



Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018 and 2017

(Unaudited - expressed in thousands of US dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company and all information contained in the first quarter 2018 report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim consolidated financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Santacruz Silver Mining Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in thousands of US dollars)

	Note	March 31, 2018 \$	December 31, 2017 \$
ASSETS			
Current			
Cash and cash equivalents	3	2,791	35
VAT recoverable and receivables	4	4,943	5,460
Inventory	5	683	383
Prepaid expenses and deposits		641	246
		9,058	6,124
VAT recoverable	4	2,080	2,080
Plant and equipment	7	12,403	12,723
Mine properties	8	5,762	5,747
Exploration and evaluation properties	9	1,274	997
		30,577	27,671
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	17,675	15,783
Loans payable	11	3,950	1,231
Leases	12	1,005	1,477
		22,630	18,491
Leases	12	322	489
Decommissioning and restoration provision	15	512	486
Deferred income tax liability		1,280	1,198
		24,744	20,664
EQUITY			
Share capital	16	98,570	98,570
Stock options and warrants reserve	16(c)	9,333	9,267
Accumulated other comprehensive loss		(1,586)	(1,152)
Deficit		(100,484)	(99,678)
		5,833	7,007
		30,577	27,671

Nature of Operations and Going Concern (Note 1)

Subsequent events (Note 8 (b))

Approved on behalf of the Board:

"Arturo Préstamo Elizondo"
 Director – Arturo Préstamo Elizondo

"Larry Okada"
 Director – Larry Okada

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Santacruz Silver Mining Ltd.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2018 and 2017

(Unaudited - expressed in thousands of US dollars, except per share amounts)

	Note	2018 \$	2017 \$
Revenues			
Mining operations		753	2,085
Mining services	17	2,413	-
Total revenues		3,166	2,085
Cost of sales			
Mining operations	18	2,882	3,144
Mining services	17,18	401	-
Total cost of sales		3,283	3,144
Gross profit (loss)			
Mining operations		(2,129)	(1,059)
Mining services		2,012	-
Total gross loss		(117)	(1,059)
Operating expenses	18	(494)	(483)
Operating loss		(611)	(1,542)
Interest earned and other finance income	19	174	3,739
Interest expense and other finance expenses	19	(280)	(827)
(Loss) income before income tax		(717)	1,370
Income tax (expense) recovery		(89)	120
Net (loss) income for the period		(806)	1,490
Other comprehensive income (loss)			
Currency translation differences		(434)	101
Comprehensive income (loss) for the period		(1,240)	1,591
Loss per share – basic and diluted		(0.00)	0.01
Weighted average number of common shares outstanding		174,420,984	155,187,289

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Santacruz Silver Mining Ltd.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2018 and 2017
(Unaudited - expressed in thousands of US dollars)

	2018	2017
Cash Provided By (Used In):	\$	\$
Operations:		
Net loss for the period	(806)	1,490
Items not affecting cash:		
Deferred income tax expense (recovery)	82	(168)
Accretion of decommissioning provision	8	8
Depletion, depreciation and amortization	391	694
Share-based payments	-	1
Interest expense on loans payable	15	11
Interest expense on JMETS Note	-	267
Change in fair value of derivative assets / liabilities	-	(3,308)
Unrealized foreign exchange	(108)	101
Changes in non-cash working capital:		
VAT recoverable and receivables	517	(295)
Prepaid expenses and deposits	(395)	(64)
Inventory	(300)	(20)
Accounts payable and accrued liabilities	1,220	808
	624	(475)
Investing:		
Exploration and evaluation properties	(277)	(3,235)
Proceeds from disposal of exploration and evaluation properties held for	-	9,500
Acquisition and development costs on mine properties	97	(556)
Acquisition of plant and equipment	-	(7)
Lease payments on plant and equipment	(472)	(168)
	(652)	5,534
Financing:		
Share issuance costs	-	(18)
Repayment of JMETS Note	-	(5,009)
Proceeds from (repayment of) loan payable	2,771	149
	2,771	(4,878)
Net increase in cash and cash equivalents	2,743	181
Effect of exchange rate changes on cash and cash equivalents	13	51
Cash and cash equivalents – beginning of period	35	40
Cash and cash equivalents – end of period	2,791	272
Cash paid during the period for:		
Interest	20	119
Income taxes	-	48
Non-cash Transactions (Note 21)		

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Santacruz Silver Mining Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - expressed in thousands of US dollars, except share and per share amounts)

	Share Capital		Stock Options and Warrants Reserve \$	AOCI \$	Deficit \$	Total \$
	Number of Shares	Amount \$				
Balance, December 31, 2016	154,490,984	95,057	8,986	(1,817)	(76,772)	25,454
Issued for mineral properties	13,805,000	2,862	-	-	-	2,862
Share issuance costs	-	(18)	-	-	-	(18)
Share-based payments	-	-	1	-	-	1
Comprehensive income for the period	-	-	-	101	1,490	1,591
Balance, March 31, 2017	168,295,984	97,901	8,987	(1,716)	(75,282)	29,890
Issued for mineral properties	1,250,000	212	-	-	-	212
Issued pursuant to private placement	4,875,000	478	305	-	-	783
Share issuance costs	-	(21)	(25)	-	-	(46)
Comprehensive loss for the period	-	-	-	564	(24,396)	(23,832)
Balance, December 31, 2017	174,420,984	98,570	9,267	(1,152)	(99,678)	7,007
Issued pursuant to short-term loan	-	-	66	-	-	66
Comprehensive loss for the period	-	-	-	(434)	(806)	(1,240)
Balance, March 31, 2018	174,420,984	98,570	9,333	(1,586)	(100,484)	5,833

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

1. Nature of Operations and Going Concern

Santacruz Silver Mining Ltd. (“Santacruz”) was incorporated pursuant to the Business Corporations Act of British Columbia on January 24, 2011. The Company’s registered office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5. The Company is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “SCZ” and the Santiago Stock Exchange Venture under the trading symbol “SZCL”.

