

Santacruz Silver Reports First Quarter 2020 Financial and Production Results

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the “Company” or “Santacruz”) reports on the operating and financial results from its Mexican mining operations for the first quarter of 2020. 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.

Q1 2020 Highlights

- Consolidated mining operations generated a gross loss of \$1,874 dollars including gross loss from Zimapan of \$363, and gross losses from Rosario and Veta Grande of \$433 and \$1,078 respectively;
- Net loss after taxes of \$87;
- Consolidated cash cost per silver equivalent ounce sold \$18.60 and AISC of \$20.39

Carlos Silva, CEO of Santacruz, stated, "With the acquisition of Carrizal Mining now complete our focus has shifted to streamlining operations for improved efficiency. Our primary focus is to get the Zimapan operations back to historic throughput levels – a task that has been made more challenging by taking the necessary COVID-19 precautions at the beginning of March. Rosario’s contribution to earnings is expected to increase as mining operations begin to access higher grade material and efforts are made to increase throughput. The one-time cost of shutting the Veta Grande operations increased our cost per ounce metrics in the current quarter, but with operations curtailed these costs are not forecast to flow through to future periods. The costs of managing an effective COVID prevention program will weigh on our Q2 results, but with improved silver prices we expect to have a strong Q3."

Financial Results

Selected consolidated financial information for the three-month periods ended March 31, 2020 and December 31 and March 31, 2019 is presented below:

	Q1 2020	Q4 2019	Q1 2019
Revenue – Mining Operations	7,816	9,964	2,490
Revenue – Mining Services	-	-	790
Gross Profit (Loss) ⁽¹⁾	(1,874)	(1,550)	(514)
Impairment	-	(12,202)	-
Net Loss	(87)	(16,017)	(1,846)
Net Loss Per Share – Basic (\$/share)	(0.00)	(0.08)	(0.01)
Adjusted EBITDA ⁽¹⁾	(2,909)	(3,442)	(921)

⁽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 in the Q1 2020 and Q4 2019 figures but not in the Q1 2019 as the Company did not acquire the lease rights to the Zimapan Mine until July 2019.

Selected Operating Unit financial information for the three-month periods ended March 31, 2020 and December 31 and March 31, 2019 is presented below:

	Q1 2020	Q4 2019	Q1 2019
Revenue – Mining Operations – Zimapan Mine ⁽¹⁾	6,532	7,235	-
– Veta Grande Project	586	1,602	1,631
– Rosario Project	698	1,127	859
Gross Loss – Zimapan Mine	(363)	(930)	-
– Veta Grande Project	(1,078)	(421)	(976)
– Rosario Project	(433)	(199)	(328)

⁽¹⁾ Financial results from the Zimapan Mine have been recorded on a 100% basis in the Q1 2020 and Q4 2019 figures but not in the Q1 2019 as the Company did not acquire the lease rights to the Zimapan Mine until July 2019.

The Company realized an average silver price of \$16.66 per ounce during Q1 2020 which represents a 10% increase from Q1 2019 and a 2% decrease from Q4 2019.

The Company recorded a net loss of \$87 (\$0.00 loss per share) in Q1 2020 compared to a net loss of \$1,846 (\$0.01 loss per share) in Q1 2019 and a net loss of \$16,017 in Q4 2019. The net income recorded in Q1 2020 includes a foreign exchange gain of \$3,366. This significant matter arose as a result of the Mexican peso weakening by 25% at March 31, 2020 as compared to December 31, 2019. If this gain had not arisen in Q1, the Company would have reported a net loss of \$3,453 reflecting a gross loss of \$1,874 (2019 - \$514) from mining operations and operating expenses of \$1,303 (2019 - \$627). Included in the Q4 2019 net loss is an amount of \$12,202 recorded with respect to an impairment charge taken on the Veta Grande Project.

