Silver equivalent sold ounces have been calculated using the realized silver prices stated in the table above, applied to the payable metal content of the lead and zinc concentrates sold from the Rosario Project and Veta Grande Project.

(3) The Company reports non-IFRS measures which include Production Cost per Tonne, Cash Cost per Silver Equivalent, All-in Sustaining Cost per Silver Equivalent and Average Realized Silver Price per Ounce. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions.

(4) The Company reports additional non-IFRS measures which include Gross Profit (Loss) and Adjusted EBITDA. These additional financial disclosure measures are intended to provide additional information. Refer to the *"Non-IFRS Measures – Additional Information*" section for a reconciliation of Mine Operations Income (Loss) and Adjusted EBITDA to the annual and quarterly financial statements.

(5) Average realized silver price per ounce is prior to all treatment, smelting and refining charges.

Financial Results

2019 Annual Results

The Company recorded a net loss of $20,432 ($0.12 loss per share) for the year ended December 31, 2019 fiscal 2019 that includes an impairment charge of $12,202 recorded against the Veta Grande Project, a gross loss from mining operations of $3,682, operating expenses of $4,611 and interest and other finance expenses of $2,132. The net loss recorded in 2018 arose substantially from the gross loss from mining operations.

Revenues in 2019 of $29,111 include mining operations of $27,140 (2018 - $13,151) and mining services of $1,971 (2018 - $8,017).

The 2019 mining operations revenue was significantly impacted by the Company's interest in the leased Zimapan Mine that came to the Company as part of the acquisition of Carrizal Mining S.A. de C.V. ("Carrizal Mining"). The individual contributions to total revenue from the Zimapan Mine, Veta Grande Project and Rosario Project were 58%, 25% and 17% respectively as compared to 56% and 44% respectively in 2018 at the Veta Grande Project.

Veta Grande Project and Rosario Project contributed to total revenue in 2019 respectively of 58%, 25% and 17% in fiscal 2019 as compared to 56% and 44% respectively in 2018 at the Veta Grande Project and Rosario Project. At the Veta Grande Project, revenues increased in 2019 as a result of improved head grades. At the Rosario Project revenue increased in part because of increased tonnes milled and in part because of improved head grades.

Cash cost of sales in 2019 includes mining operations of $29,687 (2018 - $14,158) and mining services of $nil (2018 - $1,059). The increase in mining operations cash cost of sales is virtually all related to the Company's interest in the leased Zimapan Mine.

During the year ended December 31, 2019 the Company recorded operating expenses of $4,611 (2018 - $1,566). Operating expenses increased in 2019 reflecting the addition of the Zimapan Mine operations, share-based payments and certain one-time accounting adjustments to its other Mexican operating entities.

The Company took an impairment charge of $12,202 in 2019 against the Veta Grande Project reflecting continued losses generated from the project and management's uncertainty with respect to achieving a restructuring of the Contracuña Option Agreement that includes more commercially acceptable terms.

The Company recorded a foreign exchange loss of $1,081 in 2019 as compared to a foreign exchange gain of $920 in 2018. The foreign exchange accounting policy followed by the Company in compliance with International Financial Reporting Standards leads to large swings in foreign currency gains or losses during periods of volatile currency markets such as was experienced in 2019 and 2018.

Q4 2019

The Company recorded a net loss of $16,017 ($0.08 loss per share) for the three months ended December 31, 2019, compared to a net loss of $4,240 ($0.03 loss per share) for the three months ended December 31, 2018.

The Company recorded mining operations revenues of $9,964 (2018 - $1,258), mining services revenues of $nil (2018 - $1,466), mining operation cash cost of sales of $11,378 (2018 - $4,880), mining services cash cost of sales of $nil (2018 - $nil), and amortization and depletion expenses of $136 (2018 – $917) for the three months ended December 31, 2019 resulting in a gross loss of $1,550 (2018 - $3,073). As referenced above, the significant increase to revenues and mining operations cash cost of sales arose from the 100% interest acquired in the leased Zimapan Mine that the Company was entitled to as a result of the Carrizal Acquisition. The higher net loss in 2019 is largely the result of the impairment charge taken in Q4 2019 of $12,202 (2018 - $1,486),

Operational Results and Costs

Zimapan Mine

The production amounts reported for Q3 2019 reflect Santacruz's 50% proportionate interest of in the Zimapan Mine during Q3 2019 and as a result are 50% of the Zimapan Mine production for that period. The production amounts reported for Q4 2019 reflect Santacruz's 100% proportionate interest of the Zimpan Mine during Q4 2019 and as a result are 100% of the Zimapan Mine production for that period. Prior to Q3 2019 the Company had no proportionate interest in the Zimapan Mine.