Santacruz, together with its subsidiaries (the “Company”), is engaged in the exploration and commercial exploitation of mining concessions in Mexico, with a primary focus on silver, but also including gold, lead and zinc. The Company has acquired the mining concession rights to the following properties:

- Rosario Project including the Rosario Mine and various other properties in Charcas, San Luis Potosi, Mexico.
- Veta Grande Project including the Veta Grande Mine and various other properties in Veta Grande, Zacatecas, Mexico.
- Minillas Property in Genaro Cidina, Zacatecas, México.
- Zacatecas Properties in Zacatecas, Zacatecas, Mexico.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. At March 31, 2018, the Company had a working capital deficiency of \$13,572 and had accumulated an inception to date deficit of \$100,484. These factors indicate the existence of a material uncertainty that cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financings to discharge its liabilities as they come due. The Company has a capital management process in place to safeguard the Company’s ability to continue as a going concern. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset realization values may be substantially different from their carrying values. These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to carrying values, and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017 which have been prepared in accordance with IFRS as issued by the IASB.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on May 29, 2018.

b) Change in Accounting Policies

These condensed interim consolidated financial statements have been prepared on a basis consistent with the significant accounting policies disclosed in the annual financial statements for the year ended December 31, 2017, except for the adoption of IFRS 9 and 15 for the 2018 fiscal year that became effective January 1, 2018. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017. The adoption of these IFRS and their impact on these Financial Statements are discussed below.

Changes in accounting policies – IFRS 9

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s accounting policy for financial instruments under IFRS 9:

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	New classification IFRS 9
Cash	amortized cost	amortized cost
Trade receivables	amortized cost	amortized cost
Other receivables	amortized cost	amortized cost
Accounts payable and accrued	amortized cost	amortized cost
Loan payable	amortized cost	amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

ii. Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

iii. Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

iv. Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

Changes in accounting policies – IFRS 15

The Company adopted all of the requirements of IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”) as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The change did not impact the cumulated revenue recognized or the related assets and liabilities on the transition date.

The following is the Company’s new accounting policy for revenue from contracts with customers under IFRS 15:

i. Concentrate Sales

The Company recognizes revenue from contracts with customers for the sale of metal concentrates at the point in time when it transfers control of the concentrates over to the customers, which occurs upon delivery. Revenue is measured based on the market metal prices expected at time of settlement and estimates of the mineral content (assays), which are both subject to adjustment until the final settlement date. At the end of each reporting period, the amounts receivable are marked-to-market using the most up-to-date market prices for the settlement. These variations between the sales price recorded at the initial recognition date and the actual final sales price recorded at the settlement date are caused by changes in the market prices and assay results. The settlement receivable is recorded at fair value each period until final settlement occurs, with changes in fair value recorded as a component of revenue. Revenue is also recorded net of treatment and refining charges of the counterparties under the terms of the relevant sales agreements.

The Company has concluded that there were no significant changes in the accounting for concentrate sales as a result of the transition to IFRS 15 as the timing of control of the concentrate passing to the customer and the treatment of provisional pricing adjustments are unchanged from policies applied prior to the adoption of IFRS 15.

ii. Mining services revenue

The company recognizes revenue from mining services with reference to the work performed on an output appropriate to the particular service contract, such as performance of agreed service deliverables. Payments received prior to recognition of the related revenue are recorded as deferred revenue.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

The Company did not restate prior periods as the adoption of IFRS 15 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

c) New Standards and Interpretations Not Yet Adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards in the condensed interim consolidated financial statements.

IFRS 16, *Leases* (“IFRS 16”) specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact that the new guidance is expected to have on its consolidated financial statements.

3. Cash and Cash Equivalents

	March 31, 2018	December 31, 2017
	\$	\$
Cash on hand or held with banks	2,782	26
Short-term investments	9	9
Total	2,791	35

4. VAT Recoverable and Receivables

	March 31, 2018	December 31, 2017
	\$	\$
Mexican value added taxes recoverable	4,401	3,831
Canadian GST recoverable	4	4
Trade receivables	2,562	3,654
Other receivables	56	51
Total	7,023	7,540
Non-current portion of Mexican value added taxes recoverable	(2,080)	(2,080)
	4,943	5,460

The Company expects full recovery of the value added taxes recoverable and trade receivables amounts outstanding and therefore, no allowance has been recorded against these receivables. No trade receivables are past due and all are have been collected subsequent to period end.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

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5. Inventory

	March 31, 2018	December 31, 2017
	\$	\$
Ore stockpiles	-	-
Concentrate inventory	98	44
Supplies inventory	585	339
Total	683	383

6. Exploration and Evaluation Properties Held For Sale

	Balance, March 31, 2018	Balance, December 31, 2017	Balance, December 31, 2016
	\$	\$	\$
San Felipe Project, San Felipe de Jesús, Sonora, Mexico	-	-	3,746

Disposal of San Felipe Property

On March 2, 2017, the Company entered into an agreement with Americas Silver Corporation (“Americas Silver”) to assign 100% of its interest in the San Felipe project to Americas Silver for \$7,000, which was paid on execution of the agreement. Of this amount \$2,000 was paid to the property vendor. The requirement to make a cash payment of \$8,000 by December 15, 2017 was also assigned to Americas Silver. In consideration for financial advisory services rendered in connection with the transaction, the Company issued 390,000 common shares to an arms-length consultant with an estimated fair value of \$81.