Revenues in Q1 2020 of \$7,816 arose entirely from mining operations whereas in Q1 2019 \$2,490 was generated by mining operations and \$790 by mining services. The significant increase in mining operations revenue is a result of the acquisition of Carrizal Mining during 2019. Mining operations at the Veta Grande Project were suspended in late February in order to facilitate capital upgrades to the processing plant and tailings storage facility. Prior to commencing such capital upgrades the Company needs to restructure the terms of the Contracuaña Option Agreement. Discussions are ongoing between the parties with respect to this matter. 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 Q1 2020 includes mining operations of \$9,422 (2019 - \$3.575). The increase in mining operations cash cost of sales is virtually all related to the Company's acquired interest during July 2019 in the leased Zimapan Mine.

During Q1 2020 the Company recorded operating expenses of \$1,303 (2019 - \$627). Operating expenses increased in 2020 reflecting the addition of the Zimapan Mine operations.

The Company recorded a foreign exchange loss of \$496 in Q1 2019 as compared to a foreign exchange gain of \$3,366 in Q1 2020. 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 Q1 2020.

Management advises that Q2 2020 financial and operating results will be negatively impacted by the suspension of mining operations at the Zimapan Mine from mid-April to mid-May due to operating precautions related to the Covid-19 pandemic. Management anticipates that by Q3 operating costs and production rates will begin trending back to historical levels.

Operational Results and Costs

Selected operating information for the three-month periods ended March 31, 2020 and December 31 and March 31, 2019 is presented below:

	Q1 2020	Q4 2019	Q1 2019
Material Processed (tonnes milled)			
Zimapan Mine	139,903	161,071	-
Veta Grande Project	11,095	36,111	32,625
Rosario Project	17,497	22,972	10,279
Consolidated	168,495	220,154	42,904
Silver Equivalent Produced (ounces) ⁽¹⁾⁽⁴⁾			
Zimapan Mine ⁽⁵⁾	829,514	996,032	-
Veta Grande Project	64,870	193,748	148,616
Rosario Project	73,251	134,523	57,681
Consolidated	967,635	1,324,303	206,297
Silver Equivalent Sold (payable ounces) ⁽²⁾			
Zimapan Mine ⁽⁵⁾	626,984	612,131	-
Veta Grande Project	47,854	80,531	134,016
Rosario Project	61,111	112,806	70,825
Consolidated	735,949	805,468	204,841
Cash Cost of Production per Tonne ⁽³⁾			
Zimapan Mine	48.15	50.61	-
Veta Grande Project	148.36	49.06	51.68
Rosario Project	62.12	57.15	75.79
Consolidated	56.20	51.03	58.32
Cash Cost per Silver Equivalent Ounce ⁽³⁾			
Zimapan Mine	16.53	18.53	-
Veta Grande Project	39.54	19.87	26.28
Rosario Project	23.47	19.11	29.39
Consolidated	18.60	18.75	27.40
All-in Sustaining Cash Cost per Silver Equivalent Ounce ⁽³⁾			
Zimapan Mine	17.57	20.19	-
Veta Grande Project	46.34	23.70	29.62
Rosario Project	29.01	26.30	33.68
Consolidated	20.39	21.29	31.07
Average Realized Silver Price per Ounce ⁽³⁾			
Zimapan Mine	16.38	16.85	-
Veta Grande Project	17.01	17.40	14.30
Rosario Project	16.38	17.47	14.34
Consolidated	16.66	17.00	14.31

⁽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 leased Zimapan Mine. 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, the Rosario Project and the leased Zimapan Mine for all of 2019.

⁽²⁾ The comparative figures for Q1 2019 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.

⁽³⁾ 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 respectively.

⁽⁴⁾ 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.

Zimapan Mine

The following discussion compares production during Q1 2020 to Q4 2019 since the Company had no rights to the Zimapan Mine production during Q1 2019.

As compared to Q4 2019, the Zimapan Mine silver equivalent production in Q1 2020 decreased by 17%. The decrease is due to the different metal price assumptions being used in 2020 for the purposes of this calculation as compared to 2019. On a constant metal price basis using 2020 metal prices for computing the 2019 silver equivalent production, the silver equivalent production change is nominal. Importantly, the tonnes of material processed in Q1 2020 decreased by 13% as compared to Q4 2020, with this negative variance being offset by improved metal recoveries. Management is working to restore milled tonnage back to historical levels by the end of Q3 2020 while maintaining or improving on current head grades and recoveries.

