

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1. NAME AND ADDRESS OF ISSUER

Santacruz Silver Mining Ltd. (the "Issuer")
880 – 580 Hornby Street, Vancouver, BC V6C 3B6
Telephone: 604-569-1609 / Fax: 604-684-0642

ITEM 2. DATE OF MATERIAL CHANGE

August 8 and August 10, 2017

ITEM 3. NEWS RELEASE

Issued August 8 and August 10, 2017

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Issuer announced on August 8, 2017 that it had entered into a definitive agreement (the "Gavilanes Agreement") pursuant to which Marlin Gold Mining Ltd. ("Marlin"), through its wholly-owned subsidiary, will acquire 100% of the Issuer's interest in the Gavilanes Project in Durango, Mexico (the "Gavilanes Transaction") for cash consideration of US\$3.5 million, plus applicable value added taxes ("VAT").

In addition, the Issuer reported that it had also agreed to settle the outstanding balance (the "Gavilanes Outstanding Balance") owing on certain of the claims included in the Gavilanes Project by making a cash payment of US\$500,000 and issuing 1,250,000 of common shares of Santacruz to the property vendor (the "Payment Shares"), plus all applicable VAT.

Completion of the Gavilanes Transaction is conditional upon the approval of the TSX Venture Exchange, the release of the security interest of JMET, LLC ("JMET") over the Gavilanes Project and additional customary closing conditions. Concurrently with completion of the Gavilanes Transaction, the Issuer will use a portion of the proceeds therefrom to settle the remaining outstanding debt owed to JMET.

The Issuer announced on August 10, 2017 that it settled the outstanding balance owing on certain claims included in the Gavilanes Project by making a cash payment of US\$500,000 and issuing 1,250,000 common shares of Santacruz, plus applicable VAT to the property vendor.

Pursuant to the terms of the Gavilanes Agreement, Marlin provided US\$580,000 to Santacruz as a refundable deposit to fund the cash payment portion of the Gavilanes Outstanding Balance. The amount of the Deposit will be deducted from the purchase price otherwise payable by Marlin on closing of the Gavilanes Transaction.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

See the news releases dated August 8 and August 10, 2017, respectively, attached as Schedule "A".

ITEM 5.2 DISCLOSURE FOR RESTRUCTURING TRANSACTIONS

Not applicable.

ITEM 6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not Applicable.

ITEM 7. OMITTED INFORMATION

There are no significant facts required to be disclosed herein which have been omitted.

ITEM 8. EXECUTIVE OFFICER

Contact: Robert McMorran, Chief Financial Officer
Telephone: 604-569-1609

ITEM 9. DATE OF REPORT

August 11, 2017



TSX.V: SCZ
FSE: 1SZ

TSX.V: MLN

Santacruz Silver Enters Definitive Agreement to Sell Gavilanes Project to Marlin Gold for US\$3.5 million

August 8, 2017 – Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (“Santacruz”) and Marlin Gold Mining Ltd. (TSX.V:MLN) (“Marlin”) are pleased to announce that they have entered into a definitive agreement (the “Gavilanes Agreement”) pursuant to which Marlin, through its wholly-owned subsidiary, will acquire 100% of Santacruz’s interest in the Gavilanes Project in Durango, Mexico (the “Gavilanes Transaction”), for cash consideration of US\$3.5 million, plus applicable value added taxes (“VAT”).

Santacruz has also agreed to settle the outstanding balance (the “Gavilanes Outstanding Balance”) owing on certain of the claims included in the Gavilanes Project by making a cash payment of US\$500,000 and issuing 1,250,000 of common shares of Santacruz to the property vendor (the “Payment Shares”), plus all applicable VAT.

Pursuant to the terms of the Gavilanes Agreement, Marlin will advance US\$580,000 to Santacruz within three business days of execution of said agreement as a refundable deposit (the “Deposit”) to fund the cash payment portion of the Gavilanes Outstanding Balance. The amount of the Deposit will be deducted from the purchase price otherwise payable by Marlin on closing of the Gavilanes Transaction. The Transaction is expected to close in August 2017.