Disposal of El Gachi Property

On March 28, 2017, the Company completed the sale of its interest in the El Gachi property to First Majestic Silver Corp. for total consideration of \$2,500. Of this amount \$500 was paid to the property vendor.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

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7. Plant and Equipment

Cost	Office Furniture and Equipment \$	Plant and Equipment \$	Vehicles \$	Computer Hardware \$	Total \$
Balance, December 31, 2016	60	25,416	381	182	26,039
Additions	11	210	-	2	223
Disposals	(11)	(955)	-	-	(966)
Impairment ¹	-	(6,514)	-	-	(6,514)
Balance, December 31, 2017	60	18,157	381	184	18,782
Disposals	-	-	(14)	-	(14)
Balance, March 31, 2018	60	18,157	367	184	18,768
Accumulated Depreciation					
Balance, December 31, 2016	21	4,264	246	125	4,656
Depreciation for the year	11	1,349	34	20	1,414
Disposals	(11)	-	-	-	(11)
Balance, December 31, 2017	21	5,613	280	145	6,059
Depreciation for the period	2	306	6	4	318
Disposals	-	-	(12)	-	(12)
Balance, March 31, 2018	23	5,919	274	149	6,365
Carrying amount at December 31, 2017	39	12,544	101	39	12,723
Carrying amount at March 31, 2018	37	12,238	93	35	12,403

(1) The impairment relates to the impairment charge recorded on the Rosario CGU during 2017 of \$14,795. An impairment charge of \$6,514 was taken on plant and equipment, with the remaining \$8,281 impairment taken on the Rosario Project (Note 8).

Depreciation during the three months ended March 31, 2018 was \$318 (2017 – \$430). During the three months ended March 31, 2018 \$nil of the depreciation was capitalized to mine properties (2017 – \$nil) and \$nil of the depreciation was capitalized to exploration and evaluation properties (2017 – \$4).

As at March 31, 2018, the Company's plant and equipment includes a net carrying amount of \$3,601 for leased mining equipment.

8. Mine Properties

	Rosario Project \$	Veta Grande Project \$	Total \$
Balance, December 31, 2016	8,424	4,409	12,833
Additions	757	1,183	1,940
Amortization and depletion	(585)	(160)	(745)
Impairment	(8,281)	-	(8,281)
Balance, December 31, 2017	315	5,432	5,747
Additions	22	67	89
Amortization and depletion	(4)	(70)	(74)
Balance, March 31, 2018	333	5,429	5,762

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

a) Rosario Project, Charcas, San Luis Potosi, Mexico

Rey David, Charcas, San Luis Potosi, Mexico

As at March 31, 2018, the Company has made total payments of \$2,000 and acquired a 100% interest in the Rey David property located in the municipality of Charcas, San Luis Potosi, Mexico. The property is subject to a 0.4% Net Smelter Return (“NSR”). The NSR increases by 0.1% per year, until it reaches a maximum of 1%. The payments were due to start on December 31, 2015, but have been deferred for the time being and are being accrued for by the Company.

San Rafael, Charcas, San Luis Potosi, Mexico

As at March 31, 2018, the Company has made total payments of \$220 and acquired a 100% interest in the San Rafael property, located in the municipality of Charcas, San Luis Potosí, Mexico. The vendor retains a 2.5% NSR. The Company has agreed to pay the vendor an annual fee of \$40. The Company also has an obligation to pay the local indigenous community 300,000 Mexican pesos (\$17) per year for surface access on the San Rafael concessions.

Cinco Estrellas, Charcas, San Luis Potosi, Mexico

Pursuant to an option agreement dated September 7, 2016, the Company has made total payments of \$130 and acquired a 100% interest in the Cinco Estrellas property located in Charcas, San Luis Potosí, Mexico. The property is subject to a 2.5% NSR.

\$Nil of the \$22 in additions to the Rosario Project above related to the development of the Cinco Estrellas property during the three months ended March 31, 2018 (\$392 of the \$757 in additions during 2017).

Membrillo, Charcas, San Luis Potosi, Mexico

On May 29, 2017 the Company entered into an agreement (the “Membrillo Agreement”) pursuant to which the Company has acquired the exclusive right for five years (the “Exclusive Mining Right”) to explore, develop and mine the Membrillo silver-zinc-lead-gold vein structure (“Membrillo Prospect”) situated approximately four km from the Rosario Project mill facility located near Charcas, San Luis Potosi, Mexico.

The Exclusive Mining Right covers an area of approximately 500 hectares that is situated within the San Rafael concession.

As consideration for being granted the Exclusive Mining Right, the Company agreed to pay the vendor an annual fee of \$60 plus has granted to them a 2.5% NSR on any mineralized material from the Membrillo Prospect that is mined and milled or otherwise treated for the eventual sale of the contained metal.

All of the \$22 in additions to the Rosario Project above related to the development of the Membrillo Prospect during the three months ended March 31, 2018 (\$262 of the \$757 in additions during 2017).

2017 Impairment

Based on a review of the Rosario Project CGU for impairment indicators, it was identified that there were indicators that an impairment loss may have occurred at the CGU, primarily as a result of the actual performance being less than expected. The recoverable amount for the Rosario Project was determined by reference to a FVLCD model which was less than the carrying value

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

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of the Rosario Project CGU at September 30, 2017 by \$4,350 and at December 31, 2017 by a further \$10,445.

Although management believes the estimates applied in this impairment assessment are reasonable, such estimates are subject to significant uncertainties and judgments. The Company recorded an impairment charge of \$14,795 before tax against the carrying value of the Rosario Project during the year ended December 31, 2017.

Significant assumptions made within the FVLCD for Rosario Project include silver, gold, lead and zinc future prices, forecast production rates, an after-tax discount rate of 10%, operating and capital costs and estimates of mineral resources including measured, indicated and a portion of inferred.

