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Santacruz Silver Reports Fourth Quarter / Year-End 2017 Financial Results

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the "Company" or "Santacruz") reports on its financial and operating results for the fourth quarter ("Q4") of 2017 and for the 2017 fiscal year. The full version of the financial statements and accompanying management discussion and analysis can be viewed on the Company's website at www.santacruzsilver.com or on SEDAR at www.sedar.com. All financial information is prepared in accordance with IFRS and all dollar amounts are expressed in thousands of US dollars, except per unit amounts, unless otherwise indicated.

"In order to address the operational challenges experienced during 2017 the Company appointed Carlos Silva in November as its COO. Mr. Silva is a well-known and highly respected Mexican mining engineer with more than 30 years' of experience working in the mining industry in Mexico, the last 17 years of which were in senior management roles." said Arturo Préstamo, President and CEO. "Under Carlos's leadership our focus in 2018 at both Veta Grande and Rosario will be to increase production throughput and improve the head grade while concurrently completing a surface drilling campaign of approximately 20,000 metres at the Veta Grande Project and Zacatecas Properties. Initial steps have been taken to deliver on these goals."

Selected operating and financial information for the three months and years ended December 31, 2017 and 2016 is presented below:

	Three months ended Dec 31,		Years ended Dec 31,	
	2017	**2016**	**2017**	**2016**
Financial				
Revenue – Mining Operations	1,292	1,874	7,816	11,812
Revenue – Mining Services	3,580	-	3,580	-
Gross Loss [5]	(451)	(1,896)	(5,156)	(51)
Impairment	(10,445)	1,073	(20,079)	(15,615)
Net Loss	(10,012)	(3,646)	(22,906)	(18,506)
Net Loss Per Share – Basic ($/share)	(0.06)	(0.02)	(0.14)	(0.14)
Adjusted EBITDA [5]	(1,435)	(1,560)	(5,297)	580
Operating [1]				
Material Processed (tonnes milled)	30,974	42,746	181,073	117,962
Silver Equivalent Produced (ounces) [2]	139,670	200,122	865,459	928,467
Silver Equivalent Sold (payable ounces) [3]	94,204	166,734	643,767	935,158
Production Cost per Tonne [4]	86.49	72.33	63.74	79.59
Cash Cost per Silver Equivalent ($/oz.) [4]	32.38	23.97	23.07	13.69
All-in Sustaining Cost per Silver Equivalent ($/oz.) [4]	38.53	26.15	27.56	16.82
Average Realized Silver Price per Ounce ($/oz.) [4]	16.73	16.55	17.06	17.23

(1) The Veta Grande Project commenced commercial production effective October 1, 2016 and therefore is not included in the first, second and third quarter 2016 operating results.

(2) Silver equivalent ounces produced in 2017 have been calculated using prices of $16.00/oz., $1,150/oz., $1.00/lb. and $1.15/lb. for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced by the Rosario Project as well as by the Veta Grande Project. Silver equivalent ounces produced in 2016 have been calculated using prices of $14.50/oz., $1,100/oz., $0.76/lb and $0.71/lb for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced by the Rosario Project during the first, second, and third quarters of 2016, and the Rosario Project as well as by the Veta Grande Project during the fourth quarter of 2016.

(3) 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 from the Rosario Project and Veta Grande Project.

(4) 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. See "*Non-IFRS Measures*" section, below for definitions.

(5) 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. Refer to the "*Non-IFRS Measures – Additional Information*" section for a reconciliation of Mine Operations Income (Loss) and Adjusted EBITDA to the quarterly financial statements.

(6) Average realized silver price per ounce is prior to all treatment, smelting and refining charges.

2017 Corporate Highlights

- Settled in full the balance owing to JMET, LLC under the JMET Note
- Amended the option agreement with Contracuña so that the Company now has the right to acquire outright the Veta Grande Project
- Entered a binding letter of intent (the "LOI") with Carrizal Mining S.A. de C.V. ("Carrizal") wherein Carrizal may earn 20% of the Veta Grande Project and Zacatecas Properties by, among other things, funding the increase in milling capacity at the Veta Grande Project to 750 tpd as well as funding an exploration program at the Veta Grande Project and Zacatecas Properties.
- Entered an agreement (the "Mining Services Agreement") with Carrizal for the provision of certain mine development, metallurgical and geological consulting services as well as other administrative services. Management expects that the Mining Services Agreement will generate approximately $0.75 million of net cash flow to the Company on a monthly basis.