Gavilanes is a low sulphidation epithermal deposit located in the San Dimas mining district of Durango, Mexico, approximately 25 kilometers east of the San Dimas mine owned and operated by Primero Mining Corp. The current NI 43-101 resource estimate is approximately 6.1 million AgEq indicated ounces (953,000 tonnes grading 200.5 g/t AgEq) and 28.2 million AgEq inferred ounces (5.4 million tonnes grading 163.0 g/t AgEq).¹ For additional information, see the NI 43-101 Mineral Resource estimate titled “2013 Mineral Resource Estimate, Gavilanes Project, Durango, Mexico”, dated November 13, 2013, prepared for Santacruz and available on Santacruz’s SEDAR profile (the “Gavilanes Mineral Resource Estimate”).

Akiba Leisman, Executive Chairman and Interim CEO of Marlin states that “this acquisition is a great transaction for both companies. Marlin gets to acquire an advanced exploration asset in one of the most prolific mining jurisdictions in the world for an attractive price, and Santacruz emerges as a debt free silver producer. The potential of Gavilanes is substantial, and we are proud to use the full extent of our technical and financial capabilities to advance the project and add substantial value to Marlin shareholders.”

Arturo Prestamo, CEO of Santacruz says that “This transaction will allow us to settle in full our outstanding obligations to JMET, LLC thereby unencumbering our assets, improving our working capital and giving us more flexibility to advance our producing Veta Grande and Rosario Projects”.

Completion of the Gavilanes Transaction is conditional upon, among other things, the approval of the TSX Venture Exchange in respect of the transaction (including the issuance of the Payment Shares), the release of the security interest of JMET, LLC (“JMET”) over the Gavilanes property and additional customary closing conditions. Concurrently with completion of the Gavilanes Transaction, Santacruz intends to use a portion of the proceeds therefrom to settle the remaining outstanding debt owing to JMET.

¹ The equation to establish AgEq is: $(Cu\% \times 71.65) + (Pb\% \times 21.38) + (Auppm \times 42.37) + (Agppm \times 0.69) + (Zn\% \times 19.18) / 0.69$. 100% recovery has been assumed for all metals in this silver equivalent estimate. At this stage of the project no metallurgy has been completed and the reader is cautioned that 100% recoveries are never achieved. The resource was estimated based on 9,623.9 meters of HQ diamond drilling in 47 drill holes over approximately 750 meters of strike length and a total of 3,362 assays. The resources were defined to a maximum depth of approximately 300 meters below surface with a total of 198 down hole surveys utilized for control.

Qualified Person Statement

The resource estimation for the Gavilanes Mineral Resource Estimate was completed by Gary Giroux, P.Eng. of Giroux Consultants and utilized a geological model completed by Hans Smit, P.Geo and Fletcher Bourke, P.Geo. The geological model has six domains; Guadalupe vein (GP), GP envelope, Descubridora vein (DS), DS envelope, San Nicolas (SN) envelope and Stockwork Zone. Assays for each vein, envelope and stockwork zone were examined and a top cap was applied to each variable within each domain. Uniform 2.5 m composites were formed for the vein envelopes and stockwork zone while 0.5 m composites were formed for the two vein domains. Variography was completed for the GP vein, GP envelope and the Stockwork zone. Grades for all variables were interpolated into blocks 2.5 x 5 x 5 m using Ordinary Kriging. For blocks with multiple domains present, a weighted average was determined for the mineralized portion. A specific gravity was established for each domain based on 216 measurements of drill core. Estimated blocks were classified as Indicated or Inferred based on geologic and grade continuity. All technical information included in this news has been reviewed and approved by Gary Giroux, P.Eng. of Giroux Consultants who is independent of Santacruz and is a qualified person, pursuant to the meaning of such terms in NI 43-101.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (Rosario Project, including the Rosario Mine, Cinco Estrellas Property and Membrillo Vein, and the right to operate the Veta Grande Project and milling facility); and two exploration properties, the Minillas Property and Zacatecas properties. Santacruz is managed by a technical team of professionals with proven track records in developing, operating and discovering silver mines in Mexico with a corporate objective to become a mid-tier silver producer.

About Marlin Gold Mining Ltd.

Marlin is a growth-oriented gold and silver mining company focused on the Americas. The company owns two properties located in Sinaloa, Mexico and Arizona, USA and a portfolio of royalties. Marlin's priority is to advance its properties toward commercial production and enhance shareholder value through the growth of its wholly owned subsidiary, Sailfish Royalty Corp. Marlin is backed by a well-funded investor with a successful track record in the resources sector. The La Trinidad Mine in Sinaloa, Mexico declared commercial production on November 1, 2014 and is one of the highest-grade open pit heap leach gold mines in Mexico. A NI 43-101 mineral resource estimate and preliminary economic assessment for the La Trinidad Mine can be found at www.sedar.com or at www.marlingold.com.

