

Santacruz Silver Reports Fourth Quarter / Year-End 2020 Financial Results

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Vancouver, May 6, 2021 - [Santacruz Silver Mining Ltd.](#) (TSXV: SCZ) (FSE: 1SZ) (the "Company" or "Santacruz") reports on its financial and operating results for the fourth quarter ("Q4") of 2020 and for the 2020 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.

Carlos Silva, CEO of Santacruz, stated; "Halting operations at Zimapan and reducing production at Rosario during Q2 in order to ensure the well-being of our employees was a difficult decision but undoubtedly the right one. Shortly after the mandatory suspension was lifted and safety measures were properly implemented, production and mine development activities were resumed with a steady ramp up to the end of Q3 when operating efficiencies started to take effect as demonstrated during Q4." Mr Silva continued; "At Rosario a new mining method is being introduced and initial results are very promising with respect to improved mining dilution while at Zimapan we are starting to ramp up production from the Lomo del Toro mine."

Selected operating and financial information for the three months and years ended December 31, 2020 and 2019 is presented below:

| | Three months ended Dec 31, Years ended Dec 31, | | | |
|--|--|-----------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| Financial | | | | |
| Revenue - Mining Operations | 9,905 | 9,964 | 33,097 | 27,140 |
| Revenue - Mining Services | - | - | - | 1,971 |
| Gross Profit (Loss) ⁽⁴⁾ | 807 | (1,550) | 988 | (1,711) |
| Impairment | - | (12,202) | - | (12,202) |
| Net Loss | (607) | (16,017) | (1,493) | (20,432) |
| Net Loss Per Share - Basic (\$/share) | (0.00) | (0.08) | (0.01) | (0.12) |
| Adjusted EBITDA ⁽⁴⁾ | (3,536) | (3,442) | (5,446) | (5,181) |
| Operating | | | | |
| Material Processed (tonnes milled) | 201,585 | 220,154 | 663,519 | 469,291 |
| Silver Equivalent Produced (ounces) ⁽¹⁾ | 1,000,242 | 1,324,303 | 3,655,320 | 2,829,453 |
| Silver Equivalent Sold (payable ounces) ⁽²⁾ | 662,475 | 805,468 | 2,590,592 | 1,851,191 |
| Production Cost per Tonne ⁽³⁾ | 50.06 | 51.03 | 48.24 | 54.97 |
| Cash Cost per Silver Equivalent (\$/oz.) ⁽³⁾ | 23.04 | 18.75 | 18.93 | 18.34 |
| All-in Sustaining Cost per Silver Equivalent (\$/oz.) ⁽³⁾ | 24.41 | 21.29 | 21.30 | 21.55 |
| Average Realized Silver Price per Ounce (\$/oz.) ^{(3) (5)} | 24.05 | 17.00 | 19.53 | 16.75 |

⁽¹⁾ Silver equivalent ounces produced in 2020 have been calculated using prices of \$17.85/oz., \$1,480/oz., \$0.92/lb, \$1.09/lb and \$2.80/lb. for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Veta Grande Project, Rosario Project and the Zimapan Mine. Operations at the Vets Grande Project were suspended in Q1 2020 and to date have not resumed. 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 all of 2019 as well as 50% and 100% of the metal content of the concentrates produced at the Zimapan Mine in Q3 and Q4 2019 respectively.

⁽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 concentrates sold from the Veta Grande Project, Rosario Project and Zimapan Mine in 2020 and 2019.

⁽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. See "Non-IFRS Measures" section, below for definitions.

(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 quarterly financial statements.

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

Financial Results

2020 Annual Results

The Company recorded a net loss of \$1,493 (\$0.01 per share) for the year ended December 31, 2020 compared to a net loss of \$20,432 (\$0.11 per share) for the same period in 2019. The 2019 fiscal year includes an impairment charge of \$12,202 recorded against the Veta Grande Project.

Revenues in 2020 of \$33,097 arose entirely from mining operations whereas in 2019 \$27,140 was generated by mining operations and \$1,971 by mining services. Individually the Zimapan Mine, Rosario Project, and Veta Grande Project generated respectively 89%, 9%, and 2% of revenues in 2020 as compared to 54%, 16%, 24%, and 7% respectively in 2019 at the Zimapan Mine, Rosario Project, Veta Grande Project, and for Mining Services. Mining operations at the Veta Grande Project were suspended in March 2020 until the terms of the Contracuña Option Agreement can be restructured. Given the uncertainty as to the outcome of these discussions the Company is unable to project if or when operations will resume at the Veta Grande Project.

Cash cost of sales in 2020 includes direct mining operations costs of \$31,399 (2019 - \$29,687). The increase in mining operations cash cost of sales is virtually all related to the inclusion of the Zimapan Mine for all of 2020, offset by the decrease in production at the Rosario Project and the suspension of operations at the Veta Grande Project.

During 2020 the Company recorded operating expenses of \$7,144 (2019 - \$4,611). Operating expenses increased mainly due to an increase in administrative expenses, professional fees and a one-time share-based payment during 2020 associated with recording 100% of financial results from the Zimapan Mine.

Q4 2020

The Company recorded a net loss of \$607 (\$0.00 loss per share) for the year ended December 31, 2020, compared to net loss of \$16,017 (\$0.08 loss per share) for the year ended December 31, 2019. Q4 2019 results include an impairment charge of \$12,202 recorded against the Veta Grande Project.

