TSX.V: SCZ
FSE: 1SZ

May 31, 2017

Santacruz Silver Reports First 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 first 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.

Q1 Highlights:

- Silver equivalent produced ounces of 223,968;
- Head grade of 216 Ag Eqv. g/t;
- 28% quarter over quarter reduction in production cost per tonne to $52.87
- 18% quarter over quarter reduction in cost per Ag Eq Oz to $19.55

"The fiscal results of the first quarter of 2017 and the fourth quarter of 2016 reflect a transition period for the Company as it added two new sources of mineralized material at the Rosario Project and expanded the development of mineralized material from previously mined stopes at Veta Grande referred to as "Chorros"" stated Arturo Préstamo, CEO of Santacruz adding, "As a result of mining the Chorros, the operating costs are substantially reduced and we look forward to continued production improvements at both Rosario and Veta Grande over the coming quarters."

2017 First Quarter Operational Highlights

Summary of Production Results	2017 Q1 (2)	2016 Q4 (3)	2016 Q1 (3)
Material Processed (tonnes milled)	45,474	42,746	24,053
Silver eqv. ounce production (1)	223,968	200,122	290,569
Silver production (ounces)	92,154	67,927	162,802
Gold production (ounces)	326	285	128
Lead production (tonnes)	144	282	284
Zinc production (tonnes)	559	726	793
Average Head Grade (g/t Ag Eqv.)	216	189	389

Rosario Project Operational Results

Summary of Production Results	2017 Q1 (2)	2016 Q4 (3)	2016 Q1 (3)
Material Processed (tonnes milled)	18,723	16,636	24,053
Silver eqv. ounce production (1)	115,240	99,749	290,569
Silver production (ounces)	34,556	39,900	162,802
Silver head grade (g/t)	66	81	218
Silver recovery (%)	86%	92%	97%
Gold production (ounces)	195	179	128
Lead production (tonnes)	45	62	284
Zinc production (tonnes)	382	364	793
Average Head Grade (g/t Ag Eqv.)	226	225	389

Veta Grande Project Operational Results

Summary of Production Results	2017 Q1 (2)	2016 Q4 (3)
Material Processed (tonnes milled)	26,751	26,110
Silver eqv. ounce production (1)	108,728	100,373
Silver production (ounces)	57,598	28,027
Silver head grade (g/t)	117	57
Silver recovery (%)	57%	58%
Gold production (ounces)	131	106
Lead production (tonnes)	99	220
Zinc production (tonnes)	177	362
Average Head Grade (g/t Ag Eqv.)	209	165

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

Metal Prices Q1 2017[2]: Ag $16.00, Au $1,150, Pb $0.90, Zn $1.15
Metal Prices Q1 and Q4 2016[3]: Ag $14.50, Au $1,100, Pb $0.76, Zn $0.71

2017 First Quarter Financial Highlights

	2017 Q1	2016 Q4	2016 Q1
Financial (1)			
Revenue	$2,085	$1,874	$3,537
Mine Operations Income (Loss) (6)	$(1,059)	$(1,896)	$462
Net Income (Loss) (2)	$1,490	$(3,646)	$(3,000)
Net Income (Loss) Per Share – Basic ($/share)	0.01	(0.02)	(0.03)
Adjusted EBITDA (5)	$(848)	$(1,560)	$601
Operating (1)			
Material Processed (tonnes milled)	45,474	42,746	24,053
Silver Equivalent Produced (ounces) (3)	223,968	200,122	290,569
Silver Equivalent Sold (payable ounces) (4)	163,457	166,734	318,596
Production Cost per Tonne (5)	52.87	72.33	103.28
Cash Cost per Silver Equivalent ($/oz.) (5)	19.55	23.97	10.93
All-in Sustaining Cost per Silver Equivalent ($/oz.) (5)	24.56	26.15	14.10
Average Realized Silver Price per Ounce ($/oz.) (5) (7)	17.31	16.55	17.00

(1) The Veta Grande Project commenced commercial production effective October 1, 2016 and therefore is not included in the 2016 Q1 financial or operating results.

