

Santacruz Silver Reports Second Quarter Financial Results

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VANCOUVER, Aug. 21, 2023 - [Santacruz Silver Mining Ltd.](#) (TSXV: SCZ) ("Santacruz" or "the Company") reports its financial operating results for the second quarter ("Q2") of 2023. The full version of the financial statements and accompanying Management's Discussion and Analysis (the "MD&A") can be viewed on the Company's website at www.santacruzsilver.com and SEDAR+ at www.sedarplus.ca.

Q2 2023 Highlights

- Processed 443,969 tonnes of material in the quarter: 926,466 tonnes in the first half 2023;
- Produced of 5,569,535 silver equivalent ounces in the quarter: 11,213,918 silver equivalent ounces in the first half 2023;
- Cash cost per silver ounce sold of \$19.34 in the quarter: \$18.29 in the first half of 2023;
- AISC per silver ounce sold of \$22.89: \$21.80 in the first half of 2023;
- Revenue of \$63,854,000 in the quarter: \$129,232,000 in the first half of 2023;
- Adjusted EBITDA of \$9,138,000 in the quarter: \$21,740,000 in the first half of 2023.

Arturo Préstamo, Executive Chairman and Interim CEO of Santacruz, commented, "The Company had another solid performance during the second quarter with production, costs, and sales relatively in line with the previous quarter. Mr. Préstamo continues to believe there is potential to upgrade our operations and are currently focusing on areas where we see opportunities for operational improvement. By doing this, we aim to make processes more efficient, reduce costs, and get the most out of each of our assets."

Selected consolidated financial and operating information for the quarter ended June 30, 2023 are presented below. 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.

2023 Second Quarter Highlights

	2023-Q2	2023-Q1	Change Q2 vs Q1	2022-Q2	Change Q2 vs Q2	2023-YTD
Operational						
Material Processed (tonnes milled)	443,969	482,497	(8 %)	435,119	2 %	926,466
Silver Equivalent Produced (ounces) ⁽²⁾	5,569,535	5,644,383	(1 %)	4,922,055	13 %	11,213,918
Silver Ounces Produced	1,786,461	1,769,520	1 %	1,410,485	27 %	3,555,981
Lead Tonnes Produced	2,824	3,043	(7 %)	2,825	- %	5,867
Zinc Tonnes Produced	22,281	22,463	(1 %)	20,433	9 %	44,744
Copper Tonnes Produced	297	415	(28 %)	329	(10 %)	712
Silver Equivalent Sold (payable ounces) ⁽³⁾	4,087,787	4,380,895	(7 %)	8,605,909	(93 %)	8,468,682
Cash Cost of Production per Tonne ⁽⁴⁾	88.61	85.71	3 %	110.06	(19 %)	87.17
Cash Cost per Silver Equivalent Ounce Sold (\$/oz) ⁽⁴⁾	19.34	17.29	12 %	15.40	26 %	18.29
All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold (\$/oz) ⁽⁴⁾	22.89	20.76	10 %	17.14	34 %	21.80
Average Realized Price per Ounce of Silver Equivalent Sold (\$/oz) ^{(4) (5)}	22.00	22.03	- %	21.09	4 %	22.02
Financial						
Revenues	63,854	65,378	(2 %)	128,388	(50 %)	129,232
Gross Profit	10,976	14,680	(25 %)	27,957	(61 %)	25,656
Net (loss) Income	1,353	(949)	243 %	3,834	(65 %)	404
Net Earnings (Loss) Per Share - Basic (\$/share)	0.00	0.00	- %	0.01	(66 %)	0.00
Adjusted EBITDA ⁽⁴⁾	9,138	12,602	(27 %)	25,440	(65 %)	21,740
Cash and Cash Equivalent	7,720	11,988	(36 %)	4,804	61 %	7,720
Working Capital (Deficiency)	(20,484)	(14,319)	(43 %)	(64,313)	65 %	(34,803)

Second Quarter 2023 Production Summary - By Mine

	Bolivar ⁽⁶⁾	Porco ⁽⁶⁾	Caballo Blanco Group	San Lucas	Zimapan	Consolidated
Material Processed (tonnes milled)	66,689	46,085	74,268	85,258	171,668	443,969
Silver Equivalent Produced (ounces) ⁽²⁾	961,580	689,902	1,211,475	1,827,724	878,854	5,569,535
Silver Ounces Produced	424,664	195,509	399,811	495,344	271,133	1,786,461
Lead Tonnes Produced	302	214	825	635	849	2,824
Zinc Tonnes Produced	3,323	3,098	4,804	8,315	2,741	22,281
Copper Tonnes Produced	N/A	N/A	N/A	N/A	297	297
Average head grades per mine:						
Silver (g/t)	217	154	182	216	69	147
Zinc (%)	5.57	7.15	6.98	10.69	2.25	5.66
Lead (%)	0.62	0.58	1.44	1.21	0.67	0.88
Copper (%)	N/A	N/A	N/A	N/A	0.33	0.33
Silver Equivalent Sold (payable ounces) ⁽³⁾	408,571	351,919	762,023	1,978,767	586,507	4,087,787

Notes for both tables above:

