

Santacruz Silver Reports 2017 Annual Production Results and 2018 Update

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TSX.V: SCZ
FSE: 1SZ

VANCOUVER, March 5, 2018 /CNW/ - Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the "Company" or "Santacruz") reports its 2017 operating results from the Veta Grande Project in Zacatecas, Mexico and Rosario Project in Charcas, San Luis Potosi, Mexico, the fourth quarter ("Q4") and year ended December 31, 2017 and provides an operations update.

The Company produced a total of 865,458 silver equivalent ounces in fiscal 2017 (2016 - 970,332) including fourth quarter production of 139,670 silver equivalent ounces (2016 - 242,048). The decreased production is a result of a number of factors including a delayed production start at the Membrillo Prospect, lower than expected head grades from the previously mined mineralized material ("chorros") at the Veta Grande Project and from a temporary suspension of operations at the Veta Grande Project in November 2017 (see press release dated November 22, 2017). Mining operations were further challenged by a deficiency of working capital.

Arturo Prestamo, Santacruz's President and CEO stated "In 2017 Santacruz made several positive steps towards solidifying its operations base including the retirement of the senior JMET debt facility, the negotiation of the outright acquisition of the Veta Grande Project, the appointment of Carlos Silva as COO, and optioning 20% of the Company's Zacatecas mineral portfolio to Carrizal Mining, S.A. de C.V." Mr. Prestamo continued "Further, as a first step to address the Company's current working capital needs Santacruz has entered into a services agreement with Carrizal Mining to provide to it certain mining related services which will generate approximately US\$1.1 million of monthly cash flow to Santacruz."

Project Updates

Veta Grande Project

Two important initiatives are currently ongoing at the Veta Grande Project. The first initiative is the expansion of the Veta Grande mill capacity to 750 tpd which is well advanced. Commissioning of this expansion is expected to start in late March. The second initiative is the conversion of the source of mineralized millfeed to the Veta Grande mill from the chorros to in situ vein material from the Veta Grande and Armados veins. In connection with this matter the first phase of a surface drilling campaign on a vein of 6,000 metres is underway on the Veta Grande vein and a 3,000-metre underground drill program on the Armados vein is scheduled to commence within 10 days. The mill expansion and drilling campaigns are being funded by Carrizal Mining, S.A. de C.V. to the terms of its 20% earn-in on the Veta Grande mineral portfolio.

Rosario Project

The Company recently has recently taken the decision to consolidate all of its Rosario Project mining operations to the Membrillo Prospect. Mine development has now reached Level 2 and mine production is increasing. Once the mine operations at the Membrillo Prospect achieve target amounts the Company will recommence mining operations at the Cinco Estrellas Project.

CONSOLIDATED PRODUCTION RESULTS & 2017 Q4 AND 2017 ANNUAL

	2017 Q4	2016 Q4	2017 Yr	2016 Yr ¹
	30,975	46,587	181,077	121,804
Material Processed (tonnes milled)				
	139,670	242,048	865,458	970,332
Silver eqv. ounce production				
	44,316	100,199	313,946	486,136
Silver production (ounces)				
	239	251	1,431	569
Gold production (ounces)				
	94	348	623	991
Lead production (tonnes)				
	412	768	2,292	3,039
Zinc production (tonnes)				
	194	206	161	288
Average Head Grade (g/t Ag Eqv.)				

2017
 Ag
 2016
 Ag
 Ags
 Calculated
 using
 metal
 metal
 prices
 of metal
 Ag
 Ags
 \$16.00/oz,
 Ag
 \$14.50/oz,
 Pb
 \$1,000/lb,
 Pb
 \$0.76/lb
 \$1.15/lb.
 Zn
 \$0.71/lb.

¹ The Veta Grande Project commenced commercial production October 1, 2016 and as such the 2016 annual production figures do not include a full year's production from this project.

VETA GRANDE PROJECT PRODUCTION RESULTS – 2017 Q4 AND 2017 ANNUAL

	2017 Q4	2016 Q4	2017 Yr	2016 Yr ¹
Material Processed (tonnes milled)	17,657	28,562	102,111	28,562
Silver eqv. ounce production	64,987	106,519	423,130	106,519
Silver production (ounces)	25,665	29,843	201,284	29,843
Silver head grade (g/t)	78	56	100	56
Silver recovery (%)	58	58	61	58
Gold production (ounces)	53	115	424	115
Lead production (tonnes)	70	232	466	232
Zinc production (tonnes)	163	382	803	382
Average Head Grade (g/t Ag Eqv.)	183	170	127	170

2017
 Ag
 2016
 Ag
 Calculated
 using
 calculated
 prices
 of metal
 Ag
 Prices
 \$16.00/oz,
 Ag
 \$14.50/oz,
 Pb
 \$1,000/oz,
 Pb
 \$0.76/lb
 and 5/lb.
 Zn
 \$0.71/lb.

¹ The Veta Grande Project commenced commercial production October 1, 2016 and as such the 2016 annual production figures do not include a full year's production from this project.

ROSARIO PROJECT PRODUCTION RESULTS – 2017 Q4 AND 2017 ANNUAL

	2017 Q4	2016 Q4	2017 Yr	2016 Yr
Material Processed (tonnes milled)	13,317	18,025	78,964	93,242
Silver eqv. ounce production	74,683	135,529	442,328	863,873
Silver production (ounces)	18,652	70,356	112,662	456,293
Silver head grade (g/t)	53	126	52	163
Silver recovery (%)	82	96	85	94
Gold production (ounces)	186	136	1,007	454
Lead production (tonnes)	23	116	157	759
Zinc production (tonnes)	249	386	1,489	2,657
Average Head Grade (g/t Ag Eqv.)	209	263	205	324

2017
Ag
2016
Ag
Estimated
using
estimated
prices
of metal
prices
Agces
\$16.00/oz,
Ag
\$14.50/oz,
Rb
\$1,000/oz,
Pd
\$0.76/lb
\$1.15/lb.
Zn
\$0.71/lb.

Sampling and Laboratory

The reported head grades have been estimated from assay results of samples collected from stockpiles of mined mineralized material. The reported stope grades are of assay results of underground chip samples collected across the vein and at an average interval of three meters along the strike length of the vein. Blanks, standards and duplicate control samples are not utilized in the sampling procedure.

Samples collected from the Rosario and Veta Grande Projects are assayed at the Rosario and Veta Grande laboratories, respectively. Both laboratories are owned and operated by Santacruz and the facilities are meant to serve the mining operations at the projects. The Rosario and Veta Grande laboratories are not independent of the Company and do not hold ISO certification. Samples are prepared by drying, crushing, rifle splitting and pulverizing to <75 microns passing 200-mesh. Samples are analyzed by 3-acid digestion and Atomic Absorption Spectrometry. Gold and silver are further analyzed by fire assay with gravimetric finish.

Qualified Persons

The technical information included in this statement has been reviewed and approved by Van Phu Bui, P.Geo. of ARC Geoscience Group who is independent of the Company and is a qualified person, pursuant to the meaning of such terms in NI 43-101.

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 Veta Grande) and two exploration properties, 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

