

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1. NAME AND ADDRESS OF ISSUER

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

ITEM 2. DATE OF MATERIAL CHANGE

July 27, 2017

ITEM 3. NEWS RELEASE

Issued July 28, 2017 and disseminated through the facilities of CNW Group.

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Company reports that further to its news release dated July 28, 2017, it has closed, for gross proceeds of \$935,000, the first tranche of the previously announced non-brokered private placement for gross proceeds of up to \$1,500,000 (the "Private Placement"). In connection with the closing of the first tranche, the Company sold 4,675,000 units (the "Units") pursuant to the Private Placement at price of \$0.20 per Unit. Each Unit consisted of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.28 per share for a period of 30 months expiring on January 27, 2020.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

See the news release July 27, 2017 attached as Schedule "A" and forming part of this report.

Robert McMorran, the Chief Financial Officer and Corporate Secretary of the Company, purchased 625,000 Units and Roland Löhner, a director of the Company, purchased 1,000,000 Units for aggregate proceeds of \$325,000. Their participation is considered to be a "related party transaction" within the meaning of TSXV Policy 5.9 and Multilateral Instrument 61-101 ("MI 61-101"). However, the directors of the Company, excluding the interested director, determined that such persons' participation in the Private Placement is exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 in reliance on the exemptions contained in Sections 5.5(a) and 5.7(1)(a), as neither the fair market value of the securities issued to, nor the consideration paid by, such persons exceeds 25% of the Company's market capitalization.

Prior to the completion of the Private Placement, Robert McMorran owned or controlled 2,203,000 common shares of the Company, representing approximately 1.31% of the Company's then issued and outstanding common shares. On completion of the Private Placement, Mr. McMorran owns or controls 2,828,000 common shares, representing approximately 1.63% of the Company's outstanding common shares.

Prior to the completion of the Private Placement, Roland Löhner owned or controlled 1,391,500 common shares of the Company, representing approximately 0.83% of the

Company's then issued and outstanding common shares. On completion of the Private Placement, Mr. Löhner owns or controls 2,391,500 common shares, representing approximately 1.63% of the Company's outstanding common shares.

In connection with the Private Placement, Messrs. McMorrان and Löhner entered into subscription agreements with the Company containing customary provisions and on the same terms as the arm's length subscribers to the Private Placement.

The Company did not file a material change report more than 21 days before the expected closing of the Private Placement as the details of the Private Placement and the participation therein by related parties of the Company were not settled until shortly prior to closing and the Company wished to close the Private Placement on an expedited basis for sound business reasons. In addition, the Company determined that only the issuance of securities pursuant to the Private Placement constituted a material change under applicable securities laws.

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: Arturo Prestamo Elizondo, President and Chief Executive Officer
Telephone: 604-569-1609

ITEM 9. DATE OF REPORT

August 1, 2017



TSX.V: SCZ
FSE: 1SZ

July 28, 2017

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Santacruz Silver Closes First Tranche of Non-Brokered Private Placement

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the "Company" or "Santacruz") reports that further to its news release dated June 28, 2017, it has closed, for gross proceeds of \$935,000, the first tranche of the previously announced non-brokered private placement for gross proceeds of up to \$1,500,000 (the "Private Placement").

The Company sold 4,675,000 units (the "Units") pursuant to the Offering at price of \$0.20 per Unit. Each unit consisted of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.28 per share for a period of 30 months expiring on January 27, 2020. Robert McMorrان, the Chief Financial Officer and Corporate Secretary of the Company, purchased 625,000 Units and Roland Löhner, a director of the Company, purchased 1,000,000 Units for aggregate proceeds of \$325,000. Their participation is considered to be a "related party transaction" within the meaning of TSXV Policy 5.9 and Multilateral Instrument 61-101 ("MI 61-101"). The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of such participation as neither the fair market value of the shares issued to, nor the consideration paid by, such persons exceeds 25% of the Company's market capitalization.

The net proceeds from the Private Placement will be used for general working capital and corporate purposes, as applicable. All securities issued pursuant to the Private Placement are subject to a statutory hold period of four months plus one day from the date of issuance, in accordance with applicable securities legislation, expiring on November 28, 2017.

In connection with the first tranche of the Private Placement, the Company paid finders' fees totalling an aggregate of \$29,400, which represents 6% of the gross proceeds from subscribers introduced by such finders.

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities described herein in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold within the United States (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from such registration requirements.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (Rosario, including the Cinco Estrellas property and Membrillo Vein, and the right to operate the Veta Grande silver project and milling facility); and three exploration properties including the Gavilanes property, Minillas property and Zacatecas properties. 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,
President, Chief Executive Officer and Director

For further information please contact:

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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 constitute "forward-looking information" as such term is used in applicable Canadian securities laws, including, without limitation, statements regarding the anticipated use of proceeds from the Private Placement. 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 but not limited to, that the Company's financial condition and development plans do not change as a result of unforeseen events, that third party mineralized material to be milled by the Company will have properties consistent with management's expectations, that the Company will receive all required regulatory approvals, including final approval of the TSX Venture Exchange in respect of the Private Placement, 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, which could result in lower revenue, higher cost, or lower production levels; delays and/or cessation in planned work; changes in the Company's financial condition and development plans; delays in regulatory approval; 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 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.

Rosario Project

The decisions to commence production at the Rosario Mine, Cinco Estrellas Property and Membrillo Prospect were not based on a feasibility study of mineral reserves demonstrating economic and technical viability, but rather on a more preliminary estimate of inferred mineral resources. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production 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.

Veta Grande Project

The decision to commence production at Veta Grande Project was not based on a feasibility study on mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production 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.