

# Santacruz Silver Reports Fourth Quarter/Year-End 2021 Financial Results

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Vancouver, May 3, 2022 - [Santacruz Silver Mining Ltd.](#) (TSXV: SCZ) ("the Company" or "Santacruz") reports on its financial and operating results for the fourth quarter ("Q4") of 2021 and for the year ended December 31, 2021. 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](http://www.santacruzsilver.com) or on SEDAR at [www.sedar.com](http://www.sedar.com). All financial information is prepared in accordance with International Financial Reporting Standards ("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, "During 2021 the Zimapan and Rosario mines generated a gross profit of US\$10.3 million as compared to US\$1.0 million in 2020, however; a one-time administration expenses and Mexican income tax-based adjustments resulted in an overall consolidated net loss of US\$11.6 million. Production for silver, zinc and copper, increased in 2021 when compared to 2020." Mr. Silva continued, "During 2021, Zimapan AISC increased to US\$22.45/oz from US\$19.03 which was primarily attributable to cost escalations related to the increased developments at the Lomo de Toro, the Concordia and Escondida area, additional costs incurred for preventative maintenance on the mobile fleet and the Mexican labour reform that came into effect during 2021."

Mr. Silva went on to say, "Placing our Rosario mine into care and maintenance during 2021 was a prudent decision which has allowed us to start this year entirely focus on our more productive assets. In addition, the recently acquired Bolivian silver and zinc assets from Glencore will transform the Company into a solid producer in 2022 and beyond. We have started a drilling campaign at the Santa Gorgonia exploration project which is adjacent to our Zimapan mine. We are anticipating announcing the first drilling results by the end of the second quarter of 2022."

Selected consolidated operating and financial information for the three months and year ended December 31, 2021, and the three months and year ended December 31, 2020 is presented below.

	Three months ended Dec 31, Years ended Dec 31,			
	2021 <sup>(1)</sup>	2020	2021 <sup>(1)</sup>	2020
Financial				
Revenue	13,821	10,217	53,334	33,097
Gross profit	621	1,119	10,298	988
Net loss	(10,450)	(295)	(11,565)	(1,493)
Net loss per share - basic (\$/share)	(0.03)	(0.00)	(0.04)	(0.01)
Adjusted EBITDA (loss) <sup>(2)</sup>	(4,469)	1,402	713	(181)
Operating				
Material processed (tonnes milled)	192,901	201,585	730,412	652,423
Silver equivalent produced (ounces) <sup>(3)</sup>	842,027	1,000,242	3,220,974	3,590,451
Silver production (ounces)	318,374	340,888	1,289,172	1,135,713
Gold production (ounces)	0	77	132	276
Lead production (tonnes)	1,012	1,022	3,747	3,828
Zinc production (tonnes)	3,442	2,954	12,518	10,868
Copper production (tonnes)	488	402	1,820	1,544
Average head grade (g/t Ag eq)	184	218	185	233
Development (metres)	2,865	2,891	9,951	8,255

<sup>(1)</sup> Operations at the Rosario Project were suspended with no production from August 2021. Certain assets of the Rosario Project were disposed of in December 2021.

<sup>(2)</sup> The Company reports non-IFRS measures, which include Adjusted EBITDA. This measure is widely used in the mining industry as a benchmark for performance but does not have a standardized meaning and may

differ from methods used by other companies with similar descriptions. Refer to the "Non-IFRS Measures" section in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for a reconciliation of Adjusted EBITDA to the annual and quarterly financial statements.

<sup>(3)</sup> In the above table, silver equivalent produced (ounces) in 2021 have been calculated using prices of \$25.00/oz., \$1,925/oz., \$0.85/lb., \$1.05/lb. and \$3.00/lb. for silver, gold, lead, zinc and copper respectively applied to the metal content of the concentrates produced by the Zimapan Mine and the Rosario Project. Silver equivalent produced (ounces) 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 Zimapan Mine and the Rosario Project. Operations at the Veta Grande Project were suspended in Q1 2020 and to date have not resumed.

## Financial Results

### 2021 Annual Results

The Company recorded a net loss of \$11,565 (\$0.04 loss per share) for the year ended December 31, 2021 compared to a net loss of \$1,493 (\$0.01 loss per share) for the year ended December 31, 2020.

Revenues were \$53,334 (2020 - \$33,097) with the increase primarily due to increased metal prices in 2021 as compared to 2020 in addition to increased metal production. Mining operations at the Rosario Project were suspended in August 2021 and certain assets of the Rosario Project were sold in December 2021.