(2) The net income of $1,490 reported in Q1 2017 is after recording a non-cash credit to income of $3,308 with respect to a change in derivative liability.

(3) 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 first and fourth quarters of 2016 as well as by the Veta Grande Project during the fourth quarter of 2016.

(4) Silver equivalent sold ounces in the first quarter of 2016 has been calculated using a realized silver price of US$17.00/oz., after giving effect to certain forward metal sales entered into in connection with the JMET Agreement.

(5) 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.

(6) 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.

(7) Average realized silver price per ounce is prior to all treatment, smelting and refining charges. The average realized silver price per ounce for the first quarter of 2016 has been calculated after giving effect to certain forward metal sales entered into in connection with the JMET Agreement.

Rosario Project Update

In Q1 2017 silver equivalent production from the Rosario Project increased by 16% (15,491 ounces) compared to Q4 2016. The improved production reflects the impact of the Cinco Estrellas Property and Membrillo Property as alternate sources of mill feed at the Rosario milling facility that resulted in a 13% increase in tonnes milled and higher recoveries for gold and zinc.

During the first quarter of 2017 and continuing into mid-May, the Company completed a new access ramp at the Cinco Estrellas Property from surface to Level 3 that shortly will be extended to Level 5. The new ramp has larger dimensions that will allow haulage trucks to access from Level 1 to Level 5 thereby greatly improving the transportation of mineralized material to surface. Currently there is approximately 2,000 tonnes of mineralized material that has just been hauled to surface grading on average 2.6 g/t Au and 60 g/t Ag based on samples taken from the stockpile of mined material. Management now expects to continue accessing mineralized material of similar or higher grades at the Cinco Estrellas Property based on sampling of planned mining stopes.

On May 29, 2017 the Company entered into the Membrillo Agreement. In connection with this agreement and with the concurrence of Grupo Mexico, the Company began development work at the Membrillo Vein late in the fourth quarter of 2016 and to date has completed approximately 816 metres of development drifting on Level 1 and is now advancing a ramp (145 metres completed to date) to Level 2 which will be 30 metres below Level 1. To date 7,504 tonnes of mineralized material from development works has been delivered to the Rosario Project mill facility for processing, with an average head grade of 30 g/t Ag; 0.24 g/t Au; 2.73% Zn; and 0.34% Pb.

The Company expects that once full mining operations are achieved at the Membrillo Vein the combined daily production from the Membrillo Vein and the Cinco Estrellas property will range from 450 to 500 tpd with an additional 100 to 150 tpd of mineralized material being delivered to the Rosario Project mill facility from the Rosario Mine. This diversification of feed to the Rosario Project's mill gives management much greater flexibility in developing and executing its operations plan at its Rosario Project.

Veta Grande Project Update

During the fourth quarter of 2016 mineralized material from the Chorros within the Veta Grande vein was identified and accessed from old workings below Level 3 at the Garcia mine. During the first quarter of 2017 approximately 26,700 tonnes of material at an estimated head grade of 117 g/t Ag, 0.83% Zn, 0.48% Pb and 0.24 g/t Au was processed at the Veta Grande Project, largely sourced from the Chorros .

Mineralized material from the Chorros will be a primary source of mill feed to the Veta Grande milling facility in 2017, combined with mineralized material from other mine working faces recently developed at the Garcia mine. At present the Company is extracting mineralized material from seven Chorros and expects to bring two additional Chorros online by mid-June. In connection with this matter during the first half of 2017 the Company plans to drive an access ramp for a vertical depth of 180 metres (150 metres completed to date) from the current workings at the Veta Grande vein, the largest of the vein systems contained within the Garcia mine.

In concert with the current optimized mine plan, the Company is deferring the installation of the 1,250 tonne-per-day ball mill, 4,000 tonne-per-day crushing circuit and 4,000 tonne-per-day zinc thickener and filter press until the second half of 2017.

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 Vein, and the right to operate the Veta Grande silver project and milling facility); and three exploration properties including the Gavilanes property, 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

For further information please contact:

Neil MacRae
Santacruz Silver Mining Ltd.
Email: info@santacruzsilver.com
Telephone: (604) 569-1609

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 Vein 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.