Year End Commodity Price Assumptions	2018	2019	2020	2021	2022
Silver (\$/oz)	17.91	18.46	18.87	19.05	19.05
Gold \$/oz)	1,295	1306	1,316	1,310	1,316
Lead (\$/lb)	1.06	1.04	1.00	0.98	0.93
Zinc (\$/lb)	1.44	1.32	1.19	1.17	1.07

The assumptions subject to the most estimation uncertainty for the FVLCD calculation are the commodity prices. To illustrate this sensitivity, the recoverable amount would be reduced by \$198 if the commodity prices declined by 1%.

b) Veta Grande Project, Veta Grande, Zacatecas, Mexico

On November 2, 2015, the Company entered into a definitive agreement (the “Contracuña Agreement”) with Minera Contracuña I, S.A. de C.V. and Vetelinda Compania Minera, S.A. de C.V. (together “Contracuña”), pursuant to which Contracuña granted the Company the right for thirty years to explore, mine and operate Contracuña’s Veta Grande and Minillas silver-gold-zinc-lead mineral properties within the State of Zacatecas, in central Mexico.

Consideration for the Contracuña Agreement was \$500 (paid). During the term of the Contracuña Agreement a 40% to 45% net profits interest was to be paid to Contracuña depending on the price of silver.

The Company determined its Veta Grande Mine to be in commercial production effective October 1, 2016.

On June 14, 2017, as amended on December 13, 2017, the Company amended the terms of the Contracuña Agreement (the “Amended Contracuña Agreement”) 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 Amended Contracuña Agreement are as follows:

1. US\$500 paid on December 13, 2017 (paid);
2. US\$500 on or before December 13, 2018;
3. US\$2,500 on or before December 2, 2019;
4. US\$2,500 on or before December 2, 2020;
5. US\$5,000 on or before December 2, 2021; and
6. US\$4,500 on or before December 2, 2022;

In addition, the Company granted to Contracuña a 1% net smelter royalty (“NSR”) that commences

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

December 14, 2022. The Company has the right to acquire the NSR at any time by paying Contracuña US\$1,500.

Carrizal LOI

On November 30, 2017 the Company entered into a binding Letter of Intent (the “Carrizal LOI”) wherein the Company granted Carrizal Mining, S.A. de C.V. (“Carrizal”), a private Mexican mining company, the right to earn a 20% working interest in all mining concessions and assets the Company has the right to acquire from Contracuña under the Amended Contracuña Agreement, as well as the mining concessions the Company has the right to acquire from Golden Minerals (collectively “the Properties”) (Note 9).

In order to earn its 20% working interest Carrizal must fund all expenditures necessary to increase the mining and milling rate at the Veta Grande mine to 750 tpd and in addition must fund an exploration program sufficient to allow an appropriate mine plan to be developed for the ongoing operation of the Veta Grande mine, subject to the Company agreeing to contribute on an as-is where-is basis a 250 tpd ball mill and motor plus other redundant equipment not in use at the Rosario Project. During the three months ended March 31, 2018 Carrizal completed decommissioning the ball mill from the Rosario Project and installing and commissioning it at the Veta Grande Project milling facility.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

9. Exploration and Evaluation Properties

The Company is actively investigating, evaluating and conducting exploration activities on projects in Mexico. A summary of accumulated costs on its exploration and evaluation properties as of December 31, 2017 and March 31, 2018 and the additions during those periods is as follows:

	Balance, Dec 31, 2016 \$	Additions Year Ended Dec 31, 2017 \$	Balance, Dec 31, 2017 \$	Additions Period Ended Mar 31, 2018 \$	Balance, Mar 31, 2018 \$
a) Gavilanes Property, San Dimas, Durango, Mexico					
<i>Acquisition costs</i>					
Option payments – cash	5,390	500	5,890	-	-
Option payments – shares	-	212	212	-	-
	5,390	712	6,102	-	-
<i>Exploration costs</i>					
Depreciation	9	-	9	-	-
Drilling	1,989	-	1,989	-	-
Geological consulting	46	31	77	-	-
Mining claims, taxes and duties	211	32	243	-	-
Mine site support and office costs	163	36	199	-	-
Professional fees	53	103	156	-	-
Safety and maintenance	9	-	9	-	-
	2,480	202	2,682	-	-
Impairment	-	(5,284)	(5,284)	-	-
Disposal	-	(3,500)	(3,500)	-	-
	7,870	(7,870)	-	-	-
b) Zacatecas Properties, Zacatecas, Zacatecas, Mexico					
<i>Acquisition costs</i>					
Option payments – cash	385	450	835	249	1,084
<i>Exploration costs</i>					
Mining claims, taxes and duties	52	110	162	28	190
	437	560	997	277	1,274
Total	8,307	(7,310)	997	277	1,274

a) Gavilanes Property, San Dimas, Durango, Mexico

During the year ended December 31, 2017 the Company made total cash payments of \$500 and acquired a 100% interest in the Gavilanes property located in San Dimas, Durango, Mexico. In addition, on August 16, 2017, the Company issued 1,250,000 common shares of the Company to the property vendor with an estimated fair value of \$212.

Impairment

At June 30, 2017, an assessment for impairment indicators was performed which indicated that an impairment test was required. This resulted in an impairment of \$5,284 which was based on the net sales proceeds from the disposal of the Gavilanes property.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

Disposal of Gavilanes Property

On August 16, 2017 the Company completed the sale of the Gavilanes property to Marlin Gold Mining Ltd. (“Marlin”) pursuant to which Marlin acquired 100% of the Company’s interest in the Gavilanes property for cash consideration of \$3,500 plus applicable value added taxes.

b) Zacatecas Properties, Zacatecas, Zacatecas, Mexico

On May 2, 2016 the Company entered into an option agreement, as amended February 8, 2018, to acquire from Golden Minerals Company (“Golden Minerals”) certain mineral claims located in the Zacatecas Mining District, Zacatecas, Mexico (the “Zacatecas Properties”) consisting of 149 concessions. A 1% NSR exists with the original property vendors on some of the claims included in the Zacatecas Properties.

