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Santacruz Silver Reports Fourth Quarter / Year-End 2018 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 2018 and for the 2018 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.

"This past year was a period of both challenges and successes. During 2018 the Company accelerated development work at Veta Grande as evidenced by completing 1,700 metres more of development work as compared with 2017. With the development work ongoing the Company continued to rely on lower grade mill feed for the first half of the year with improving head grades over the second half. This combination of these factors led to sub-optimal performance in 2018. The development work undertaken during the year is now providing us with access to new production stopes and our expectations are for a higher head grade in 2019 than 2018. Continued development expenses are expected in 2019 as the Company ramps down towards higher grade feed as indicated by drilling thereby providing access to higher grade stopes in future months." said Arturo Préstamo, President and CEO. He continued, "The successes relate to the significant improvements undertaken at the Veta Grande Project that are just beginning to take effect. The mining operations came under new management late in Q4 2017 with the appointment of Carlos A. Silva as COO and as the year progressed new members were added to the operations team. With the change in team members, and appropriate leadership, came fresh perspectives on how to improve operations and we are now seeing improved head grades and metal recoveries at Veta Grande."

Selected operating and financial information for the three months and years ended December 31, 2018 and 2017 is presented below:

	Three months ended Dec 31,		**Years ended Dec 31,**	
	2018	**2017**	**2018**	**2017**
Financial				
Revenue – Mining Operations	1,258	1,292	5,134	7,816
Revenue – Mining Services	1,466	3,580	8,017	3,580
Gross Loss [4]	(3,073)	(451)	(4,060)	(5,156)
Impairment	(1,486)	(10,445)	(1,486)	(20,079)
Net Loss	(4,239)	(10,012)	(4,637)	(22,906)
Net Loss Per Share – Basic ($/share)	(0.03)	(0.06)	(0.03)	(0.14)
Adjusted EBITDA [4]	(2,404)	(1,435)	(3,468)	(5,297)
Operating				
Material Processed (tonnes milled)	53,396	30,974	211,465	181,073
Silver Equivalent Produced (ounces) [1]	237,542	139,670	815,323	865,459
Silver Equivalent Sold (payable ounces) [2]	106,757	94,204	420,553	643,767
Production Cost per Tonne [3]	89.97	86.49	67.01	63.74
Cash Cost per Silver Equivalent ($/oz.) [3]	48.32	32.38	36.76	23.07
All-in Sustaining Cost per Silver Equivalent ($/oz.) [3]	56.19	38.53	37.23	27.56
Average Realized Silver Price per Ounce ($/oz.) [3] [5]	14.40	16.73	15.30	17.06

(1) Silver equivalent ounces produced in 2018 have been calculated using prices of US$17.00/oz., US$1,295/oz., US$1.00/lb. and US$1.35/lb. for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced at the Rosario Project and the Veta Grande Project. 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 at the Rosario Project and the Veta Grande Project.

(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 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 annual and quarterly financial statements.

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

Financial Results

2018 Annual Results

The Company recorded a net loss of $4,239 ($0.03 per share) for the year ended December 31, 2018 compared to a net loss of $22,906 ($0.14 per share) for the year ended December 31, 2017. The net losses in each year included significant impairment charges, $1,486 in 2018 and $20,079 in 2017, related to the carrying value of the Rosario Project in both years and additionally in 2017 to dispositions of certain mineral properties. The 2018 financial results include revenues and cost of sales relating to the Mining Services Agreement with Carrizal for the entire fiscal year whereas in 2017 these items only became applicable in the fourth quarter.

Revenues in 2018 of $13,151 include mining operations of $5,134 (2017 - $7,816) and mining services of $8,017 (2017 - $3,580).

The 2018 mining operations revenue was generated as to 56% from the Veta Grande Project (2017 - 47%) and 44% from the Rosario Project (2017 - 53%). Management anticipates that as the Company moves forward the Veta Grande Project will contribute an increasing amount of total mining operations revenue as the result of increased mill throughput, improved head grade and improved metal recoveries.

The gross loss from mining operations in 2018 was $11,018 (2017 – $6,012) while the gross income from mining services was $6,958 (2017 - $856). The cost of sales in 2018 for mining operations was $16,152 (2017 - $14,408). The increase in the mining operations cost of sales related to a 44% increase in cost of operations at the Veta Grande Project which reflects a 47% increase in tonnes processed. The cost of sales for mining services was $1,059 in 2018 (2017 - $2,724). The revenues and cost of sales related to the Mining Services reported in 2017 occurred in Q4 2017 whereas the 2018 figures are for a full year of activities.

Q4 2018 Results

The Company recorded a net loss of $3,073 ($0.03 per share) for the fourth quarter of 2018 compared to a net loss of $10,012 ($0.06 per share) for 2017. The net loss for Q4 2018 includes an impairment charge of $1,486 (2017 - $10,445) recorded against the carrying value of the Rosario Project.

Revenues in 2018 of $2,724 include mining operations of $1,258 (2017 - $1,292) and mining services of $1,466 (2017 - $3,580).