The Company recorded revenues of \$9,905 (2019 - \$9,964), mining operation cash cost of sales of \$9,173 (2019 - \$11,378), and a reduction of amortization and depletion expenses of \$75 (2019 - expense of \$136) for the three months ended December 31, 2020 resulting in a gross profit from operations of \$807 (2019 - gross loss of \$1,550). Management expects that gross margins from operations will continue to improve as a result of ongoing operational improvements at both the Zimapan Mine and Rosario Project.

Operational Results and Costs

Zimapan Mine

The production amounts reported for fiscal 2020 reflect Santacruz's 100% proportionate interest in the Zimapan Mine for the full year as opposed to 50% during Q3 2019 and 100% for Q4 2019. Prior to Q3 2019 the Company had no proportionate interest in the Zimapan Mine. As a result, the following discussion with

respect to the Zimapan Mine's operating results and costs is limited to comparing Q4 2020 to Q4 2019.

On April 21, 2020, in response to the global Covid-19 pandemic, the Company temporarily suspended its mine, mill and exploration activities at the Zimapan Mine in Zimapan, Hidalgo, Mexico. The suspension of operations was strictly proactive as no cases of Covid-19 had been documented at the Zimapan mine.

On May 19, 2020, the Mexican government authorized the resumption of non-essential activities in municipalities that present low or no known cases of transmission of the SARS-CoV-2 virus, subject to criteria defined by the Secretariat of Health. The municipality of Zimapan, Hidalgo State, Mexico was classified as a low-risk municipality. The Zimapan Mine resumed operations in May 2020 at reduced production rates, gradually increasing production back to target levels.

As compared to Q4 2019, the Q4 2020 silver equivalent production decreased 9% to 909,379 from 996,032. This negative change is entirely due to the difference in metal prices used in each respective period for calculating the respective silver equivalent ounces produced. Had the 2019 metal prices been used for the Q4 2020 production figures the Q4 2020 silver equivalent production would have increased by 7% as compared to Q4 2019.

Cash cost of production per tonne of mineralized material processed decreased by 3% in Q4 2020 to \$48.90/t as compared to \$50.61/t in Q4 2019. This resulted from an 8% increase in the cash cost of production while the tonnes of mineralized material processed increased by 12%.

Cash cost of production per silver equivalent ounce sold increased 25% in Q4 2020 compared to Q4 2019. This resulted from a 12% increase in the cash cost of sales while the silver equivalent payable ounces produced decreased by 11%. The negative change in the silver equivalent payable ounces sold in Q4 2020 as compared to Q4 2019 is largely the result of the computation process for silver equivalent payable ounces sold being negatively impacted by the 141% (\$7/oz) increase in the realized price of silver on a comparative basis.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 24% in Q4 2020 to \$24.95/oz as compared to \$20.19/oz in Q4 2019. This resulted from an 10% increase in the cash cost of sales while the silver equivalent payable ounces produced decreased by 11%. This negative change is largely for the same reasons as referenced above in the discussion regarding cash cost of silver equivalent ounces sold.

Rosario Project

Operations at the Rosario Project during 2020 were impacted by a lower than normal level of mining equipment availability and by reduced labour availability, primarily for underground mining operations. The reduced labour availability reflects management's concerns for the safety of those employees that were at high risk with respect to exposure to Covid-19. Accordingly, those employees were furloughed, reducing the underground mining workforce. With respect to equipment availability, this matter was addressed during Q3 2020 with the procurement of two additional scooptrams. Silver production during Q4 2020 increased by 103% as compared to Q3 2020 and silver equivalent production increased by 60%.

Silver equivalent ounces produced at the Rosario Project, all from the Membrillo Prospect, decreased 37% in 2020 as compared to 2019 for the reasons referenced above.

Cash cost of production per tonne of mineralized material processed decreased by 4% in 2020 to \$72.33/t as compared to \$75.28/t in 2019. This change reflects a 23% decrease in cash cost of production offset by a 20% decrease in tonnes milled on a year over year basis.

Cash cost of production per silver equivalent ounce sold increased by 40% in 2020 to \$27.00/oz as compared to \$19.25/oz in 2019. This change in unit costs reflects in part a 42% decrease in silver equivalent payable ounces sold offset by a 19% decrease in cash cost of sales. The reasons for these changes are as referenced earlier.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 64% in 2020 to \$41.17/oz as compared to \$25.14/oz in 2019. This change in unit costs reflects in part a 42% decrease in silver equivalent payable ounces sold offset by a 6% decrease in cash cost of sales. The reasons for these changes are as referenced earlier.

Veta Grande Project

In March 2020 the Company suspended operations at the Veta Grande Project until the terms of the Contracuña Option Agreement were restructured. Given the uncertainty as to the outcome of these discussions the Company is unable to project if or when operations will resume at the Veta Grande Project. In connection with this matter and other impairment indicators, the Company recorded an impairment charge of \$12,202 against the Veta Grande Project in Q4 2019.

In view of the current suspension of activities at the Veta Grande Project the Company has determined to not provide any comparison of unit production or results of operations to prior periods as all such comparisons are significantly impacted by suspension of activities making a comparison meaningless.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (Rosario and Zimapán) and two exploration properties including the Minillas property and Zacatecas Santa Gargonia property. 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, including statements relating to production at the Zimapán Mine and Rosario Project and the Company's plans to grow it. 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; market conditions and volatility and global economic conditions, including increased volatility and potentially negative capital raising conditions resulting from the continued COVID-19 pandemic and risks relating to the extent and duration of such pandemic and its impact on global markets; risk of delay and/or cessation in planned work or changes in the Company's financial condition and development plans; risks associated with the interpretation of data

(including in respect of 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; 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.

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