Pursuant to the amended agreement, in order to acquire the Zacatecas Properties the Company is required to pay to Golden Minerals the sum of \$1,525 including an initial payment of \$200 on signing the agreement (paid) plus additional payments as follows:

- \$200 on or before November 2, 2016 (paid);
- \$300 on or before May 2, 2017 (paid);
- \$150 on or before November 2, 2017 (paid);
- \$24 on February 8, 2018 (paid)
- \$225 on or before March 15, 2018 (paid);
- \$225 on or before July 15, 2018; and
- \$225 on or before September 15, 2018.

10. Accounts Payable and Accrued Liabilities

	March 31, 2018	December 31, 2017
	\$	\$
Trade payables	16,489	15,484
Accrued liabilities	1,186	299
Total	17,675	15,783

11. Loans Payable

	March 31, 2018	December 31, 2017
	\$	\$
a) Trafigura loan	1,272	731
b) Credit facility	430	500
c) Short-term loan	2,248	-
Total loans payable	3,950	1,231

a) Trafigura loan

On December 22, 2015, the Company entered into a short-term loan facility (the “Loan”) with Trafigura Mexico, S.A. de C.V. (“Trafigura”) in the principal amount of \$725. The Loan bore interest at LIBOR plus 10%, payable monthly in arrears, with the principal to be repaid in six equal monthly installments commencing January 31, 2016. The Loan was secured by certain personal

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

assets of the CEO of the Company. Subsequently, the Loan terms were amended at various dates in 2016 and 2017 pursuant to which the Company at various times repaid a portion of the Loan and at other times received new advances under the Loan such that as at December 22, 2017, the date of the most recent amendment (the “Amended Loan”) the outstanding principal balance of the Loan was \$731. Pursuant to the terms of the Amended Loan, Trafigura advanced on February 15, 2018 an additional \$580 bringing the balance of the Amended Loan to \$1,311. The Amended Loan bears interest at LIBOR plus 10%, payable monthly in arrears, with the principal to be repaid in twelve monthly installments commencing April 30, 2018 and terminating on March 31, 2019. The monthly installment amounts will be the greater of \$109 and 10% of the net concentrate sales amount for the respective month. On May 4, 2018 the Company repaid \$109. The Amended Loan is secured by certain personal assets of the CEO of the Company and by a first charge on the Rosario Project mineral concessions

The change in the Loan payable during the year ended December 31, 2017 and the three months ended March 31, 2018 is as follows:

	\$
Balance, December 31, 2016	394
Proceeds advanced	950
Repayment	(674)
Interest expense	61
Balance, December 31, 2017	731
Proceeds advanced	580
Transaction costs	(14)
Repayment	(46)
Interest expense	21
Balance, March 31, 2018	1,272

b) Credit facility

On November 30, 2017, the Company entered into a credit facility (the “Credit Facility”) with a private Mexican financial institution.

The change in the Credit Facility payable during the year ended 2017 and the three months ended March 31, 2018 is as follows:

	\$
Balance, December 31, 2016	-
Proceeds advanced	500
Balance, December 31, 2017	500
Repayment	(307)
Carrying charges	237
Balance, March 31, 2018	430

Funds may be drawn down under the Credit Facility either in US dollars or Mexican pesos. Funds drawn down must be repaid within 10 to 12 business days following the drawdown date. Funds drawn down in US dollars must be repaid in Mexican pesos and vice-versa. Drawdown amounts are limited to a maximum of \$200 or the equivalent amount in Mexican pesos but can be increased at the discretion of the lender. Upon repayment of any particular draw down amount the Company may borrow the same amount immediately as a new draw under the Credit Facility. The Credit Facility is unsecured and the implied carrying charges that are tied to the spread between the US dollar and Mexican peso foreign exchange rates is approximately 190% per annum. Subsequent to March 31, 2018, the Company paid an additional \$170 of the principal on this loan, bringing the balance to \$260.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

c) Short-term loan

On March 6, 2018 the Company entered into a short-term loan (the "Short-term Loan") with a private Bolivian mining company, for \$2,300. The Short-term Loan bears interest at 9% per annum, is repayable July 1st, 2018, and is unsecured. In connection with the Loan the Company issued the lender 2,000,000 warrants exercisable until March 6, 2019, at \$0.16 per share. The fair value of the warrants (\$66) was estimated using the Black Scholes option-pricing model and was recorded against the balance of the loan payable. The assumptions used in the option pricing model were as follows: risk-free interest rate – 0.73%; expected life – 1 year; expected volatility – 66.73%; and expected dividends – nil.

The change in the Short-term Loan payable during the year ended 2017 and the three months ended March 31, 2018 is as follows:

	\$
Balance, December 31, 2017	-
Proceeds advanced	2,300
Transaction costs	(66)
Interest expense	14
Balance, March 31, 2018	2,248

12. Leases

The Company entered into certain mining equipment leases expiring between 2018 and 2020 with interest rates between 6.5% and 10.5% per annum. The Company's obligations under these finance leases are secured by the lessor's title to the leased assets. The terms and the outstanding balances as at March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018 \$	December 31, 2017 \$
Equipment under finance lease repayable in monthly instalments of \$91 with interest between 6.5% and 10.5% per annum. Due dates are between July 2018 and June 2020.	1,327	1,966
Current portion	(1,005)	(1,477)
Non-current portion	322	489

The following is a schedule of the Company's future minimum lease payments related to the equipment under finance lease:

	March 31, 2018 \$
2018	1,222
2019	532
2020	5
Total minimum lease payments	1,759
Less: imputed interest	(432)
Total present value of minimum lease payments	1,327
Less: Current portion	(1,005)
Non-current portion	322

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

13. JMET Note

On July 14, 2016, the Company completed the restructuring (the “Restructuring”) of the Prepaid Silver Purchase Agreement with JMET, LLC (“JMET”) such that the Company no longer had any metal delivery obligations to JMET. In addition, among other things, pursuant to the Restructuring the Company issued JMET a new secured note in the amount of \$4,890 (the “JMET Note”) and issued 3,750,000 warrants to JMET (the “JMET Warrants”). Each JMET Warrant was exercisable to acquire one common share of the Company at a price of CAD\$0.55 per share and was to expire on December 31, 2018. The Company incurred transaction costs of \$100 in relation to the Restructuring.

