

Santacruz Silver Amends Contracuña Option Agreement and Short-term Loan Agreement

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the “Company” or “Santacruz”) announces that it has reached agreement with the Contracuña group of companies (“Contracuña”) to amend the payment terms of the Contracuña Option Agreement. In addition, the Company has reached agreement to amend the repayment terms of the US\$ 2.3 million short-term loan (“the Loan”) it has with a private Bolivian mining company.

Contracuña Option Agreement

The Company and Contracuña have agreed to amend the terms of the Option Agreement (see press releases dated June 21 and December 14, 2017) to acquire 100% ownership of the Veta Grande Project, including the Veta Grande mine and milling facility as well as the Minillas property located in Zacatecas, Mexico.

Details of the payment schedule per the amendment to the Option Agreement are as follows:

1. US\$500 paid on December 13, 2017 (paid);
2. US\$100 on or before October 1, 2018;
3. US\$100 on or before November 1, 2018;
4. US\$750 on or before December 13, 2018;
5. US\$1,400 on or before August 31, 2019;
6. US\$3,000 on or before December 2, 2019;
7. US\$3,000 on or before December 2, 2020;
8. US\$4,000 on or before December 2, 2021; and
9. US\$4,250 on or before December 2, 2022;

The October 1 and November 1, 2018 payments of \$100 relate to amounts included in accounts payable as at June 30, 2018 and accordingly payment of these amounts will be offset by a reduction in trade debt. The August 31, 2019 payment of \$1.4 million is secured by a promissory note issued by the Company to Contracuña and relates to the reclassification of certain trade debt owing to Contracuña. The referenced trade debt balance is included in the Company’s accounts as at June 30, 2018. All other terms of the Option Agreement remain unchanged.

Short-term Loan Agreement

Santacruz has reached agreement with the private Bolivian mining company holding the Loan (see press release dated March 7, 2018) to amend the repayment terms. Pursuant to the amended terms the principal balance of US\$2.3 million is now to be repaid October 1, 2018 (previously July 1, 2018). In addition, effective July 1, 2018 the interest rate increases from 9% to 12% per annum. Further, subject to TSX Venture Exchange approval, the Company has agreed to extend to March 6, 2020 the expiry date of 2,000,000 warrants previously issued to the lender. The exercise price of the warrants remains unchanged at \$0.16 per share.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (Veta Grande Project and Rosario Project) and two exploration properties (Minillas Property and Zacatecas Properties). The Company’s corporate objective is to become a mid-tier silver producer.



“signed”

Arturo Préstamo Elizondo,
President and CEO

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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. 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, 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, 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.