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Santacruz Silver Reports Third Quarter 2017 Production and 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 Rosario Project in San Luis Potosi, Mexico and the Veta Grande Project in Zacatecas, Mexico for the third quarter of 2017. 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.

Q3 Highlights:

- Silver equivalent produced ounces of 231,162;
- Head grade of 201 Ag Eqv. g/t;
- In situ Veta Grande vein material developed at Level 6 of the Garcia Mine with higher head grades than the mineralized material from the Chorros.

"In the third quarter the Company dealt with production equipment challenges at both the Rosario Project and Veta Grande Project compounded by lower than expected head grades," stated Arturo Préstamo, President and Chief Executive Officer of Santacruz. "Importantly, at Veta Grande we successfully reached Level 6 where we are currently developing in situ mineralized material contained in pillars located in the Veta Grande vein. Preliminary assay results from chip samples collected across of this material are indicating higher grades." Prestamo continued, "At Rosario we reached Level 2 of the Membrillo Prospect where we again are seeing higher grades from preliminary assay results from chip samples collected across the main Membrillo vein. We remain focused on developing these key projects with anticipated improvement."

2017 Third Quarter Operational Highlights

Summary of Production Results	2017 Q3 (2)	2017 Q2 (2)	2016 Q3 (3)
Material Processed (tonnes milled)	46,940	57,685	24,744
Silver eqv. ounce production (1)	231,162	270,659	164,924
Silver production (ounces)	88,234	89,243	76,168
Gold production (ounces)	394	472	86
Lead production (tonnes)	148	238	121
Zinc production (tonnes)	595	725	643
Average Head Grade (g/t Ag Eqv.)	201	207	252

Rosario Project Operational Results

Summary of Production Results	2017 Q3 (2)	2017 Q2 (2)	2016 Q3 (3)
Material Processed (tonnes milled)	18,956	27,967	24,744
Silver eqv. ounce production (1)	127,689	124,717	164,924
Silver production (ounces)	26,274	33,181	76,168
Silver head grade (g/t)	51	42	102
Silver recovery (%)	85%	87.3%	94.2%
Gold production (ounces)	328	298	86
Lead production (tonnes)	49	40	121
Zinc production (tonnes)	449	408	643
Average Head Grade (g/t Ag Eqv.)	241	172	252

Veta Grande Project Operational Results

Summary of Production Results	2017 Q3 (2)	2017 Q2 (2)
Material Processed (tonnes milled)	27,984	29,718
Silver eqv. ounce production (1)	103,473	145,942
Silver production (ounces)	61,960	56,062
Silver head grade (g/t)	107	102
Silver recovery (%)	64.5%	63.8%
Gold production (ounces)	66	174
Lead production (tonnes)	99	198
Zinc production (tonnes)	146	317
Average head grade (g/t Ag Eqv.)	174	218

(1) $AgEqvOz = \frac{(Au*Pau)+(Ag*Pag)+(Pb*Ppb*2205)+(Zn*Pzn*2205)}{(Pag)}$

(2) Metal Prices 2017: Ag $16.00, Au $1,150, Pb $0.90, Zn $1.15
(3) Metal Prices Q3 2016: Ag $14.50, Au $1,100, Pb $0.76, Zn $0.71

2017 Third Quarter Financial Highlights

	2017 Q3	2017 Q2	2016 Q3
Financial			
Revenue	$1,798	$2,641	$3,026
Mine Operations Income (Loss) (4)	$(1,819)	$(1,827)	$786
Net Income (Loss)	$(5,899)	$(8,485)	$(11,064)
Net Income (Loss) Per Share – Basic ($/share)	(0.04)	(0.05)	(0.08)
Adjusted EBITDA (4)	$(1,628)	$(1,390)	$869
Operating (1)			
Material Processed (tonnes milled)	46,940	57,685	24,744
Silver Equivalent Produced (ounces) (1)	231,162	270,659	164,924
Silver Equivalent Sold (payable ounces) (2)	166,880	219,226	198,639
Production Cost per Tonne (3)	62.91	59.15	69.47
Cash Cost per Silver Equivalent ($/oz.) (3)	23.65	21.24	12.20
All-in Sustaining Cost per Silver Equivalent ($/oz.) (3)	28.14	24.62	15.88
Average Realized Silver Price per Ounce ($/oz.) (2) (5)	16.85	17.17	19.10

(1) Silver equivalent ounces produced in 2017 have been calculated using prices of US$16.00/oz., US$1,150/oz., US$1.00/lb. and US$1.15/lb. for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced by the Rosario Project as well as by the Veta Grande Project. Silver equivalent ounces produced in 2016 have been calculated using prices of US$14.50/oz., US$1,100/oz., US$0.76/lb and US$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 third quarter of 2016.
(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 from the Rosario Project and Veta Grande Project
(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 Mine Operations Income (Loss) and Adjusted EBITDA. These additional financial disclosure measures are intended to provide additional information.
(5) Average realized silver price per ounce is prior to all treatment, smelting and refining charges.