The Company also agreed to pay JMET \$1,500 of restructuring and finance fees, which fees were payable in 2019 and were secured by all of the assets of the Company. Pursuant to an early repayment agreement dated July 19, 2017, the Company paid \$1,200 to JMET which was applied toward settling all remaining outstanding debt owing to JMET. JMET released and discharged all of its security and registrations over the Company’s assets and the 3,750,000 JMET Warrants were cancelled.

The change in the JMET Note during the year ended December 31, 2017 and three months ended March 31, 2018 is as follows:

	\$
Balance, December 31, 2016	5,749
Repayment	(6,090)
Transaction costs	(29)
Interest payment	(119)
Interest expense	224
Loss on settlement of JMET Note ¹	265
Balance, December 31, 2017, and March 31, 2018	-

Note 1: The loss on settlement of JMET note is offset by the gain on the settlement of the JMET warrants.

14. Forward Contract Derivative Liability

During the year ended December 31, 2016, the Company entered into a series of forward contracts to purchase Mexican pesos in exchange for a total of \$42,000 at 18.874 Mexican pesos per US dollar over the time period from October 31, 2016 to December 31, 2017 inclusive.

All of the outstanding forward contracts were settled during the year ended December 31, 2017. A loss of \$145 was incurred in connection with the settlement of the contracts.

15. Decommissioning and Restoration Provision

The Company’s estimates of future decommissioning and restoration for reclamation and closure costs are based on reclamation standards that meet Mexican regulatory requirements.

The undiscounted amount of estimated cash flows required to settle the decommissioning and reclamation costs at the Rosario Project at the end of mine life was estimated at \$779 as at March 31, 2018 (December 31, 2017 – \$779).

The key assumptions on which the provision estimates were based for the three months ended March 31, 2018 and year ended December 31, 2017 are:

- Expected timing of the cash flows is based on the estimated useful life of the Rosario Project. The majority of the expenditures are expected to occur in 2022, which is the anticipated closure date.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

- The inflation rate used for the three months ended March 31, 2018 is 3.66% (year ended December 31, 2017 – 3.66%).
- The discount rate used for the three months ended March 31, 2018 is 7% (year ended December 31, 2017 – 7%).

The discounted liability for the decommissioning and restoration provision is as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Rosario		
Balance, beginning of period	486	485
Accretion expense	8	34
Change in estimate	-	-
Foreign exchange	18	(33)
Balance, end of period	512	486

16. Share Capital

a) Authorized

Unlimited number of common shares without par value.

b) Share Capital Transactions

- (i) On March 9, 2017, the Company issued 13,415,000 common shares of the Company at a price of \$0.207 per share valued at \$2,781, pursuant to an amended acquisition agreement for the San Felipe project.
- (ii) On March 10, 2017, in connection with the disposal of the San Felipe project, the Company issued 390,000 common shares to an arms-length consultant with a fair value of \$81 in consideration for financial advisory services rendered.
- (iii) On August 16, 2017, the Company issued 1,250,000 common shares of the Company with a fair value of \$212, pursuant to an amended acquisition agreement for the Gavilanes property.
- (iv) On July 28 and August 21, 2017, the Company closed two tranches of a non-brokered private placement for gross proceeds of \$783 (CAD\$975) by issuing 4,875,000 units (the "Units") at price of CAD\$0.20 per Unit. Each unit consists 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 CAD\$0.28 per share for a period of 30 months. The Company incurred share issuance costs of \$64 in connection with the private placement.

The Company has assigned a value of \$305 to the warrants based on the estimated fair value using a Black-Scholes option pricing model with the balance of \$478 assigned to the shares. The assumptions used in the option pricing model were as follows: risk-free interest rate – 1.35%; expected life – 2.5 years; expected volatility – 84.72%; and expected dividends – nil.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

c) Stock Options and Warrants Reserve

The following is a summary of the stock options and warrants reserve:

	March 31, 2018 \$	December 31, 2017 \$
Stock options	4,695	4,695
Warrants	4,638	4,572
	9,333	9,267

d) Stock Options

The Company established a stock option plan (the “Plan”) for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates. The maximum number of shares available under the Plan is limited to 10% of the issued common shares. Options granted under the Plan have a maximum term of ten years and the vesting provisions of options granted are at the discretion of the Board.

Details of options activity for the year ended December 31, 2017 and three months ended March 31, 2018 are as follows:

	Number of Stock Options	Weighted Average Exercise Price (CDN\$)	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2016	5,201,667	0.25	3.59
Expired	(1,301,667)	0.90	-
Balance, December 31, 2017	3,900,000	0.15	3.12
Balance and Exercisable, March 31, 2018	3,900,000	0.15	3.12

The balance of options outstanding as at March 31, 2018 is as follows:

Expiry Date	Exercise Price CDN\$	Remaining Life (Years)	Options Outstanding
February 10, 2021	0.15	2.87	3,900,000

During the three months ended March 31, 2018, the Company recorded share-based payments expense of \$nil (2017 – \$1).