- (1) On March 18, 2022 the Company closed the acquisition of all Bolivian assets from Glencore and the results of the Bolivian Operations are included in the consolidated results of the Company from that date.
- (2) Silver Equivalent Produced (ounces) have been calculated using prices of \$21.86/oz, \$0.91/lb, \$1.52/lb and \$3.67/lb for silver, lead, zinc and copper respectively applied to the metal production divided by the silver price.
- (3) Silver Equivalent Sold (payable ounces) have been calculated using the Average Realized Price per Ounce of Silver Equivalent Sold stated in the table above, applied to the payable metal content of the concentrates sold from Zimapan, Bolivar, Porco, the Caballo Blanco Group, and San Lucas.
- (4) The Company reports non-GAAP measures, which include Cash Cost of Production per Tonne, Cash Cost per Silver Equivalent Ounce Sold, All-in Sustaining Cash Cost per Silver Equivalent Ounce Sold, Average Realized Price per Ounce of Silver Equivalent Sold, Adjusted EBITDA. 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-GAAP Measures" section below for definitions.
- (5) Average Realized Price per Ounce of Silver Equivalent Sold is prior to all treatment, smelting and refining charges.
- (6) Bolivar and Porco are presented at 100% whereas the Company records 45% of revenues and expenses in its consolidated financial statements.
YTD 2022 numbers are affected by the partial quarter of Bolivian production in Q1 2022. On March 18, 2022, the Company closed the acquisition of the Bolivian Assets from Glencore and the results of the operations of the Bolivian assets are included in the consolidated operational and financial results of the Company from that date.

Production

During the quarter, the Company processed 443,969 tonnes and silver equivalent ounces produced was 5,569,535. During the same period last year, 435,119 tonnes of material was processed, and 4,922,055 silver equivalent ounces was produced. While total material processed was relatively consistent when comparing Q2 2023 to Q2 2022, the larger proportion of production originating from higher grade operations, especially San Lucas, resulted in an increase in silver equivalent ounces produced.

When compared to the previous quarter, there was a slight decrease in material processed. Silver equivalent ounces produced of 5,569,535 included 1,786,461 ounces of silver, 2,824 tonnes of lead, 22,281 tonnes of zinc and 297 tonnes of copper. The slight decrease in material processed was offset by an increase in silver production from San Lucas, which resulted in silver equivalent ounce production being in line with the previous quarter.

Cash Cost of Production per Tonne

Consolidated cash cost of production per tonne of mineralized material processed was \$88.61 in Q2 2023 compared to \$110.06 for the same period last year. Since acquiring the Bolivian assets, the steady increase in unit production costs at Zimapan have been offset by significant decreases in unit production costs at the Bolivian operations for a net reduction cash costs of 11% per tonne.

When compared to the previous quarter, consolidated cash cost of production per tonne of mineralized material processed increased slightly due to the increase in unit production costs at Zimapan which produced fewer feed tonnes due to a two-week haulage stoppage that took place in June. This occurred when a trucking contractor imposed a temporary work stoppage over a contract dispute, which reduced ore extraction from the Monte mine. In addition, Zimapan experienced higher costs due to several compounding factors including an unfavourable exchange rate, and issues with concentrate quality. The concentrate quality issues have been subsequently resolved and are not expected to affect production in Q3 2023.

Cash Cost per Silver Equivalent Ounce Sold

Cash cost per silver equivalent ounce sold in Q2 2023 was \$19.34, and was \$15.40 for the same period last year. In Q2 2022, the Company sold stockpiled concentrate due to the new offtake agreement terms for zinc concentrate effective Q2 2022 that changed the shipping terms from Free on Board ("FOB") to Delivered at Place Unloaded ("DPU") basis, which resulted in revenue from the stockpiled ore being recognized in Q2 2022. In addition, some mining costs associated with the stockpile ore was incurred in Q1 2022. The combination of these factors reduced the cash cost per silver ounce sold.

Consolidated results for Q2 2023 show a 12% increase in cash costs per silver equivalent ounce sold compared to Q1 2023. This increase is primarily a result of 7% lower ounces sold because of the lower metal production in Q2 2023.

All-In Sustaining Cash Cost ("AISC") per Silver Equivalent Ounce Sold

Q2 2023 AISC per silver equivalent ounce sold was \$22.89, and in Q2 2022 was \$17.14. The amount of stockpiled concentrate sold in Q2 2022 as explained above had a positive effect on AISC per silver equivalent ounce sold in that quarter.

Consolidated AISC per silver equivalent ounce sold increased 10% quarter-on-quarter to \$22.89, mainly a result of the 7% decrease in silver equivalent ounces sold. Bolivian consolidated AISC per silver equivalent ounce sold increased slightly versus Q1 2023, however the increase at Zimapan resulting from lower sales volume due to lower production increased the consolidated Q2 2023 AISC per silver equivalent ounce sold.

About Santacruz Silver Mining Ltd.

Santacruz Silver 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 ore sourcing and trading business are also in Bolivia. The Zimapan mine is in Mexico.

'signed'

Arturo Préstamo Elizondo,
Executive Chairman

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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 potential to upgrade the Company's operations, and the benefits therefrom.

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 Company will be unable to upgrade their operations as expected, or that the Company will be unable to derive the expected benefits from a change in its operations, 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 there is the potential to upgrade the Company's operations. ~~Arturo Préstamo Elizondo, Executive Chairman, Email: arturo@cantacruzsilver.com, Telephone: +1 (528) 183 7857, or info@cantacruzsilver.com, Telephone: +1 (604) 351 7909~~ info@cantacruzsilver.com, Telephone: +1 (604) 351 7909

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