For further information please contact:

Neil MacRae, Director, Investor Relations
Santacruz Silver Mining Ltd.
Email: info@santacruzsilver.com
Telephone: (604) 569-1609

-and-

Akiba Leisman, Executive Chairman and Interim CEO
Marlin Gold Mining Ltd.
E-mail: aleisman@marlingold.com
Telephone: 203-862-7059

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward looking information

Certain statements contained in this news release, including information concerning the settlement of the Gavilanes Outstanding Balance and the payment to settle outstanding debt owing to JMETS, the closing of the Gavilanes Transaction and the anticipated results of the Gavilanes Transaction constitute "forward-looking information" as such term is used in applicable Canadian securities laws. Forward-looking information includes, but is not limited to, 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, each of Santacruz and Marlin has applied several material assumptions, including, but not limited to, the assumptions that regulatory approval of issuance of the Payment Shares will be obtained; satisfaction of all conditions precedent for the completion of the Gavilanes Transaction in a timely manner; Santacruz and Marlin's respective financial conditions 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 prove not to be valid or reliable; delays in regulatory approval, receipt of third party consents and/or satisfaction of conditions precedent to completion of the Gavilanes Transaction, as well as the other risks and uncertainties applicable to mineral exploration and development activities and to each company as set forth in Santacruz and Marlin's respective continuous disclosure filings filed under their respective profiles 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. Each of Santacruz and Marlin undertakes no obligation to update forward-looking information or statements, other than as required by applicable law.



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Santacruz Silver Completes Gavilanes Project Payment

August 10, 2017 – Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (“Santacruz”) announces, further to its news release of August 8, 2017, that it has settled the outstanding balance owing on certain of the claims included in the Gavilanes Project (the “Gavilanes Outstanding Balance”) by making a cash payment of US\$500,000 and issuing 1,250,000 common shares of Santacruz, plus applicable value added taxes (“VAT”), to the property vendor. The shares are subject to a hold period and may not be traded until December 11, 2017 except as permitted by applicable securities legislation and the rules and policies of the TSX Venture Exchange.

Marlin Gold Mining Ltd. (“Marlin”) provided US\$580,000 as a refundable deposit (the “Deposit”) to fund the cash portion of the Gavilanes Outstanding Balance in accordance with the terms of the definitive agreement between Marlin, Santacruz and their respective subsidiaries (see news release dated August 8, 2017). Pursuant to such agreement, Marlin, through its wholly-owned subsidiary, will acquire 100% of Santacruz’s interest in the Gavilanes Project in Durango, Mexico (the “Gavilanes Transaction”), for total cash consideration of US\$3.5 million, plus applicable VAT.

On closing of the Gavilanes Transaction, the Deposit will be deducted from the purchase price otherwise payable by Marlin. The Gavilanes Transaction is expected to close in August 2017.

Completion of the Gavilanes Transaction is conditional upon, among other things, the approval of the TSX Venture Exchange, the release of the security interest of JMET, LLC (“JMET”) over the Gavilanes Project and additional customary closing conditions. Concurrently with completion of the Gavilanes Transaction, Santacruz will use a portion of the proceeds therefrom to settle the remaining outstanding debt owing to JMET.

About Santacruz Silver Mining Ltd.

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For further information please contact:

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Gavilanes Transaction constitute "forward-looking information" as such term is used in applicable Canadian securities laws. Forward-looking information includes, but is not limited to, 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, Santacruz has applied several material assumptions, including, but not limited to, the assumptions that regulatory approval will be obtained; satisfaction of all conditions precedent for the completion of the Gavilanes Transaction in a timely manner; Santacruz'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 prove not to be valid or reliable; delays in regulatory approval, receipt of third party consents and/or satisfaction of conditions precedent to completion of the Gavilanes Transaction, as well as the other risks and uncertainties applicable to mineral exploration and development activities and to each company as set forth in Santacruz and Marlin's respective continuous disclosure filings filed under their respective profiles 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. Santacruz undertakes no obligation to update forward-looking information or statements, other than as required by applicable law.