As compared to Q3 2019, the Zimapan Mine silver equivalent production in Q4 2019 increased by 64%. The increase is entirely due to the fact that the Company had a 100% proportionate interest in the mine during Q4 but only 50% proportionate interest during Q3. Viewed on a 100% ownership basis in each quarter, silver equivalent production decreased in Q4 by 18%, largely due to lower metal recoveries. This matter has been addressed through reassignment of responsibilities with certain senior operations staff in early 2020 and preliminary results for Q2 2020 indicate that recoveries have returned to historical levels.

Cash cost of production per tonne of mineralized material processed increased by 21% in Q4 2019 to $50.61/t as compared to $41.89/t in Q3 2019. This 21% increase reflects a 137% increase in the total cash cost of production while the tonnes of mineralized material processed increased by 96%. Again, the increase in both metrics is a result of the increased proportionate interest in Q4 at 100% as compared to 50% in Q3.

Cash cost of production per silver equivalent ounce sold increased by 18% in Q4 2019 to $18.53/oz as compared to $15.70/oz in Q3 2019. This change in unit costs reflects a 106% increase in cash cost of sales and a 75% increase in silver equivalent payable ounces produced. The increase in silver equivalent payable ounces was not as much as expected due to lower metal recoveries during Q4. This matter is being addressed by management in Q1 and Q2 with the expectation of improvements by late Q2 and into Q3.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 13% in Q4 2019 to $20.19/oz as compared to $17.91/oz in Q3 2019. This change in unit costs reflects an 97% increase in cash cost of sales and a 75% increase in silver equivalent payable ounces produced. The increase in cash cost of sales and silver equivalent payable ounces is entirely due to the Company increasing its proportionate interest in the Zimapan Mine from 50% in Q3 to 100% in Q4.

As previously referenced certain senior staff redeployments were made in late Q1 2020 with a view to increasing production back to historical levels by the end of Q3 2020 which is expected to have a positive impact on production unit costs

Production at the Zimapan Mine is not supported by a feasibility study on mineral reserves demonstrating economic and technical viability or any other independent economic study under NI 43-101. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with production operations at the Zimapan Mine. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis according to and in accordance with NI 43-101.

<u>Veta Grande Project</u>
The focus at the Veta Grande Project during 2019 was to optimize operations, in particular at the milling facility. Emphasis was placed on increasing the grade of the mineralized material processed at the milling facility and optimizing metal recoveries which was achieved. As a result silver equivalent production increased by 84% to 761,262 ounces on a year over year basis.

Cash cost of production per tonne of mineralized material processed was essentially unchanged in 2019 as compared to 2018 as both the tonnes milled and the cash cost of production were nearly identical in both periods.

Cash cost of production per silver equivalent ounce sold decreased by 50% in 2019 to $19.28/oz as compared to 2018. This change in unit costs reflects a 9% increase in cash cost of sales combined with a 119% increase in silver equivalent payable ounces sold as a result of the above referenced improvement in head grades experienced in 2019.

All-in sustaining cash cost of production per silver equivalent ounce sold decreased by 48% in 2019 to $23.20/oz compared to 2018 for the same reasons as referenced above re the cash cost of production per silver equivalent ounce sold.

In March 2020 the Company suspended operations at the Veta Grande Project in order to facilitate capital upgrades to the processing plant and tailings storage facility. The estimated time for the completion of the capital upgrades is six months. Prior to commencing such capital upgrades the Company needs to restructure the terms of the Contracuña Option Agreement to terms more commercially acceptable. Discussions are ongoing between the parties with respect to this matter. Given the uncertainty of the time needed to conclude this initiative or the outcome, the Company is not able to project a date for the resumption of operations. In connection with this matter and other impairment indicators, the Company recorded an impairment charge in the amount of $12,202 against the Veta Grande Project in Q4 2019.

Q4 2019
As compared to Q4 2018, silver equivalent production increased by 50% to 193,748 ounces in Q4 2019. The increased production is the result of improved head grades, in particular a 26% increase in silver head grade and a 17% increase in zinc head grade, as well as a 38% increase in zinc recovery.

As compared to Q4 2018 the Q4 2019 cost/tonne decreased 34%. This change reflects a 34% decrease in the cash cost of production while the tonnes of mineralized material processed decreased by 2%.

Cash cost of production per silver equivalent ounce sold decreased by 50% in 2019 to $19.28/oz as compared to 2018. This change in unit costs reflects a 9% increase in cash cost of sales combined with a 119% increase in silver equivalent payable ounces sold as a result of the above referenced improvement in head grades experienced in 2019.

All-in sustaining cash cost of production per silver equivalent ounce sold decreased by 54% in 2019 to $23.70/oz as compared to 2018 for the same reasons as referenced above regarding cash cost of production per silver equivalent ounce.