Cash cost of production per tonne of mineralized material processed decreased by 5% in Q1 2020 to \$48.15/t as compared to \$50.61/t in Q4 2019. This change reflects a 17% decrease in the cash cost of production while the tonnes of mineralized material processed decreased by 13%.

Cash cost of production per silver equivalent ounce sold decreased by 11% in Q4 2019 to \$16.53/oz as compared to \$18.53/oz in Q4 2019. This change in unit costs reflects a 9% decrease in cash cost of sales and a 2% increase in silver equivalent payable ounces produced.

Late in Q1 2020 certain senior operations staff redeployments were made with a view to increasing production back to historical levels by the end of Q3 2020 which should have a positive impact on production unit costs.

All-in sustaining cash cost of production per silver equivalent ounce sold decreased by 13% in Q1 2020 to \$17.57/oz as compared to \$20.19/oz in Q4 2019. This change in unit costs reflects an 11% decrease in AISC cash cost and a 2% increase in silver equivalent payable ounces produced.

As previously referenced management is taking steps to increase production back to historical levels by the end of Q3 2020 which should 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.

Veta Grande Project

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.

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 rendering such a comparison meaningless.

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

Operations at the Rosario Project in Q1 2020 were impacted by a lower than normal level of mining equipment availability. This matter has been addressed late in Q2 2020 with procurement of two additional scooptrams.

Production at the Rosario Project, all from the Membrillo Prospect, improved by 27% in Q1 2020 as compared to Q1 2019. On a constant metal price basis using 2020 metal prices for computing the 2019 silver equivalent

production, the silver equivalent production increase is 184% reflecting significant increases in tonnage milled and silver head grade.

As compared to Q4 2019, production decreased by 46% in Q1 2020. On a constant metal price basis using 2020 metal prices for computing the 2019 silver equivalent production, the silver equivalent production decrease is 38% reflecting a 24% decrease in tonnage milled and decreased metal recoveries. 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. The additional mining equipment procured for the project in the second quarter of 2020 should result in an increase of production towards the target amount.

Cash cost of production per tonne of mineralized material processed decreased by 46% in Q1 2020 to 62.12/t as compared to \$114.80/t in Q1 2019. This positive change reflects an 8% decrease in cash cost of production combined with 70% increase in tonnes milled on a quarter over quarter basis.

As compared to Q4 2019 the Q1 2020 unit costs increased by 9% to \$62.12/t. This change reflects a 24% decrease in tonnes processed accompanied by a 17% decrease in cash cost of production. As referenced above the objective management is to reach 400 tpd before the end of Q3 2020 with improved head grades.

Cash cost of production per silver equivalent ounce sold increased by 19% in Q1 2020 to \$23.47/oz as compared to \$19.78/oz in Q1 2019. This change in unit costs reflects in part a 2% increase in cash cost of sales combined with a 14% decrease in silver equivalent payable ounces sold. The increase in silver equivalent payable ounces sold in 2019 is largely due to the improved head grade.

As compared to Q4 2019 the Q1 2020 unit costs increased 18%. The cash cost of sales decreased 10% while the amount of silver equivalent payable ounces sold decreased by 24%. The decrease in silver equivalent payable ounces sold reflects weaker metal recoveries in Q1 2020. This matter is being addressed by management in Q2.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 12% in Q1 2020 to \$29.01/oz as compared to \$25.85/oz in Q1 2019. This change in unit costs reflects in part a 3% decrease in AISC cash cost and a 14% decrease in silver equivalent payable ounces sold.

As compared to Q4 2019 the Q1 2019 all-in sustaining unit costs increased 10%. The cash cost of sales decreased 16% while the amount of silver equivalent payable ounces sold decreased by 24%. As referenced above, the increase in silver equivalent payable ounces sold in 2019 is largely due weaker metal recoveries in Q1 2020.

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.