Financial Results

The Company recorded a net loss of $5,899 in Q3 2017 compared to a net loss of $11,064 in Q3 2016. The decrease in net loss relates largely to an impairment charge of $4,350 on the Rosario Project during Q3 2017 as compared to an impairment charge of $16,688 recorded with respect to the San Felipe Property offset by a gain on settlement of debt of $6,377 during Q3 2016.

Revenues in Q3 2017 decreased by $1,228 (41%) as compared to Q3 2016 primarily as a result of a 24% decrease in the silver equivalent ounces sold combined with a decrease in the realized silver price.

Production costs of $2,933 recorded during the current quarter increased by $1,278 as compared to Q3 2016. The increase reflects $1,644 of production costs from the Veta Grande Project in Q3 2017 (Q3 2016 - $nil) offset in part by a decrease in production costs ($366) at the Rosario Project due to lower production.

The operations for Q3 2017 resulted in a negative gross margin of $1,819 (2016 – positive gross margin of $786). This decrease in gross margin is primarily the result of decreased revenues during the current quarter as discussed above, along with an increase in operating costs due to the addition of the Veta Grande Project.

Operational Results and Costs

Rosario Project

In Q3 2017 silver equivalent production from the Rosario Project increased by 2% (2,972 ounces) compared to Q2 2017 as a result of higher head grades offset by lower mill throughput tonnage. Compared to Q3 2016 the silver equivalent production decreased by 23% from 164,924 ounces to 127,689 ounces. The decrease reflects the 23% decrease in tonnes milled.

The lower mill throughput tonnage realized in Q3 2017 reflects reduced availability of certain production equipment due to working capital constraints and a heavier than normal rainy season that slowed mining operations in both August and September. With the completion of the sale of the Gavilanes property in August the Company was able to put all production equipment back in service by quarter end.

The cash operating cost per tonne of mineralized material processed ($68.68/t) was virtually unchanged from Q2 2017 ($68.80/t). The Q3 2017 unit costs were higher than expected due to the low production volume. Compared to Q3 2016, cash cost of production per tonne stayed consistent as the percentage decrease in cash cost of production was matched by an equivalent percentage decrease in production tonnage.

Cash cost of production per silver equivalent ounce sold decreased by 17% in Q3 2017 to $20.40/oz as compared to $24.64/oz in Q2 2017. This change in unit costs is due primarily to the 32% decrease in mineralized material processed that resulted in in a decrease of production costs offset by a higher head grade of silver, gold, lead, and zinc. Compared to Q3 2016, cash cost of production per silver equivalent ounce increased by 67% reflecting the significantly lower head grades of silver, lead and zinc and lower recoveries of silver and lead realized in Q3 2017.

All-in sustaining cash cost of production per silver equivalent ounce sold decreased by 15% in Q3 2017 to $24.33/oz as compared to $28.69/oz in Q2 2017. This change in unit costs is again due to the decrease (32%) in production costs during the quarter offset by a 3% decrease in payable ounces sold. Compared to Q3 2016, the all-in sustaining cash cost of production per silver equivalent ounce increased by 53% reflecting significantly lower head grades of silver, lead and zinc and lower recoveries of silver and lead offset by a higher recovery of zinc realized in Q3 2017.

Veta Grande Project

At the Veta Grande Project, silver equivalent production in Q3 2017 decreased by 29% to 103,473 ounces as compared to Q2 2017. The decrease reflects a 6% decrease in tonnes milled combined with a 20% decrease in average silver equivalent head grade. The throughput tonnage decrease occurred because of an extensive maintenance period on one of the ball mills during September (approximately three weeks). The decrease in head grade reflects the results of mining lower grade Chorros as well as experiencing reduced mill feed from the higher grade Armados vein. In early November two sections of unmined Veta Grande vein at Level 6 were encountered, both believed to be pillars left by previous mine operators. Preliminary assay results from chip samples collected across the in situ vein material in the pillars returned higher grades than grades currently being realized from the Chorros. In addition, the bulk density of the in situ vein material is expected to be greater than the bulk density of the Chorros as the Chorros are comprised of unconsolidated mineralized material and void space.

The cash operating cost per tonne of mineralized material processed increased by 18% in Q3 2017 to $59.07 as compared to $50.07 in Q2 2017 as the result of an 11% increase in cash operating costs combined with a 6% decrease in tonnes milled. The operating cost increase reflects a combination of the foreign exchange impact of a strengthened Mexican peso versus US dollar in Q3 2017 as well as increased costs for stope development at the Armados vein.

Cash cost of production per silver equivalent ounce sold increased by 50% in Q3 2017 to $27.77/oz as compared to $18.57/oz in Q2 2017. This change in unit costs reflects in part the cash operating cost increase described above as well as a 40% decrease in silver equivalent ounces sold from lower head grades described above, offset by a decrease in treatment, smelting and refining costs during the quarter.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 54% in Q3 2017 to $32.98/oz as compared to $21.42/oz in Q2 2017. This change occurred for the same reasons that the cash cost of production per silver equivalent ounce sold increased.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (Rosario, including the Cinco Estrellas property and Membrillo Prospect, and the right to operate the Veta Grande silver project and milling facility); 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.