The decision to commence the production phase at the Veta Grande Project was not based on a feasibility study with mineral reserves demonstrating economic and technical viability. Accordingly, there are increased uncertainty and economic and technical risks of failure associated with this decision. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis according to and in accordance with NI 43-101.

Rosario Project
Production at the Rosario Project, all from the Membrillo Prospect, improved on a year-over-year basis with the silver head grade increasing by 51%, tonnes milled increasing by 24% and silver equivalent ounce production increasing by 53%.

Management remains focussed on increasing tonnes of mineralized material processed at the milling facility with the objective of reaching 400 tpd before the end of Q3 2020 with improved head grades. Additional mining equipment was procured for the project in the second quarter of 2020 which should result in an increase of production towards the target amount.

Silver equivalent production in 2019 from the Rosario Project increased by 53% to 465,576 ounces. This increase reflects a 24% increase in tonnes milled and 51% increase in silver head grade.

Cash cost of production per tonne of mineralized material processed decreased by 20% in 2019 to $75.28/t as compared to $93.60/t in 2018. This positive change reflects the 24% increase in tonnes milled on a quarter over quarter basis.

Cash cost of production per silver equivalent ounce sold decreased by 44% in 2019 to $19.87/oz. This change in unit costs is largely due to a 90% increase in silver equivalent payable ounces sold. The increase in silver equivalent payable ounces sold in 2019 is a result of the improved head grade.

All-in sustaining cash cost of production per silver equivalent ounce sold decreased by 36% in 2019 to $25.14/oz. This change in unit costs reflects in part a 21% increase in cash cost of sales and a 90% increase in silver equivalent payable ounces sold. As referenced above, the increase in silver equivalent payable ounces sold in 2019 is largely due to the improved head grade.

Q4 2019 Results
As compared to Q4 2018 silver equivalent production increased by 99% to 134,523 ounces from 67,537 ounces as a result of a 38% increase in tonnes milled and respective increases in silver and zinc head grades of 52% and 60%.

As compared to Q4 2018 the Q4 2019 Cash cost of production per tonne decreased by 54% to $57.15/t. This change reflects a 38% increase in tonnes processed accompanied by a 36% decrease in cash cost of production.

As compared to Q4 2018 the Q4 2019 cash cost of production per silver equivalent ounce sold decreased

66%. The cash cost of sales decreased 25% while the amount of silver equivalent payable ounces sold increased by 119%. The increase in silver equivalent payable ounces sold again reflects improved head grades.

As compared to Q4 2018 the Q4 2019 all-in sustaining cash cost of production per silver equivalent ounce sold decreased 59%. The cash cost of sales decreased 11% while the amount of silver equivalent payable ounces sold increased by 119%. As referenced above, the increase in silver equivalent payable ounces sold in 2019 is largely due to the improved head grade.

The decision to commence production at the Rosario Mine and Membrillo Prospect were not based on a feasibility study with mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this decision. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis according to and in accordance with NI 43-101.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (Rosario and Veta Grande) and two exploration properties including the Minillas property and Zacatecas properties. The Company is managed by a technical team of professionals with proven track records in developing, operating and discovering silver mines in Mexico. Our corporate objective is to become a mid-tier silver producer.

'signed'

Arturo Préstamo Elizondo,
Executive Chairman

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Forward looking information

Certain statements contained in this news release constitute "forward-looking information" as such term is used in applicable Canadian securities laws. Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, including that the Company's financial condition and development plans do not change as a result of unforeseen events, and that future metal prices and the demand and market outlook for metals will remain stable or improve. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to above prove not to be valid or reliable; there can be no assurance that the Company will be successful in either negotiating an extension to the lease of the Zimapan Mine or acquiring outright the Zimapan Mine (including obtaining the necessary funding for the purchase price thereof), and therefore there is a risk that the allocation to the Company of production from the Zimapan Mine will discontinue after December 31, 2020, which would result in a significant reduction to future production results as compared to the results contained in this news release; delays and/or cessation in planned work; changes in the Company's financial condition and development plans; risks associated with the interpretation of data (including in respect of the third party mineralized material) regarding the geology, grade and continuity of mineral deposits; the uncertainty of the geology, grade and continuity of mineral deposits and the risk of unexpected variations in *mineral resources, grade and/or recovery rates; market conditions and volatility and global economic conditions; risks related to gold, silver, base metal and other commodity price fluctuations; risks relating to environmental regulation and liability; the possibility that results will not be consistent with the Company's expectations, as well as the other risks and uncertainties applicable to mineral exploration and development activities and to the Company as set forth in the Company's continuous disclosure filings filed under the Company's profile at www.sedar.com. 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.*