

Santacruz Silver Updates Panuco Deposit, Veta Grande Project Resource Estimate to 19.5 Million AgEq Ounces Inferred

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the “Company” or “Santacruz”) reports that it is today filing on www.SEDAR.com a technical report titled “Technical Report, Veta Grande Project, Zacatecas State, Mexico” dated effective August 20, 2019 (the “Technical Report”) containing an updated mineral resource estimate, under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”). The Technical Report supersedes all previous technical reports prepared for the Company relating to the Veta Grande Project.

The Technical Report is being filed in connection with the Company’s information circular, which is also being filed today, relating to the Company’s annual general meeting (“AGM”) scheduled for October 1, 2019. The information circular includes disclosure relating to the proposed acquisition from Carlos Silva, the Company’s COO, of the remaining 50% shareholding in PCG Mining, S.A. de C.V., a private Mexican company (the “Silva Acquisition”), the principal asset of which is a 20% working interest in Santacruz’s Veta Grande Project (see press release dated May 22, 2019). At the AGM, shareholders will be asked to approve a resolution authorizing the Silva Acquisition pursuant to the requirements of the TSX Venture Exchange. The Technical Report and the information circular can be viewed on the Company’s website at www.santacruzsilver.com or on SEDAR at www.sedar.com.

Summary of the Technical Report

Location, Exploration and Drilling

The Veta Grande Project consists of 184 mining concessions covering an area of 8,944 hectares (22,102 acres) in the Zacatecas Mining District, Mexico. The Veta Grande Project is divided into three concession groups, described as the Veta Grande properties, Minillas property and Zacatecas properties. Although the concession groups are mostly contiguous and have the possibility of sharing the same infrastructure, the nature of Santacruz’s initial ownership of each concession group are materially different. For this reason, the Technical Report describes the three groups as individual properties within one project area.

Santacruz has collected 472 surface rock samples (channel, chip and grab samples) on various vein exposures within the project area. From underground workings, a total of 2,808 underground channel samples have been collected from at least five veins (La Cantera, Veta Grande, Armados, San Jose, and La Flor) from five underground workings (Armados, Garcia, Guadalupana, La Mecha and Cigarrero).

In August of 2016 Santacruz collected 41 chip samples across the width of the Panuco NW, Panuco Central and Tres Cruces veins. No other exploration activities have been conducted by Santacruz and the Company has not performed drilling on the Panuco deposit.

Between January 24, 2018 and March 26, 2019 Santacruz completed 43 diamond drill holes totaling 13,665.60 m. The work was designed to test for mineralization in proximity to and below the lowest known levels of the Armados, Garcia and Navidad underground workings. Significant mineralized intersections were encountered at the Veta Grande vein to the northwest and below the Garcia mine workings. At this location, assay results range from no significant intersections in VG18-009 to 280.10 g/t Ag over 1.59 m in drill hole VG19-014A. Drilling within the Armados mine from the general ramp below Level-4 resulted in several significant intersections of the Armados vein that range between 129.67 g/t Ag to 235.69 g/t Ag over widths that range between 1.00 m to 3.76 m. Intersections into the Navidad vein intersected grades ranging between trace Ag up to 668.64 g/t Ag over 1.95 m in NA18-006. The Phase 1 drill program was successful at identifying additional mineralization below the known workings in each mine area tested. Intersections are reported in approximated true thickness.

The Veta Grande Project is located near the southeastern boundary of the Sierra Madre Occidental physiographic province in north-central Mexico, within the State of Zacatecas and constitutes a portion of the Zacatecas Mining District and Mexican Silver Belt. The Zacatecas Mining District is comprised of three Mesozoic formations that were subsequently covered by Paleocene volcanic rocks and Quaternary cover.

The project concession boundaries contain a number of northwest-southeast striking, southwest dipping, low-sulphidation epithermal silver (+gold+lead+zinc) vein systems including Veta Grande, La Cantera and Panuco, among others. In surface outcrop, the veins can be traced over a distance of 2.4-3.0 km. Veins range from less than 1 m to over 30 m in thickness and consist of quartz, chalcedony, calcite and pyrite, often showing banded, colloform, crustiform, vuggy and/or brecciated textures. The dominant sulfide minerals include sphalerite and galena along with argentite and native silver, and they occur as disseminations, bands, or zones of massive sulfide. Weak to moderate pervasive silicification and narrow zones (1-5 m) of weak argillic and propylitic alteration immediately surround the veins. Locally, the veins are generally hosted within mafic to intermediate intrusives, intermediate volcanosedimentary rocks, and clastic sediments. These units were subsequently cut by younger diorite to quartz-diorite dykes.