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

e) Warrants

Details of warrants activity for the year ended December 31, 2017 and the three months March 31, 2018 are as follows:

	Number of Warrants	Weighted Average Exercise Price CDN\$	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2016	22,715,000	0.55	1.54
Issued	4,875,000	0.28	-
Cancelled (Note 13)	(3,750,000)	0.55	-
Balance, December 31, 2017	23,840,000	0.49	1.25
Issued	2,000,000	0.16	-
Balance, March 31, 2018	25,840,000	0.47	1.00

The balance of warrants outstanding as at March 31, 2018 is as follows:

Expiry Date	Exercise Price CDN\$	Remaining Life (Years)	Warrants Outstanding
January 14, 2019	0.55	0.79	18,965,000
March 6, 2019	0.16	0.93	2,000,000
January 28, 2020	0.28	1.83	4,675,000
February 21, 2020	0.28	1.90	200,000
	0.47	1.00	25,840,000

17. Mine Services Agreement

On November 28, 2017 the Company entered into an agreement (the "Mine Services Agreement") with Carrizal whereby the Company will provide Carrizal with certain mine development, metallurgical and geological consulting services as well as administrative services in connection with Carrizal's mining activities. The Mine Services Agreement has no fixed termination date but may be terminated by either party giving 30 days written notice to the counter party.

18. Operating Costs by Nature

a) Cost of sales

Three months ended March 31,	2018	2017
	\$	\$
Mining operations – Cash production costs	2,492	2,451
Mining operations - Depletion and amortization	390	693
Mining services – Cash costs	401	-
	3,283	3,144

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

b) Operating expenses

Three months ended March 31,	2018	2017
	\$	\$
Administrative	141	95
Depreciation	1	1
Management and consulting fees	106	92
Other	81	61
Professional fees	92	181
Salaries and benefits	52	18
Share-based payments	-	1
Shareholder communications	-	6
Transfer agent and filing fees	10	12
Travel	11	16
	494	483

19. a) Interest Earned and Other Finance Income

Three months ended March 31,	2018	2017
	\$	\$
IVA recovery inflationary gain	-	431
Change in fair value of foreign currency derivative	-	3,308
Foreign exchange gain	174	-
	174	3,739

b) Interest Expense and Other Finance Expenses

Three months ended March 31,	2018	2017
	\$	\$
Accretion of decommissioning and restoration provision	(8)	(8)
Foreign exchange loss	-	(541)
Carrying charges	(237)	-
Interest expense on loans payable	(35)	(11)
Interest expense on JMET Note	-	(267)
	(280)	(827)

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

20. Related Party Transactions

During the three months ended March 31, 2018 and 2017, the Company incurred the following charges by directors and officers of the Company and by companies controlled by directors and officers of the Company:

	2018	2017
	\$	\$
Mining Services		
Revenues	2,413	-
Cost of sales	401	-
	2,012	-
Expenses		
Accounting and corporate secretarial fees	23	59
Directors' fees	14	13
Management fees	106	46

At March 31, 2018, directors and officers or their related companies were owed \$226 (December 31, 2017 – \$266) in respect of the services rendered. These are non-interest bearing with standard payment terms.

The Company entered into certain mining equipment leases expiring between 2017 and 2020 with an interest rate between 6.5% and 10.5% per annum. \$472 of lease payments were paid during the three months ended March 31, 2018 (2017 - \$168) and \$832 of the leases payable outstanding at March 31, 2017 were owed to a company owned by the CEO of the Company (2017 - \$998).

The Company entered into the Mine Services Agreement (note 17) as well as the Carrizal LOI (Note 8b) with a related company with common directors during the year ended December 31, 2017. As at March 31, 2018, \$287 was owing to Carrizal (December 31, 2017 - \$1,552 owing from Carrizal).

Key management includes directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

21. Non-cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the consolidated statements of cash flows. During the three months ended March 31, 2018, the following transactions were excluded from the consolidated statements of cash flows:

- Mineral property exploration expenditures of \$4,717 included in accounts payable and accrued liabilities at December 31, 2017, less mineral property exploration expenditures included in accounts payable and accrued liabilities at December 31, 2016 of \$4,210 (net inclusion of \$506);
- 2,000,000 warrants issued with a fair value of \$66 pursuant to the issuance of the short-term loan.

During the three months ended March 31, 2017, the following transactions were excluded from the consolidated statements of cash flows:

- Mineral property exploration expenditures of \$3,365 included in accounts payable and accrued liabilities at March 31, 2017, less mineral property exploration expenditures included in accounts payable and accrued liabilities at December 31, 2016 of \$3,462 (net exclusion of \$97);
- 13,415,000 common shares of the Company issued pursuant to an amended acquisition agreement for the San Felipe project, valued at \$2,781; and
- 390,000 common shares of the Company issued in connection with the disposal of the San Felipe project, valued at \$81.

22. Segmented Information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and the executive management, collectively the chief operating decision maker, in assessing performance and in determining the allocation of resources. We primarily manage our business by looking at individual producing and developing resource projects as well as the aggregate of the exploration and evaluation properties and typically segregate these projects between production, development and exploration.

a) Operating Segments

The corporate division earns income that is considered incidental to our activities and therefore does not meet the definition of an operating segment. Consequently, the following operating and reportable segments have been identified: the Rosario Project, Veta Grande Project, Mine Services, and exploration and evaluation properties. Below is a summary of the reported amounts of income or loss, and the carrying amounts of assets and liabilities by operating segment:

