

Santacruz Silver Reports Third Quarter 2019 Financial Results

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Vancouver, December 2, 2019 - [Santacruz Silver Mining Ltd.](#) (TSXV: SCZ) (the "Company" or "Santacruz") reports on the operating and financial results from its Mexican mining operations for the third quarter of 2019. The full version of the financial statements and accompanying management's discussion and analysis can be viewed on the Company's website at www.santacruzsilver.com or on SEDAR at www.sedar.com. All amounts are in thousands of US dollars unless otherwise indicated.

Q3 2019 Highlights

- Consolidated mining operations generated a gross profit of \$102 including gross profit from Zimapan of \$992, and gross losses from Rosario and Veta Grande of \$672 and \$511 respectively plus mine services gross profit of \$293;
- Net loss after taxes of \$1,432;
- Consolidated cash cost per silver equivalent ounce sold \$18.52 and AISC of \$22.83

Carlos Silva, COO of Santacruz, stated, "The 50% acquisition of Carrizal Mining in early Q3 of 2019 made an immediate impact to our production profile and bottom line by producing 606,589 silver equivalent ounces and generating mine operating earnings of \$1 million. Further, consolidated production for Q3 2019 set a new quarterly record of 952,832 silver equivalent ounces. Consolidated production for Q4 2019 is expected to significantly increase as a result of Santacruz acquiring the remaining 50% of Carrizal Mining in early October. Management is continuing discussions with Penoles with respect to reaching an agreement for the outright acquisition of the Zimapan mine prior to the expiry of the current mine lease agreement on December 31, 2020."

Mr Silva continued, "Rosario was not as strong in Q3 as the results include a one-time charge for certain mine related expenditures while at Veta Grande operating improvements continued. We expect Rosario to become a consistent cash flow contributor by Q1 2020 and have changed the operating plan at Veta Grande with the expectation of further operating improvements."

Financial Results

Selected consolidated financial information for the three-month periods ended September 30 and June 30, 2019, and September 30, 2018 is presented below:

	Q3 2019	Q2 2019	Q3 2018
Revenue - Mining Operations ⁽²⁾	11,439	3,247	1,657
Revenue - Mining Services	293	888	569
Gross Profit (Loss) ⁽¹⁾	102	251	(2,157)
Net (Loss) Income	(1,432)	(1,137)	(2,888)
Net (Loss) Income Per Share - Basic (\$/share)	(0.01)	(0.01)	(0.02)
Adjusted EBITDA ⁽¹⁾	(705)	(113)	(2,151)

⁽¹⁾ 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. See the Company's MD&A filed on SEDAR or its website for a reconciliation of these amounts to the unaudited interim financial statements for the respective periods.

(2) Financial results from the Zimapan Mine have been recorded on a 100% basis as they are consolidated for financial reporting purposes. Conversely, production metrics including material processed (tonnes), silver equivalent produced (ounces) and silver equivalent sold (payable ounces) have been reported as to the Company's 50% proportionate interest in the Zimapan Mine for Q3 2019.

Selected Operating Unit financial information for the three-month periods ended September 30 and June 30, 2019, and September 30, 2018 is presented below:

	Q3 2019	Q2 2019	Q3 2018
Revenue - Mining Operations - Zimapan Mine ⁽¹⁾	8,488	-	-
- Veta Grande Project	1,850	1,767	1,063
- Rosario Project	1,101	1,480	594
Gross Profit (Loss) - Zimapan Mine	992	-	-
- Veta Grande Project	(511)	(691)	(1,295)
- Rosario Project	(672)	54	(890)

⁽¹⁾Financial results from the Zimapan Mine have been recorded on a 100% basis as they are consolidated for financial reporting purposes. Conversely, production metrics including material processed (tonnes), silver equivalent produced (ounces) and silver equivalent sold (payable ounces) have been reported as to the Company's 50% proportionate interest in the Zimapan Mine for Q3 2019.

The Company realized an average silver price of \$17.52 per ounce during Q3 2019 which represents a 22% increase from Q3 2018 and a 20% increase from Q2 2019.

The Company recorded a net loss of \$1,432 in Q3 2019 compared to a net loss of \$2,888 in Q3 2018 and a net loss of \$1,137 in Q2 2019. The Company expects a continued improvement to operating results moving forward at all three mines. At Veta Grande mineralized material from the Garcia mine and Armados vein is now being milled individually on a campaign basis and not blended. It is anticipated that metal recoveries will improve from this processing change and operating results improve.