Mineral Resource

The Panuco deposit is the only mineral resource estimate calculated and reported for the Veta Grande project. The mineral resource in the Technical Report has an effective date of July 12, 2019 and has been changed since the previous technical report (with effective date of January 31, 2017) due to improvements in the geometric modelling process applied to develop the geometry of the veins and the consequent changes to the sample selections and compositing for the estimation.

The wireframe models representing the mineralized solids were filled using rotated block models with blocks measuring 20 m along strike and dip, and 1 m across strike. Sub-cells were used to fill the models to represent accurate volumes. A different rotation was applied to the block model for each vein to provide a best-fit for each particular vein strike and dip. Average bulk density of 2.74 was applied to the vein portions of blocks while a value of 2.68 was assigned to the waste portions. Grades for gold, silver, lead and zinc were interpolated into blocks containing some percentage of veins by Ordinary Kriging (OK), in the case of the Panuco Central vein, and Inverse Distance Squared, in the case of Panuco NW and Tres Cruces vein. Each vein was estimated separately using only composites from the corresponding vein. Due to the sparsity of drill hole data both drill hole and surface trench composites were used for estimation. A comparison was made between the vein composites and the estimated blocks. The results show reasonable agreement with no significant bias. The relatively sparse data for all three veins has led to classifying all estimated blocks as Inferred.

An economic assessment or similar study has not been completed for the Panuco deposit and an economic cut-off value has not been estimated. The authors of the Technical Report are of the opinion that based on the mineralization characteristics, grade, location and other factors, the Panuco deposit has similarities to the Veta Grande vein system, which is located five km south of the Panuco deposit. Mining operations are currently conducted at a cut-off value of 100 g/t Ag at the Veta Grande.

Applying a nominal cut-off value of 100.0 g/t AgEq for the Panuco deposit, the inferred mineral resource estimate is 3,954,729 tonnes grading 136.00 g/t Ag, 0.14 g/t Au, 0.012% Pb and 0.110% Zn or 153.20 g/t AgEq. This represents 19,472,901 ounces of AgEq as shown in the table below.

Resource classed as Inferred within all mineralized Veins

Cut Off AgEq (g/t)	Tonnes > Cut-off t (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	AgEq (Ozs)
70	5,633,142	117.66	0.13	0.010	0.088	133.0	24,079,401
75	5,405,259	119.98	0.13	0.010	0.090	135.5	23,548,065
80	5,142,065	122.60	0.14	0.011	0.094	138.5	22,892,412
90	4,477,091	129.62	0.14	0.011	0.102	146.4	21,069,521
100	3,954,729	136.00	0.14	0.012	0.110	153.2	19,472,901
115	3,196,451	145.94	0.15	0.012	0.118	163.9	16,847,056
125	2,512,119	156.72	0.15	0.013	0.126	175.8	14,199,767
140	1,921,356	169.60	0.16	0.014	0.126	189.3	11,696,524
150	1,505,278	181.28	0.17	0.014	0.124	201.5	9,753,081
175	915,428	207.87	0.18	0.014	0.108	228.2	6,715,702



Recoveries are based on actual recoveries from the Veta Grande mineral processing facility which is currently processing material from the nearby Veta Grande vein system.

The metal prices used in the silver equivalent estimate are listed below.