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

Three Months Ended March 31, 2018	Rosario Project \$	Veta Grande Project \$	Exploration and evaluation properties \$	Mine Services \$	Corporate and other \$	Total \$
Revenues	410	343	-	2,413	-	3,166
Production costs	(1,119)	(1,373)	-	(401)	-	(2,893)
Depletion and amortization	(268)	(122)	-	-	-	(390)
Cost of sales	(1,387)	(1,495)	-	(401)	-	(3,283)
Gross (loss) profit	(977)	(1,152)	-	2,012	-	(117)
Operating (loss) income	(977)	(1,152)	-	2,012	(494)	(611)
(Loss) income before tax	(977)	(1,152)	-	2,012	(600)	(717)
Interest earned and other finance income	-	-	-	-	174	174
Interest expense and other finance expenses	(8)	-	-	-	(272)	(280)
Impairment	-	-	-	-	-	-
Income tax expense	-	-	-	-	(89)	(89)
Total assets	546	231	-	2,468	5,813	9,058
Current assets	7,384	10,781	1,274	-	2,080	21,519
Non-current assets	7,930	11,012	1,274	2,468	7,893	30,577
Total liabilities	(5,229)	(4,717)	-	-	(14,798)	(24,744)

Three Months Ended March 31, 2017	Rosario Project \$	Veta Grande Project \$	Exploration and evaluation properties \$	Corporate and other \$	Total \$
Revenues	1,220	865	-	-	2,085
Production costs	(1,094)	(1,357)	-	-	(2,451)
Depletion and amortization	(492)	(201)	-	-	(693)
Cost of sales	(1,586)	(1,558)	-	-	(3,144)
Gross profit (loss)	(366)	(693)	-	-	(1,059)
Operating income (loss)	(366)	(693)	-	(483)	(1,542)
Income (loss) before tax	(366)	(693)	-	2,429	1,370
Interest earned and other finance income	-	-	-	3,739	3,739
Interest expense and other finance expenses	(8)	-	-	(819)	(827)
Income tax recovery	120	-	-	-	120
Total assets	24,484	10,488	8,353	5,534	48,859
Current assets	462	452	-	5,307	6,221
Non-current assets	24,022	10,036	8,353	227	42,638
Total liabilities	(4,743)	(3,331)	(34)	(10,861)	(18,969)

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

a) Segment Revenue by Location and Major Customers

For the both the Rosario Project segment and the Veta Grande Project segment in each of the three-month periods ended March 31, 2018 and 2017, the Company had only one customer who individually accounted for 100% of total concentrate revenue in Mexico.

For the Mine Services Agreement, the Company only had one customer, Carrizal, who individually accounted for 100% of total mining service revenue in Mexico.

b) Non-current Assets by Location

	March 31, 2018 \$	December 31, 2017 \$
<i>Canada</i>	-	-
<i>Mexico</i>	21,519	21,547
Total	21,519	21,547

23. Financial Instruments

a) Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates;

Level 3: Valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The carrying values of cash and cash equivalents, trade receivables, other receivables, and accounts payable and accrued liabilities, approximate their fair values because of their short term nature.

b) Management of Risks Arising from Financial Instruments

The Company is exposed to credit risk and market risks including interest rate risk, liquidity risk, foreign exchange rate risk, and price risk.

(i) Credit Risk – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk consists primarily of cash and cash equivalents, trade receivables and other receivables. The credit risk is minimized by placing cash with major financial institutions. Trade receivables are due from a large, multinational corporation that has conducted business in Mexico for many years. The Company regularly reviews the

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

collectability of its trade receivables and considers the credit risk related to cash and cash equivalents and trade receivables to be minimal.

(ii) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates increase, the Company will incur more interest costs. The sensitivity of the Company's net loss to changes in the interest rate would be as follows: a 10% change in the interest rate would change the Company's net loss by approximately \$9.

(iii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company endeavors to ensure that sufficient funds are raised from equity offerings or debt financings to meet its operating requirements, after taking into account existing cash and expected exercise of stock options and share purchase warrants. The Company's cash is held in business accounts which are available on demand for the Company's programs. Refer to Note 1 with respect to going concern matters.

Contractual cash flow requirements as at March 31, 2018 were as follows:

	< 1 year \$	1 – 2 years \$	2 – 5 years \$	>5 years \$	Total \$
Accounts payable and accrued liabilities	17,675	-	-	-	17,675
Loan payable	3,950	-	-	-	3,950
Leases	1,005	322	-	-	1,327
Total	22,630	322	-	-	22,952

(iv) Foreign Exchange Rate Risk – The Company operates in Canada and Mexico and is exposed to foreign exchange risk due to fluctuations in the US dollar and Mexican peso. Foreign exchange risk arises from financial assets and liabilities denominated in these foreign currencies. The sensitivity of the Company's net loss to changes in the exchange rate between the US dollar and respectively the Mexican peso and the Canadian dollar would be as follows: a 10% change in the US dollar exchange rate relative to the Mexican peso would change the Company's net loss by approximately \$290 and a 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$138.

Santacruz Silver Mining Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and 2017

(Unaudited – expressed in thousands of US dollars, except share and per share amounts)

The Company's financial assets and liabilities as at March 31, 2018 are denominated in Canadian dollars, US dollars, and Mexican pesos as follows:

	Canadian dollar \$	US dollar \$	Mexican peso \$	Total \$
Financial assets				
Cash and cash equivalents	22	-	2,769	2,791
Trade receivables	-	-	489	3,051
Other receivables	4	-	2,377	2,381
	26	-	489	8,197
Financial liabilities				
Accounts payable and accrued liabilities	300	50	17,325	17,675
Loan payable	-	3,950	-	3,950
	300	4,000	17,325	21,625
Net financial liabilities	(274)	(4,489)	(9,128)	(13,891)

(v) Price Risk – This is the risk that the fair value of derivative financial instruments will fluctuate because of changes in commodity prices. These commodity prices are affected by numerous factors that are outside of our control such as: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; inflation; and political and economic conditions, including interest rates and currency values.