Operational Results and Costs

Selected operating information for the three-month periods ended September 30 and June 30, 2019, and September 30, 2018 is presented below:

	2019	2019	2018
	Q3	Q2	Q3
Material Processed (tonnes milled)			
Zimapan Mine ⁽⁵⁾	82,242	-	-
Veta Grande Project			

43,999

37,156

42,011

Rosario Project	22,048	20,789	15,965
Consolidated	148,289	57,945	57,976
Silver Equivalent Produced (ounces) ^{(1) (4)}			
Zimapan Mine ⁽⁵⁾	606,589	-	-
Veta Grande Project	214,282	204,612	134,788
Rosario Project	131,961	141,409	64,256
Consolidated	952,832	346,021	199,044
Silver Equivalent Sold (payable ounces) ⁽²⁾			
Zimapan Mine ⁽⁵⁾	346,490	-	-
Veta Grande Project	114,705	149,898	88,462
Rosario Project	65,139	127,850	49,372
Consolidated	526,334	277,748	137,834
Cash Cost of Production per Tonne ⁽³⁾			
Zimapan Mine	41.89	-	-
Veta Grande Project	47.67	59.59	51.68
Rosario Project	82.10	68.55	75.79
Consolidated	49.58	62.80	58.32
Cash Cost per Silver Equivalent Ounce ⁽³⁾			
Zimapan Mine	16.32	-	-
Veta Grande Project	19.79	17.68	26.28
Rosario Project	27.96	14.23	29.39
Consolidated	18.52	16.09	27.40
All-in Sustaining Cash Cost per Silver Equivalent Ounce ⁽³⁾			
Zimapan Mine	18.56	-	-
Veta Grande Project	26.77	19.70	29.62
Rosario Project	38.63	16.81	33.68
Consolidated	22.83	18.37	31.07
Average Realized Silver Price per Ounce ⁽³⁾			

Zimapan Mine	17.45	-	-
Veta Grande Project	17.64	14.67	14.30
Rosario Project	17.65	14.65	14.34
Consolidated	17.52	14.66	14.31

(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 for silver, gold, lead, zinc and copper respectively applied to the metal content of the lead and zinc concentrates produced by the Veta Grande Project and the Rosario Project for all three quarters and 50% of the lead, zinc and copper concentrates produced by the Zimapan Mine in Q3 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 lead and zinc concentrates produced by the Veta Grande Project and 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 Veta Grande Project, Rosario Project in all respective quarters referenced above and 50% of the lead, zinc and copper concentrates produced by the Zimapan Mine in Q3 2019.

(3) The Company reports non-IFRS measures which include Cash Cost per Silver Equivalent, All-in Sustaining Cash Cost per Silver Equivalent, Cash Cost of Production per Tonne, 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. See the Company's MD&A filed on SEDAR or its website for a reconciliation of these amounts to the unaudited interim financial statements for the respective periods.

(4) The comparative figures for Q1 and Q2 2019 and for Q3 and Q4 2018 have been restated from the originally disclosed amounts based on an internal review of past metallurgical reporting practice and the adoption by management of new procedures designed to more accurately calculate the relevant data.

(5) Amounts reflect Santacruz's 50% proportional ownership of PCG during Q3.

Cash cost per ounce in Q3 2019 was \$18.52 per payable ounce of silver sold, a decrease of 32% from \$27.40 per ounce in Q3 2018 and an increase of 15% from \$16.09 per ounce in Q2 2019. The change in unit costs as compared to Q2 2019 reflects the addition of the Zimapan Mine production at \$16.32/oz and to a lesser extent reflects increases in unit costs of 12% at the Veta Grande Project and 97% at the Rosario Project. The Rosario increased unit cost is largely the result of a one-time charge for certain mine operations expenditures. Management is confident that Rosario will now begin to show improved operating results moving forward.

All-in Sustaining Cost per ounce in Q3 2019 was \$22.83 per payable ounce of silver sold, a decrease of 27% from \$31.07 per ounce in Q3 2018 and an increase of 24% from \$18.37 per ounce per ounce in Q2 2019. The changes occurred for the same reasons as those relating to the cash cost per ounce changes referenced above.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects, Veta Grande and Rosario, and two exploration properties, the Minillas property and Zacatecas properties. The Company also owns effective October 4, 2019, 100% of Carrizal Mining S.A. de C.V. Carrizal Mining is a private Mexican mining company that holds a 20% working interest in the Company's Veta Grande Project and has the right to operate the Zimapan Mine until December 31, 2020 under a mining lease agreement.

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,
President and CEO

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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.

Rosario Project

The decisions to commence production at the Rosario Mine, Cinco Estrellas Property and Membrillo Prospect were not based on a feasibility study of mineral reserves demonstrating economic and technical viability, but rather on a more preliminary estimate of inferred mineral resources. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production 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.

Veta Grande Project

The decision to commence production at Veta Grande Project was not based on a feasibility study on mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production 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.

Zimapan Mine

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.

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