Gold price \$1,350/oz	Recovery - 52.2 %	Factor = Au *Rec*Price/31.1035 = 22.66
Silver price \$16.00/oz	Recovery - 62.1 %	Factor = Ag *Rec*Price/31.1035 = 0.32
Lead price \$0.90/lb	Recovery - 87.9 %	Factor = Pb% * 22.046223 * Rec * Price = 17.44
Zinc price \$1.10/lb	Recovery - 78.6 %	Factor = Zn% * 22.046223 * Rec * Price = 19.06

$GMV = (Au * Rec * Price / 31.1035) + (Pb\% * 22.0462 * Rec * Price) + (Ag * Rec * Price / 31.1035) + (Zn\% * 22.0462 * Rec * Price)$

$AgEq = GMV / Ag \text{ Factor} = GMV / 0.32$

Data Verification and Site Visit

During a site visit between July 9-10, 2019, Van Phu Bui, P. Geo of ARC Geoscience Group ("ARC") reviewed drill collar locations and mineralized drill core intersections for the 2018/2019 Phase 1 drill program completed at the Garcia, Armados and Navidad mine areas. ARC collected five quarter-core samples to verify the presence of mineralization. The five verification samples returned analytical results that include silver concentrations ranging between 10.20 g/t Ag to 575.30 g/t Ag. ARC performed a 10% quality control check on collar locations, mineralized drill core sample intervals, and geological descriptions. No material discrepancies were identified and ARC has no reason to doubt the authenticity and quality of the information. During the same site visit, ARC confirmed that no additional work has been performed on the Panuco deposit since the initial surface sampling program completed by Santacruz in 2016 and ARC's site visit on August 16-19, 2016.

Sampling and Laboratory

For the Pamuco deposit, half-core samples and chip samples from surface trenches were submitted to ALS Chemex in Zacatecas, Mexico, and were assayed at ALS Chemex in Vancouver, Canada. ALS Chemex, now ALS Mineral, is an ISO accredited and certified laboratory service. All samples were prepared by crushing 70% to <2 mm (CRU-31). The fines are rifle split and further pulverized 85% to <75 microns (PUL-31). Pulps were then analyzed by 33 element four acid ICP-AES (0.25 g by ME-ICP61) and fire assay with an AA finish for gold (50g by Au-AA24). Samples with gold results above 10 g/t using Au-AA24 were rerun using fire assay with a gravimetric finish (50g by Au-GRA22). Samples with silver above 100 g/t using ME-ICP61 were rerun using fire assay with gravimetric finish (30g by Ag-GRA21). Over-limit for copper, lead and zinc using ME-ICP61 were rerun by an aqua regia digestion with an ICP-AES finish (ME-OG62).

For the Phase 1 drill program, drill core was logged, photographed and cut in half with a diamond saw. Half-core samples were sent to SGS Minerals Services in Durango, Mexico (17025 accredited), for preparation and analysis. Drill core samples were analyzed for 33 elements by four-acid digestion of a 0.5-gram sample followed by an ICP-AES (inductively coupled plasma atomic emission spectroscopy) finish. Over-limit for Pb, Zn and Cu were further analyzed by sodium peroxide fusion of a 0.5-gram sample followed by ICP-AES finish. Au and Ag was also analyzed by fire assay of a 30-gram sample followed by AAS (atomic absorption spectroscopy) finish for Au and gravimetric finish for Ag. As part of the company's quality assurance/quality control (QA/QC) program, independently certified control samples (standard and blank pulp samples) were inserted in each analytical batch. Field duplicate samples were also submitted for analysis. The control and duplicate sample results were then checked to ensure proper QA/QC.

Qualified Persons

All scientific or technical information included in this press release has been reviewed and approved by the two authors of the Technical Report, namely Van Phu Bui, P. Geo. of ARC Geoscience Group and Michael F. O'Brien, P. Geo of Rockridge Partnership & Associates, each of whom is a qualified person and is independent of the Company within 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, Veta Grande and Rosario. The Veta Grande Project includes two exploration properties, the Minillas property and Zacatecas properties. The Company also owns 50% of PCG Mining, S.A. de C.V, a holding company that owns 100% of Carrizal Mining S.A. de C.V. Carrizal Mining is a private Mexican mining company, the principal asset of which is a 20% working interest in the Company's Veta Grande Project. Carrizal Mining also has the right to operate the Zimapan Mine until December 31, 2019 under a mining lease agreement.

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 and CEO

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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 the Silva Acquisition and the inferred mineral resource for the Panuco deposit. 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, that the Company will receive all required regulatory approvals to complete the Silva Acquisition and that future metal prices and the demand and market outlook for metals will remain stable or improve. Material assumptions relating to the inferred mineral resource are contained in the Technical Report. 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; 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.

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.