

Santacruz Silver Reports Third Quarter 2018 Financial Results

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the “Company” or “Santacruz”) reports on the operating and financial results from the Veta Grande Project in Zacatecas, Mexico and the Rosario Project in San Luis Potosi, Mexico for the third quarter of 2018. The full version of the financial statements and accompanying management’s discussion and analysis can be viewed on the Company’s website at www.santacruzsilver.com or on SEDAR at www.sedar.com. All amounts are in thousands of US dollars unless otherwise indicated.

"During the third quarter we saw the beginning of the turnaround in our mining operations, as our quarter over quarter revenues from mining operations and improved production costs demonstrate." stated Arturo Préstamo, Chief Executive Officer of Santacruz. "Although the positive changes to our production volumes and operating costs were modest, as a result of our significant mine development this year and continued focus on such at both Veta Grande and Rosario, we firmly believe that we are now positioned to see improved production volumes and increased grade of mineralized material being milled at both projects leading to lower unit costs of production."

Selected operating and financial information for the three-month periods ended September 30, 2018, June 30, 2018 and June 30, 2017 is presented below:

	2018 Q3	2018 Q2	2017 Q3
Financial			
Revenue – Mining Operations	1,657	1,466	1,798
Revenue – Mining Services	569	3,569	-
Gross (Loss) Profit ⁽⁴⁾	(2,157)	1,287	(1,819)
Debt Forgiveness	-	2,590	-
Impairment	-	-	(4,350)
Net (Loss) Income	(2,888)	3,297	(5,899)
Net Income (Loss) Per Share – Basic (\$/share)	(0.02)	0.02	(0.04)
Adjusted EBITDA ⁽⁴⁾	(2,739)	1,048	(1,628)
Operating			
Material Processed (tonnes milled)	57,976	52,025	46,940
Silver Equivalent Produced (ounces) ⁽¹⁾	249,431	174,175	231,162
Silver Equivalent Sold (payable ounces) ⁽²⁾	137,834	116,314	166,880
Production Cost per Tonne ⁽³⁾ (\$/t)	58.32	66.12	62.91
Cash Cost per Silver Equivalent (\$/oz.) ⁽³⁾	27.40	32.54	23.65
All-in Sustaining Cost per Silver Equivalent (\$/oz.) ⁽³⁾	31.07	35.48	28.14
Average Realized Silver Price per Ounce (\$/oz.) ^{(2) (5)}	14.31	16.55	16.85

- (1) Silver equivalent ounces produced in 2018 have been calculated using prices of US\$17.00/oz., US\$1,295/oz., US\$1.00/lb. and US\$1.35/lb. for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced by the Company. Silver equivalent ounces produced in 2017 have been calculated using prices of US\$16.00/oz., US\$1,150/oz., US\$1.00/lb. and US\$1.15/lb. for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced by the Company.
- (2) Silver equivalent sold ounces have been calculated using the realized silver prices stated in the table above, applied to the payable metal content of the lead and zinc concentrates sold by the Company.
- (3) The Company reports non-IFRS measures which include Production Cost per Tonne, Cash Cost per Silver Equivalent, All-in Sustaining Cost per Silver Equivalent and Average Realized Silver Price per Ounce. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions.
- (4) The Company reports additional non-IFRS measures which include Gross Profit (Loss) and Adjusted EBITDA. These additional financial disclosure measures are intended to provide additional information.
- (5) Average realized silver price per ounce is prior to all treatment, smelting and refining charges.



Financial Results

The Company realized an average silver price of \$14.31 per ounce during Q3 2018 which represents an approximate 15% decrease from Q2 and Q1 2018 as well as from Q3 2017.

The Company recorded a net loss of \$2,888 in Q3 2018 compared to net income of \$3,297 in Q2 2018 and a net loss of \$5,899 in Q3 2017. The Q2 2018 net income was positively impacted by a one-time adjustment of \$2,590 relating to the forgiveness of certain trade debt by Carrizal while mine services revenue decreased in Q3 2018 leading to a gross margin of \$28. Management expects that mining services revenues will increase in Q4 2018 and generate a more significant gross margin than in Q3. The net loss for Q3 2017 was negatively impacted by an impairment charge of \$4,350.

Revenues in Q3 2018 of \$2,156 include mining operations of \$1,657 (Q3 2017 - \$1,798; Q2 2018 - \$1,466) and mining services of \$569 (Q3 2017 - \$nil; Q2 2018 - \$3,569). The decreased mining services revenues recorded in Q3 2018 reflect decreased service requirements from Carrizal during the quarter. Management anticipates that increased service requirements will occur during Q4.

The Company recorded a gross loss of \$2,157 during Q3 2018 (Q3 2017 – loss of \$1,819; Q2 2018 – profit of \$1,287). The gross loss recorded in Q3 2018 and gross profit reported in Q2 2018 reflect the combined results of the Company's mining operations and mining services activities. During these periods the mining operations resulted in gross losses of \$2,185 and \$2,225 for Q3 2018 and Q2 2018 respectively while mining services resulted in gross profits of \$28 and \$3,452 for the same periods.

Operational Results and Costs

Cash cost per ounce in Q3 2018 was \$27.40 per payable ounce of silver sold, an increase of 16% from \$23.65 per ounce in Q3 2017 and a decrease of 16% from \$32.54 per ounce in Q2 2018. Cash cost per ounce was higher in Q3 2018 as compared to Q3 2017 primarily due to lower head grades in the quarter arising from management's decision to focus on mine development at both the Veta Grande and Rosario Projects. Conversely cash cost per ounce was lower in Q3 2018 as compared to Q2 2018 due to higher grade mineralized material being mined and processed in Q3 2018 at the Veta Grande Project.

All-in Sustaining Cost per ounce in Q3 2018 was \$31.07 per payable ounce of silver sold, an increase of 14% from \$27.14 per ounce in Q3 2017 and a decrease of 12% from \$35.48 per ounce per ounce in Q2 2018. The changes occurred for the same reasons as those relating to the cash cost per ounce changes referenced above.

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 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

For further information please contact:

Arturo Prestamo
Santacruz Silver Mining Ltd.
Email: info@santacruzsilver.com
Telephone: (011) (52) 81 8378 5707

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.