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Santacruz Silver Reports Fourth Quarter / Year-End 2016 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 of 2016 ("Q4") and for the 2016 fiscal year. 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 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.

Highlights:

- In 2016 silver equivalent production increased by 12% to 928,467 ounces from 832,283 ounces in 2015
- Year on year improvement in production cost per tonne of $79.59 per tonne in 2016, compared to $92.63 per tonne in 2015
- In 2016 the Company completed the restructuring of its silver loan agreement with JMET, LLC ("JMET"). The restructuring amended the agreement such that the Company no longer has any metal delivery obligations to JMET and significantly reduced the debt position on the Company
- Subsequent to 2016, the Company divested of two non-core assets, the San Felipe Project and the El Gachi Property, in order to monetize these assets and further reduce debt obligations

"The year 2016 was focused primarily on the re-structuring of the Company's balance sheet," said Arturo Préstamo, President and CEO. "With management's plan to focus on the producing assets, we have executed on our plan to divest non-core assets and move forward with our production plans accordingly."

2016 Information

- Selected operating and financial information for the three months and years ended December 31, 2016 and 2015 is presented below:

	Three months ended December 31,		Years ended December 31,	
	2016	**2015**	**2016**	**2015**
Financial				
Revenue	1,874	2,502	11,812	8,643
Mine Operations Income (Loss) [(6)]	(1,896)	(402)	(51)	(2,039)
Net Loss [(1)]	(3,646)	(18,035)	(18,506)	(24,232)
Net Loss Per Share – Basic ($/share)	(0.02)	(0.17)	(0.14)	(0.23)
Adjusted EBITDA [(6)]	(1,560)	(188)	580	(2,172)
Operating [(2)]				
Material Processed (tonnes milled)	42,746	25,927	117,962	79,249
Silver Equivalent Produced (ounces) [(3)]	200,122	268,319	928,467	832,283
Silver Equivalent Sold (payable ounces) [(4)]	166,734	233,225	935,158	742,538
Production Cost per Tonne [(5)] [(7)]	72.33	88.14	79.59	92.63
Cash Cost per Silver Equivalent ($/oz.) [(5)] [(7)]	23.97	12.62	13.69	12.66
All-in Sustaining Cost per Silver Equivalent ($/oz.) [(5)] [(7)]	26.15	15.88	16.82	16.34
Average Realized Silver Price per Ounce ($/oz.) [(5)]	16.55	17.00	17.23	17.02

(1) Included in the reported results are impairment charges of $15,615 and $19,426 respectively in the fiscal years ended 2015 and 2016 related to the San Felipe Project. Similarly, Included in the Q4 results for 2015 is an impairment charge of $19,426 while the Q4 2016 results include an impairment reversal of $1,073, again related to the San Felipe Project.

(2) The Veta Grande Project commenced commercial production effective October 1, 2016 and therefore is not included in the 2015 operating results.

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

Silver equivalent ounces produced in 2015 have been calculated using prices of US$17.75/oz., US$1,250/oz., US$0.83/lb and US$1.09/lb for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced by the Rosario Project.

(4) Silver equivalent sold ounces in the fourth quarter of 2015 have been calculated using a realized silver price of US$17.00/oz., after giving effect to price protection program that had been put in place in connection with the Company's senior debt facility, and a realized silver price of US$16.55/oz for the fourth quarter of 2016. The annual figures have been calculated using a realized silver price of US$17.23/oz for 2016 and US$17.02/oz for 2015. These prices are applied to the payable metal content of the lead and zinc concentrates sold from the Rosario Project as well as from the Veta Grande Project in the fourth quarter of 2016.

(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.

Q1 2015 there was a temporary halt in operations from January 2 to March 25 following a malfunction in the tailings dam dewatering pipe. As such the Q1 2015 operating results are considered abnormal and have not been included in the calculation of the annual 2015 per unit costs as there was nominal production during this time.

(7) During Q1 2015 there was a temporary halt in operations from January 2 to March 25 following a malfunction in the tailings dam dewatering pipe. As such the Q1 2015 operating results are considered abnormal and have not been included in the calculation of the annual 2015 per unit costs as there was nominal production during this time.

Veta Grande Outlook

During the fourth quarter of 2016, significant mine development at Veta Grande was completed, including approximately 1,400 metres of level development and 480 metres of main access ramp development completed at the Guadalupana mine, and approximately 350 metres of level development in addition to 120 metres of main haulage ramp development completed at the Garcia mine. As a consequence of this development work a substantial amount of the millfeed during the fourth quarter was from lower grade development material. Importantly, during the fourth quarter mineralized material from previously mined stopes ("Choros") 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 was processed at the Veta Grande Project, largely sourced from the Choros, with an estimated head grade of 117 g/t Ag, 0.83% Zn, 0.48% Pb and 0.24 g/t Au. Management expects that these grades will improve in the coming weeks as more Choros are accessed.

Mineralized material from the Choros will be a primary source of millfeed to the Veta Grande milling facility in 2017, combined with mineralized material from other mine working faces recently developed at the Garcia mine. In connection with this matter during the first half of 2017 the Company plans to drive an access ramp for a vertical depth of 120 metres from the current workings at the Veta Grande vein, the largest of the vein systems contained within the Garcia mine.

Rosario Outlook

During the fourth quarter, the Company also advanced development of the Cinco Estrellas Property so as to complement the mill feed from the Rosario Mine. During the fourth quarter approximately 2,855 tonnes were mined from this property with an estimated average head grade of 3.3 g/t Au and 88 g/t Ag. To date in 2017, approximately 4,841 tonnes of mineralized material has been mined and processed from the property. The mineralized material mined in the fourth quarter and to date in 2017 has been sourced from mine development workings. Importantly, development of the first production stope has just been completed. The stope is located between levels 2 and 3, and is approximately 18 metres high. Geological mapping and chip sampling of the vein over a 150 meter strike length on levels 2 and 3 indicate the vein widths in this stope range from 1.5 to 3.0 metres. Assay results of chip samples collected from the top of the stope (level 2) range from trace up to 6.0 g/t Au and 120 g/t Ag as compared to the bottom of the stope (level 3) that range from trace up to 19 g/t Au and 220 g/t Ag.

The Company is assessing other mineral prospects located in proximity to the Rosario Mine with a view to further increasing high-grade feed to the Rosario mill. Management believes such a strategy will strengthen the Rosario Project operations by providing greater mining flexibility as well as utilizing the available mill capacity.

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 contained in this news release has been reviewed and approved by Van Phu Bui, B.Sc., P. Geo., who is independent of the Company and a "qualified person" under National Instrument 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 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

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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 and Cinco Estrellas Property 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.