Mining operation cash cost of sales of \$38,899 (2020 - \$31,399) increased in part due to cost escalations, increased maintenance expenditure, a non-recurring charge of \$1,033 due to a Mexican labour reform that became effective September 2021 and costs incurred reflective of a 12.0% increase in mineralized material processed at the Company's milling facilities.

Operating expenses of \$17,067 (2020 - \$7,144) increased due to severance payments related to the decision to place the Rosario Mine on care and maintenance, management, consulting and various payments related to the Bolivian asset acquisition, an increase in share-based compensation payments as a result of stock options granted to directors, officers, employees and consultants during 2021 and a charge related to inflation adjustment, penalties and surcharges on certain tax balances. Also, as a result of the taxable profitability of the Zimapan Mine, the Company is incurring additional employee profit sharing expenses.

### Q4 2021

The Company recorded a net loss of \$10,450 (\$0.03 loss per share) for the three months ended December 31, 2021 compared to a net loss of \$295 (\$0.00 per share) for the three months ended December 31, 2020. Net loss in Q4 2021 was impacted by an increase in finance expense (due primarily to a decrease in IVA recovery of inflationary gain of \$3,944 and an increase in the decommissioning and restoration provision of \$854) and the loss on disposition of certain assets of the Rosario Project of \$1,095.

Revenues amounted to \$13,821 (2020 - \$10,217), mining operation cash cost of sales of \$10,086 (2020 - \$9,173) and operating expenses of \$7,383 (2020 - \$3,631). The increase in operating expenses reflects an increase in administrative costs, share based compensation payments and charges related to inflation adjustment, penalties and surcharges on certain tax balances, offset by a decrease in professional fees (owing in part to the reversal of a \$1,000 accrual).

## Operational Results and Costs

### Zimapan Mine

Silver equivalent ounce production in 2021 decreased 5.6% to 3,113,264 ounces as compared to 3,298,899 ounces in 2020. This decrease is due to the impact of using different metal price decks for the 2021 and 2020 fiscal years.

Cash cost of production per tonne of mineralized material processed increased 18.3% in 2021 to \$51.92/t as compared to \$43.88/t in 2020. This resulted from a 12% increase in tons milled which contributed to a 40% increase in total cash cost of production, which was primarily driven by various cost escalations including a non-recurring charge of \$1.49/t due to a Mexican labour reform that came into effect during 2021.

As compared to Q4 2020, the Q4 2021 cash cost of production per tonne of mineralized material processed increased by 3.8% to \$50.77/t. This result reflects an 18.3% increase in the cash cost of production due to a 7.2% decrease in the tonnes of mineralized material processed during Q4 2021.

AISC per silver equivalent ounce sold increased 18.0% in 2021 to \$22.45/oz as compared to \$19.03/oz in 2020. AISC increased 47.8%, which included a non-recurring charge of \$0.36/oz due to a Mexican labour reform that came into effect during 2021, offset by the aforementioned 25.2% increase in silver equivalent ounces sold.

As compared to Q4 2020, the Q4 2021 AISC per silver equivalent ounce sold decreased 1.7% to \$25.38/oz. This result reflects a 56.0% increase in AISC and a 53.4% increase in silver equivalent ounces sold in Q4 2021.

#### Rosario Mine

On October 5, 2021, the Company announced it was suspending operations at the Rosario Mine and placing it on care and maintenance. In December 2021, the Company completed the sale of certain assets of the Rosario Project. In view of these events, the Company has determined not to provide any comparison of unit production or results of operations to prior periods as such comparisons are significantly impacted by the suspension of operations and subsequent transfer of certain net assets of the Rosario Project as part of the sale of certain tax losses, making comparison of limited value.

#### About Santacruz Silver Mining Ltd

The Company is engaged in the operation, acquisition, exploration and development of mineral properties in Latin America, with a primary focus on silver and zinc, but also including lead and copper. The Company currently has four producing projects which include the Zimapan Mine and recently the acquired Bolivian assets, Caballo Blanco mine, Bolivar mine (45% interest) and Porco mine (45% interest) in addition to the San Lucas ore sourcing and trading business (100% interest). The Company holds three exploration properties in its mineral property portfolio, the La Pechuga Property (Mexico), the Santa Gorgonia Prospect (Mexico) and the Soracaya Prospect (Bolivia).

'signed'

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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 Zimapan Mine 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, or escalation of the COVID-19 pandemic and risks relating to the extent and duration of such pandemic and its impact on global markets; controls or regulations and political or economic developments in Bolivia; risk of delay and/or cessation in planned work or changes in the Company's financial condition and development plans; risks associated with the Company's plan to undertake certain post-closing reorganization steps in respect of the target entities; 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; employee relations; relationships with and claims by local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licences and permits and the presence of laws and regulations that may impose restrictions on mining; 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](http://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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