



TSX.V: SCZ
FSE: 1SZ

June 7, 2021

Santacruz Silver Mining Ltd. Announces Settlement of Debts with Third Party Creditors

Vancouver, British Columbia – Santacruz Silver Mining Ltd. (TSXV: SCZ) (FSE: 1SZ) (“Santacruz”, or the “Company”) announces that it intends to issue an aggregate of 10,342,604 common shares of the Company at a price of \$0.432 per share in settlement of outstanding debts totalling C\$4,468,005 (the **“Debt Settlements”**).

Pursuant to the terms of a debt settlement agreement dated as of the date hereof, the Company has agreed to issue 9,907,530 common shares of the Company (the **“Manquiri Settlement Shares”**) in settlement of outstanding debts totaling C\$4,280,053 (US\$3,545,438) (the **“Manquiri Debt”**) owing to Empresa Minera Manquiri, S.A. (**“Manquiri”**). The Manquiri Debt was accrued pursuant to a loan agreement dated March 6, 2018, among Impulsora Minera Santacruz, S.A. de C.V. (the **“Borrower”**), a wholly owned subsidiary of the Company, the Company, as guarantor, and Manquiri, as amended by a first amendment agreement dated July 2, 2018, as amended by a second amendment agreement dated October 2, 2018 and further amended by a third amendment agreement dated January 30, 2020 (together, the **“Loan Agreement”**). Pursuant to the Loan Agreement, Manquiri advanced to the Borrower the sum of US\$2,300,000 (the **“Manquiri Loan”**) that accrued interest at the rate of 9% per annum, which was subsequently amended to 12% per annum. The Manquiri Loan had a maturity date of March 31, 2021; however, pursuant to a debt acknowledgement and obligation of payment agreement dated April 21, 2021, the parties agreed to settle the Manquiri Debt by July 21, 2021.

Pursuant to a debt NSR settlement agreement dated as of the date hereof, the Company has also agreed to issue 435,074 common shares of the Company (the **“Güilloyna Settlement Shares”** together with the Manquiri Settlement Shares, the **“Settlement Shares”**) in settlement of outstanding debts totaling CAD\$187,952 (USD\$156,000) (the **“Güilloyna Debt”**) owing to Minas Güilloyna, S.A. de C.V. (**“Güilloyna”**). The Güilloyna Debt was accrued pursuant to a Net Smelter Returns Agreement dated September 19, 2014 (the **“NSR Agreement”**) among the Borrower, the Company, as guarantor, and Güilloyna, that was entered into in connection with the Company's acquisition of the Rosario Mine from Güilloyna. Pursuant to the NSR Agreement, the Borrower agreed to pay a net smelter return royalty for of up to 1.0% on precious metals produced from the Rosario Mine. On December 31, 2016, the net smelter return royalty in the amount of US\$156,000 became due and owing to Güilloyna.

By issuing the Settlement Shares, the Manquiri Debt and Güilloyna Debt will be definitively extinguished. The Company is proposing to issue the Settlement Shares in order to preserve cash to fund future operations.

The Debt Settlements are subject to all necessary regulatory approvals, including acceptance from the TSX Venture Exchange. All securities issued in connection with the Debt Settlements will be subject to a four-month hold period from the closing date under applicable Canadian securities laws, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company that currently owns and operates the Rosario Project and the Zimapan Mine.

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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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 Statements:

Cautionary Note Regarding Forward-Looking Statements: This 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" or "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would" or "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 discussions of future plans, estimates and forecasts and statements as to management's expectations and intentions with respect to, among other things: the Debt Settlements.

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: the Company not receiving the necessary regulatory approvals in respect of the Debt Settlements.

In making the forward looking statements in this news release, the Company has applied several material assumptions, including without limitation, that: the Company will receive the necessary regulatory approvals in respect of the Debt Settlements.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statement, forward-looking information or financial out-look that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.