The 2018 Q4 mining operations revenue was generated as to $828 (2017 - $482) from the Veta Grande Project and $430 (2017 - $805) from the Rosario Project. The 2017 Q4 Veta Grande Project revenue was impacted by the suspension of milling activities for most of November as requested by SERMANAT.

The gross margin from mining services amounted to $1,466 (2017 - $856) while the gross loss from mining operations was $4,539 (2017 – loss of $6,012). The increase in cost of sales in Q4 2018 for mining operations to $5,797 (2017 - $2,599) is due in part to processing more mineralized material in the 2018 quarter (72% increase) and in part to an emphasis in 2018 on mine development at the Veta Grande Project

Operational Results and Costs

Veta Grande Project

2018 Annual Results

The focus at the Veta Grande Project during 2018 was to optimize operations, in particular at the milling facility. Emphasis was placed on increasing the production rate and grade of the mineralized material processed at the milling facility by accessing newly developed headings in the Veta Grande vein, Armados vein, and La Flor vein.

During Q4 a technical study by a metallurgical consultant was completed that has led to reconfiguring certain of the Veta Grande mill circuits and changing the reagents utilized. Positive results have resulted in the form of increased metal recoveries for gold, silver and zinc with decreased costs for the reagents utilized.

In 2018 silver equivalent production from the Veta Grande Project increased by 22% to 514,367 ounces as compared to 2017 production. The increase reflects a 47% increase in tonnes milled during 2018 offset by lower grade material (27% lower head grade for silver) being processed as compared to 2017.

In 2018 the cash cost of production per tonne of mineralized material processed decreased by 2% to $56.19/t as compared to 2017. The 2018 cost of operations includes 1,700 metres more of mine development than the 2017 cost of operations.

Cash cost of production per silver equivalent ounce sold during 2018 increased by 58% to $38.70/oz as compared to $24.50/oz in 2017. As with the unit cost of production per tonne the 2018 results include the costs associated with additional 1,700 metres of mine development than in the 2017 costs. The 2018 average head grade was 27% lower than the 2017 head grade. Most all of this difference related to the first half of 2018 with significant improvement occurring in the second half of the year.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 53% in 2018 to $44.88/oz as compared to $29.33/oz in 2017. 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 with additional costs also arising from the increased mine development costs.

Q4 2018 Results

In Q4 2018 silver equivalent production from the Veta Grande Project increased by 170% to 175,488 ounces as compared to Q4 2017 production. The increased production primarily reflects a 108% increase in tonnes milled and a modest increase in silver equivalent head grade. Management anticipates a continuing gradual increase in tonnage milled, head grade and metal recoveries will continue through into 2019.

In Q4 2018 the cash cost of production per tonne of mineralized material processed increased by 10% to $74,84/t as compared to Q4 2017. The Q4 2018 unit cost includes a number of one-time accounting adjustments that together with the increased mine development costs more than cover this increase.

Cash cost of production per silver equivalent ounce sold during Q4 2018 increased by 19% to $42.98/oz as compared to $36.18/oz in 2017. As with the unit cost of production per tonne the 2018 results include the costs associated with 1,700 more metres of mine development than the 2017 costs and are also negatively impacted by the one-time accounting adjustments. The 2018 average head grade was 30% higher than the 2017 head grade.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 18% in 2018 to $51.66/oz as compared to $43.62/oz in 2017. 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

2018 Annual Results

Silver equivalent production in 2018 from the Rosario Project decreased by 32% to 300,956 ounces as compared to 442,329 in 2017. This decrease reflects a 23% decrease in tonnes milled and lower head grade. These decreases reflect in part the impact of the suspension of operations at both the Rosario Mine and Cinco Estrellas Property in Q4 2017.

Cash cost of production per tonne of mineralized material processed increased by 29% in 2018 to $93.60/t as compared to $72.38/t in 2017. This is mainly due to the 23% decrease in tonnes mlled during the quarter while the cash cost of production was unchanged.

Cash cost of production per silver equivalent ounce sold increased by 57% in 2018 to $34.28/oz as compared to $21.83/oz in 2017. This negative variance reflects the increased cost of production per tonne processed and a 10% decrease in silver equivalent head grade which together with the 23% decrease in tonnes milled led to a 47% decrease in silver equivalent ounces sold.

All-in sustaining cash cost of production per silver equivalent ounce sold increased by 51% in 2018 to $39.39/oz as compared to $26.03/t in 2017. This change in unit costs occurred largely for the same reasons as the cash cost of production per silver equivalent ounce sold decrease as described above.

Q4 2018 Results
As compared to Q4 2017 the Q4 2018 cash cost per tonne of production increased by 11%. This change reflects a 25% increase in tonnes processed accompanied by a 39% increase in cash cost of production.

As compared to Q4 2017 the Q4 2018 cash cost per silver equivalent ounce sold increased by 96%. The increase reflects the increased cost per tonne processed combined with processing lower grade material, particularly with respect to the silver and zinc grades.

As compared to Q4 2017 the Q4 2018 all-in sustaining unit costs increased 85%. This change in unit costs occurred largely for the same reasons as for the increase in the cash cost of production **per silver equivalent ounce sold** 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.