"Although the two agreements made with Carrizal occurred in Q4 2017 the benefits of these agreements are being realized as we enter Q2 2018. The Veta Grande milling facility now has a capacity of 750 tpd and we have cash on hand of approximately $2.7 million." stated Arturo Préstamo, President and CEO.

Financial Results

2017 Annual Results

The Company recorded a net loss of $22,906 ($0.14 per share) for the year ended December 31, 2017 compared to a net loss of $18,506 ($0.14 per share) for the year ended December 31, 2016. The net losses in both years included significant impairment charges, $20,079 in 2017 and $15,615 in 2016, related in both years to dispositions of certain mineral properties and in 2017 to a charge ($14,975) to the carrying value of the Rosario Project. The 2017 financial results include revenues and cost of sales relating to the Mining Services Agreement with Carrizal. There were no such revenues and cost of sales in 2016.

Revenues in 2017 of $11,396 include mining operations of $7,816 (2016 - $11,812) and mining services of $3,580 (2016 - $nil).

The 2017 mining operations revenue was generated in approximate equal amounts from the Veta Grande Project (47%) and Rosario Project (53%) whereas in 2016 mining operations revenue related mostly to the Rosario Project ($10,922). The decreased Rosario Project revenue is primarily the result of less tonnes milled, lower silver and zinc head grade and lower silver recovery. During Q4 management took the decision to suspend mining operations at the Cinco Estrellas Property and Rosario Mine and is focusing ongoing mining activity at the Rosario Project on the Membrillo Prospect. Moving forward through Q2 of 2018 management expects that the Membrillo Prospect will operate at approximately 350 tpd.

With respect to the Veta Grande Project, revenues were lower than expected as the head grade of the material sent to the milling facility was largely sourced from mineralized material produced from previously mined stopes which proved to have inconsistent grade and an overall lower grade than anticipated.

The gross loss from mining operations in 2017 was $6,012 (2016 – loss of $51) while the gross income from mining services was $856 (2016 - $nil). The cost of sales in 2017 for mining operations was $13,828 (2016 - $11,863). The increase in the mining operations cost of sales is largely a result of a full year of operations at the Veta Grande mine as compared to three months in 2016 as it commenced commercial production in the fourth quarter of 2016. The cost of sales for mining services was $2,724 in 2017 (2016 - $nil). All of the revenues and cost of sales related to the Mining Services reported in 2017 occurred in Q4 2017.

Q4 2017 Results

The Company recorded a net loss of $10,012 ($0.06 per share) for the fourth quarter of 2017 compared to a net loss of $3,646 ($0.02 per share) for 2016. The net loss for Q4 2017 includes an impairment charge of $10,445 recorded against the carrying value of the Rosario Project.

Revenues in 2017 of $4,872 include mining operations of $1,292 (2016 - $1,874) and mining services of $3,580 (2016 - $nil).

The 2017 mining operations revenue was generated as to $482 from the Veta Grande Project and $805 from the Rosario Project. The Veta Grande Project revenue was impacted by the suspension of milling activities for most of November as requested by SERMANAT and by lower grade mill feed than expected. The Rosario Project revenue is primarily the result of lower grade silver material being fed to the mill.

The gross margin from mining services amounted to $856 (2016 - $nil) while the gross loss from mining operations was $1,307 (2016 – loss of $1,896). The cost of sales in Q4 2017 for mining operations was $2,599 (2016 - $3,770) is largely due to processing less mineralized material in the 2017 quarter. There were no mining services revenues or cost of sales in 2016.

Operational Results and Costs

Veta Grande Project

Due to the fact that the Veta Grande Project only commenced commercial production on October 1, 2016 the following discussion compares Q4 2017 to Q4 2016 as a year-over-year comparison would not be relevant.