2020 First Quarter Consolidated Production Results

Summary of Production Results	2020 Q1	2019 Q4	2019 Q1
Material Processed (tonnes milled)	168,495	220,154	42,904
Silver eqv. ounce production ^{(1) (2)}	967,735	1,324,303	206,297
Silver production (ounces) ⁽²⁾		345,314	77,702
Gold production (ounces) ⁽²⁾		280	155
Lead production (tonnes) ⁽²⁾		1,060	163
Zinc production (tonnes) ⁽²⁾		3,504	538
Copper production (tonnes)		482	-
Average Head Grade (g/t Ag Eqv.) ⁽¹⁾	240	278	252

2020 First Quarter Zimapan Mine Production

Summary of Production Results	2020 Q1	2019 Q4	2019 Q1
Material Processed (tonnes milled)	139,903	161,071	-
Silver eqv. ounce production ⁽¹⁾	829,514	996,032	-
Silver production (ounces)	245,344	248,953	-
Silver head grade (g/t)	77	72	-
Lead head grade (%/t)	0.73	0.51	-
Zinc head grade (%/t)	2.41	2.44	-
Copper head grade (%/t)	0.43	0.43	-
Silver recovery (%)	71.27	66.1	-
Lead production (tonnes)	913	695	-
Zinc production (tonnes)	2,303	2,591	-
Copper production (tonnes)	438	482	-
Average Head Grade (g/t Ag Eqv.) ⁽¹⁾	250	278	-

2020 First Quarter Veta Grande Project Production Results

Summary of Production Results	2020 Q1	2019 Q4	2019 Q1
Material Processed (tonnes milled)	11,095	36,111	32,625
Silver eqv. ounce production ^{(1) (2)}	64,870	193,748	148,616
Silver production (ounces) ⁽²⁾	22,089	53,615	61,858
Silver head grade (g/t)	85.72	102	119
Gold head grade (g/t)	0.22	0.24	0.19
Lead head grade (%/t)	1.15	1.27	0.77
Zinc head grade (%/t)	2.07	2.23	1.89
Silver recovery (%) ⁽²⁾	72.2	45.1	49.6
Gold production (ounces) ⁽²⁾	47	116	82
Lead production (tonnes) ⁽²⁾	120	277	134
Zinc production (tonnes) ⁽²⁾	188	534	356
Average Head Grade (g/t Ag Eqv.) ⁽¹⁾	231	297	269

2020 First Quarter Rosario Project Production Results

Summary of Production Results	2020 Q1	2019 Q4	2019 Q1
Material Processed (tonnes milled)	17,497	22,972	10,279
Silver eqv. ounce production ^{(1) (2)}	73,251	134,523	57,681
Silver production (ounces) ⁽²⁾	29,324	43,106	15,844
Silver head grade (g/t)	63.26	64	47
Gold head grade (g/t)	0.22	0.28	0.29
Lead head grade (%/t)	0.36	0.41	0.29
Zinc head grade (%/t)	1.78	2.02	2.09
Silver recovery (%) ⁽²⁾	82.4	90.6	92.9
Gold production (ounces) ⁽²⁾	84	163	73
Lead production (tonnes)	52	88	29
Zinc production (tonnes) ⁽²⁾	231	379	183
Average Head Grade (g/t Ag Eqv.) ⁽¹⁾	169	214	196

⁽¹⁾
$$\text{AgEqvOz} = \frac{(\text{Au} * \text{Pau}) + (\text{Ag} * \text{Pag}) + (\text{Pb} * \text{Ppb} * 2205) + (\text{Zn} * \text{Pzn} * 2205) + (\text{Cu} * \text{Pcu} * 2205)}{(\text{Pag})}$$

Metal Prices 2020: Ag \$17.85, Au \$1,480, Pb \$0.92, Zn \$1.09, Cu \$2.80
 Metal Prices 2019: Ag \$15.25, Au \$1,281, Pb \$0.94, Zn \$1.20, Cu \$2.92

⁽²⁾ The comparative figures for 2019 Q1 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.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company that currently owns and operates the Rosario Project. The Company also owns 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 also has rights to two exploration properties, the Minillas property and Zacatecas properties as well as the Veta Grande Project where mining operations are currently suspended.

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.