

VANCOUVER, Aug. 27, 2015 /CNW/ - [Santacruz Silver Mining Ltd.](#) (TSX.V:SCZ) (the "Company" or "Santacruz") is pleased to announce the financial and operating results for the second quarter of 2015. 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 US dollars unless otherwise indicated.

Q2 HIGHLIGHTS:

- Silver equivalent payable ounces sold of 247,135
- Revenues of \$3.15 million
- Gross profit from mining operations was \$0.13 million
- Cash flow from mining operations was \$0.68 million
- Cash operating cost per AgEq ounce sold was \$13.01/oz
- All-in sustaining cash cost (AISC) per AgEq ounce sold was \$16.86
- Average realized silver price per ounce of \$17.00/oz from Price Protection Program

"During the second quarter the Rosario Mine made a solid comeback in terms of operational performance. Head grades are much improved at close to 322 g/t silver equivalent largely as the result of well managed dilution control. These improvements in addition to other cost control initiatives have brought our costs down 18% to AISC \$16.86/oz silver equivalent when compared to the previous full quarter of operations." said Arturo Préstamo, President and CEO. "In addition we have also identified further cost saving measures that should begin to be reflected in Q3 as we transition from the temporary geotextile tailings containment system to a permanent dry-stack tailings system that is now fully operational. I am very pleased that we were able to make this significant step forward, especially in these difficult times. Management is committed to working toward more cost control and production efficiencies on a daily basis."

Second Quarter 2015 Financial Summary (Q2 2015 compared to Q4 2014)

Highlights (US\$000's except per share amount) Q2 2015 Q4 2014 Q2 vs Q4

	% change		
Revenue	\$3,147	\$3,226	-2%
Mine Operating Income (Loss)	\$127	\$(292)	143%
Cash Flow from Mining Operations	\$680	\$(12)	-
Income from Price Protection Program	\$306	-	-
Net Loss*	\$(2,018)	\$(4,498)	55%
Basic Loss per Share	\$(0.02)	\$(0.04)	50%

* Includes depreciation and amortization of \$0.555 million and \$0.282 million in Q2 2015 and Q4 2014 respectively

Highlights

Q2 2015 Q4 2014 Q2 vs Q4

	% change		
Ore Processed (tonnes milled)	26,492	25,099	5%
Silver Equivalent Production (ounces) ⁽¹⁾	258,089	244,200	6%
Silver Equivalent Sold (payable ounces) ⁽²⁾	247,135	263,300	-6%
Cash Cost per Silver Equivalent Sold (\$/oz.) ⁽³⁾	\$13.01	\$15.08	-14%
Production Cost (\$/tonne) ⁽³⁾	\$87.23	\$116.50	-25%
All-in Sustaining Cost per Silver Equivalent Sold (\$/oz.) ⁽³⁾	\$16.86	\$20.68	-18%
Average Realized Silver Price (\$/oz.) ⁽³⁾	\$17.00	\$16.15	5%

⁽¹⁾ Silver equivalent ounces produced for Q4 2014 are calculated using prices of US\$20.00/oz., US\$1,250/oz., US\$0.96/lb. and US\$90/lb. for silver, gold, lead and zinc respectively, applied to the recovered metal contained in the lead and zinc concentrates produced at the Rosario Mine.

⁽²⁾ Silver equivalent ounces sold in Q2 2015 and Q4 2014 were calculated using realized silver prices of US\$17.00/oz and US\$16.15/oz respectively, applied to the payable metal content of the lead and zinc concentrates sold from the Rosario Mine.

⁽³⁾ The Company reports non-IFRS measures which include Cash Cost per Silver Equivalent, Production Cost, All-in Sustaining Cost per Silver Equivalent and Average Realized Silver Price. 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.

Operational Review

During the second quarter of 2015 the average mill production was 325 tpd. The mill facility capacity is now 450 tpd which will be increased to 700 tpd after some modest equipment additions and adjustments are made. The Rosario Mine is scheduled to produce at a rate of between 400 – 450 tpd with the head grade averaging above 300 gpt silver equivalent. The improved dilution control resulting in the higher head grade should continue to reduce costs at the Rosario Mine. During the second quarter the Company executed an in-fill drilling campaign of approximately 6,000 meters to better delineate its mining plan for the next 18 months. Throughout the remainder of this year no additional drilling is planned (once assay results are completed, these will be announced). In addition the Company is investigating the opportunity to acquire third party ore to maximize the under-utilized Rosario Mill capacity.

The Company also announces the resignation of our Chief Operating Officer, Mr. Robert Byrd, as he has made the decision to retire, Mr. Byrd will remain as a consultant for the Company. The Company wishes to thank Mr. Byrd for his contributions during his time with Santacruz. The Company has named Mr. Cesar Maldonado as its Chief Operating Officer. Mr. Maldonado has more than 30 years' experience in the industry, and has been with the Company for the last three months. Previously, Mr. Maldonado worked for [First Majestic Silver Corp.](#) and Minera Frisco, S.A. de C.V. Mr. Maldonado has an Engineering degree in Mining and Metallurgy with studies in Minerals Economics from the University of Chihuahua.

Qualified Person

All technical information which is included in this statement has been reviewed and approved by Donald E. Hulse P.E. of Gustavson Associates LLC. Mr. Hulse is independent of the Company and a qualified person, pursuant to the meaning of such terms in National Instrument 43-101 Standards of Disclosure for Mineral Projects.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with a producing mine (Rosario); two advanced-stage projects (San Felipe and Gavilanes) and an early-stage exploration project (El Gachi). 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

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward looking information

Certain statements contained in this news release, such as planned production levels and costs, 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, including, that the Company's financial condition and development plans do not change as a result of unforeseen events, that the Company obtains regulatory approval, future metal prices and the demand and market outlook for metals. 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, that occurrences such as those referred to above are realized and result in delays, or cessation in planned work, that the Company's financial condition and development plans change, delays in regulatory approval, risks associated with the interpretation of data, 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 Annual Information Form 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.

Financial outlook information contained herein about the Company's prospective cash flows and financial position is based on assumptions about future events, as described above, based on management's assessment of the relevant information currently available. The purpose of such financial outlook is to provide information about management's current expectations as to the anticipated results of its proposed business activities for the coming quarters. Readers are cautioned that any such financial outlook information contained herein should not be used for purposes other than for which it is disclosed herein.

Rosario Mine

The decision to commence production at the Rosario Mine was 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.

SOURCE [Santacruz Silver Mining Ltd.](http://SantacruzSilverMiningLtd.com)

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