In Q4 2017 silver equivalent production from the Veta Grande Project decreased by 35% (35,386 ounces) compared to Q4 2016. The decrease reflects a 32% decrease in tonnes milled largely caused by the temporary milling suspension imposed by PROFEPA in November 2017. As compared to silver equivalent production in Q3 2017, the Q4 2017 production decreased by 37%, again largely due to the temporary milling

In Q4 2017 the cash cost of production per tonne of mineralized material processed decreased by 8% to $67.85/t as compared to Q4 2016. The Q4 2017 unit cost would have been lower if not for the temporary suspension of milling operations for most of November 2017 pursuant to an order from PROFEPA.

Cash cost of production per silver equivalent ounce sold during Q4 of 2017 increased by 22% in 2017 to $36.18/oz as compared to $29.66/oz in 2016. As with the unit cost of production per tonne the Q4 2017 results were negatively impacted by the temporary suspension of milling activities in November pursuant to an order from PROFEPA. Further, the cash cost of production per silver equivalent ounce sold also reflects a combination of lower grade zinc and lead mineralized material being processed in Q4 2017 together with lower metal recoveries for gold, lead and zinc being realized as compared to 2016. The primary source of mill feed in Q4 2017 was mineralized material from previously mined stopes. This material ultimately proved to have an inconsistent head grade resulting in an overall lower head grade than expected.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 38% in Q4 2017 to $43.62/oz as compared to $31.65/oz in 2016. This increase in unit costs occurred largely for the same reasons as described above with respect to the cash cost of production per silver equivalent ounce sold.

Rosario Project

2017 Annual Results

In 2017 silver equivalent production from the Rosario Project decreased by 47% (385,765 ounces) compared to 2016. The decrease reflects a 14% decrease in tonnes milled combined with a 66% decrease in silver head grade. The decreased tonnage milled reflects inconsistent availability of mining equipment due to mechanical failures that were not remedied on a timely basis because of working capital constraints. The decreased head grade is the result of greater than anticipated mining dilution at the Cinco Estrellas Property and an extended period during which development material was the primary source of mineralized material being fed to the mill from the Membrillo Prospect. Currently sufficient development has been completed that mineralized material sent to the milling facility will be sourced from mining stopes. The mining dilution experienced at the Cinco Estrellas Property led to management's decision to suspend operations there during Q4 2017. Similarly, management suspended operations in Q4 at the Rosario Mine pending further exploration programs to develop additional resources.

Cash cost of production per tonne of mineralized material processed decreased by 11% in 2017 to $72.38/t as compared to $81.17/t in 2016. This positive change in unit costs reflects cost savings measures implemented by management during 2017.

Cash cost of production per silver equivalent ounce sold increased by 79% in 2017 to $21.83/oz as compared to $12.18/oz in 2016. This change in unit costs reflects in part a decrease of 66% in the silver grade of the mineralized material processed offset by a 28% reduction in cash costs of production. The decrease in head grade is for the reasons referenced above.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 69% in 2017 to $26.03/oz as compared to $15.42/t in 2016. This change in unit costs occurred largely for the same reasons as the cash cost of production per silver equivalent ounce sold increases as described above.

Q4 2017 Results
Cash cost of production per tonne of mineralized material processed increased in Q4 2017 to $111.21/t as compared to $69.67/t in 2016. This change in unit costs reflects a loss of economies of scale from processing fewer tonnes of mineralized material plus costs incurred in connection with the suspension of mining activities at the Cinco Estrellas Property.

Cash cost of production per silver equivalent ounce sold increased by in the Q4 2017 to $29.80/oz as compared to $18.60/oz in 2016. This change in unit costs reflects a lower silver grade (35%) and a lower silver recovery (11%) offset by a 5% decrease in cash costs of production.

All-in sustaining cash cost of production per silver equivalent ounce sold increased in the fourth quarter of 2017 to $35.09/oz as compared to $20.96/t in 2016. This change in unit costs occurred largely for the same reasons as the cash cost of production per silver equivalent ounce sold increases as described above.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (Rosario and Veta Grande) and two exploration properties including the 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, Chief Executive Officer and Director

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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. 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.