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Santacruz Silver Reports Second Quarter 2019 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 second quarter of 2019. 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.

Q2 2019 Highlights

- Consolidated mining operations generated a gross profit of $251 including gross profit from Rosario of $54 and gross loss from Veta Grande of $691 plus mine services gross profit of $888;
- Net loss after taxes of $1,137;
- Consolidated cash cost per silver equivalent ounce sold $16.07 and AISC of $18.37

"Our second quarter operating and financial results continued our positive trend of the past three quarters." stated Arturo Préstamo, Chief Executive Officer of Santacruz. "At Rosario we have turned the corner and are generating positive cash flow from operations while at Veta Grande we reduced the operating loss despite a mechanical problem with one of the ball mills. With the ball mill now back online in Q3 we expect continued improvement at Veta Grande and with overall operations."

Financial Results

Selected financial information for the three-month periods ended June 30, 2019, March 31, 2019 and June 30, 2018 is presented below:

	2019 Q2	2019 Q1	2018 Q2
Revenue – Mining Operations	3,247	2,490	1,466
Revenue – Mining Services	888	790	3,569
Gross Profit (Loss) [4]	251	(514)	1,287
Debt forgiveness	-	-	2,590
Net Loss (Income)	(1,137)	(1,846)	3,297
Net Loss (Income) Per Share – Basic ($/share)	(0.01)	(0.01)	0.02
Adjusted EBITDA [4]	(113)	(921)	1,290

The Company realized an average silver price of $14.66 per ounce during Q2 2019 which represents an 11% decrease from Q2 2018 and a 3% decrease from Q1 2019.

The Company recorded a net loss of $1,137 in Q2 2019 compared to net income of $3,297 in Q2 2018 and a net loss of $1,846 in Q1 2019. The net income recorded in 2018 includes a debt forgiveness amount of $2,590 and gross profit from mine services of $2,012.

Revenues in Q2 2019 of $4,135 include mining operations of $3,247 and mining services of $888. The Q2 2019 mining operations revenue was generated from the Veta Grande Project as to 47% (Q1 2019 – 66%; Q2 2018 - 44%) and the Rosario Project as to 53% (Q1 2019 – 34%; Q2 2018 - 56%). The revenue increase was the result of a 139% increase in the silver equivalent ounces sold in Q2 2019 as compared to Q2 2018 offset by an 11% decrease in the average realized price per ounce of silver sold.

The Company recorded a gross profit from operations of $251 during Q2 2019 (Q2 2018 – $1,287; Q1 2019 – loss of $514). During these periods the mining operations resulted in gross losses of $637, $1,941 and $1,304 for Q2 2019, Q2 2018 and Q1 2019 respectively while mining services resulted in gross profits of $888, $3,452 and $790 for the same periods. Veta Grande recorded a gross loss from mining operations of $691 in Q2 2019 (Q2 2018 – loss of $1,679; Q1 2019 – loss of $976) and Rosario recorded a gross profit of $54 in Q2 2019 (Q2 2018 – loss of $486; Q1 2019 – loss of $328).

Management expects that results from operations will improve in Q3 2019 and thereafter as Veta Grande production is expected to increase..

Operational Results and Costs

Selected operating information for the three-month periods ended June 30, 2019, March 31, 2019 and June 30, 2018 is presented below:

	2019 Q2	2019 Q1	2018 Q2
Material Processed (tonnes milled)			
Veta Grande Project	37,156	32,625	36,622
Rosario Project	20,789	10,279	15,403
Consolidated	57,945	42,904	52,025
Silver Equivalent Produced (ounces) [(1)]			
Veta Grande Project	240,208	202,787	84,271
Rosario Project	133,110	54,351	89,904
Consolidated	373,318	257,138	174,175
Silver Equivalent Sold (payable ounces) [(2)]			
Veta Grande Project	149,898	134,549	51,178
Rosario Project	127,850	70,825	65,136
Consolidated	277,748	205,374	116,314
Production Cost per Tonne [(3)] **($/t)**			
Veta Grande Project	59.59	73.29	58.16
Rosario Project	68.55	114.80	85.05
Consolidated	62.80	83.23	66.12
Cash Cost per Silver Equivalent ($/oz.) [(3)]			
Veta Grande Project	17.68	20.71	45.33
Rosario Project	14.23	19.78	22.49
Consolidated	16.09	20.39	32.54
All-in Sustaining Cost per Silver Equivalent ($/oz.) [(3)]			
Veta Grande Project	19.70	23.70	50.00
Rosario Project	16.81	24.44	25.90
Consolidated	18.37	23.96	36.43
Average Realized Silver Price per Ounce ($/oz.) [(2) (5)]			
Veta Grande Project	14.67	15.08	16.55
Rosario Project	14.65	15.15	16.55
Consolidated	14.66	15.10	16.55

(1) Silver equivalent ounces produced in 2019 have been calculated using prices of US$15.25/oz., US$1,281/oz., US$0.94/lb. and US$1.20/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 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.

(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.

Cash cost per ounce in Q2 2019 was $16.09 per payable ounce of silver sold, a decrease of 51% from $32.54 per ounce in Q2 2018 and a decrease of 21% from $20.39 per ounce in Q1 2019. The decrease in cash cost in Q2 2019 reflects improved head grade and metal recoveries at Veta Grande as well as improved head grade at Rosario resulting in increased silver equivalent ounces produced.

All-in Sustaining Cost per ounce in Q2 2019 was $18.37 per payable ounce of silver sold, a decrease of 50% from $36.43 per ounce in Q2 2018 and a decrease of 23% from $23.96 per ounce per ounce in Q1 2019. 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 and Rosario, and 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 completion of the Transaction. 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 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 above 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; 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.