

Santacruz Silver Reports Commencement of Commercial Production at Veta Grande Mine and Third Quarter 2016 Production Results

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the “Company” or “Santacruz”) reports on the operating results from the Rosario Mine in San Luis Potosi, Mexico and announces that, effective October 1, 2016, the Veta Grande Mine in Zacatecas, Mexico has commenced commercial production.

Q3 Highlights:

- Rosario Mine production of 164,924 ounces silver equivalent (AgEq), at an average head grade of 252 g/t AgEq;
- Cinco Estrellas gold-silver property began delivering mineralized material to the Rosario mill late in Q3. During Q4, mill feed deliveries are scheduled to average 240 tpd;
- Ramp-up at the Veta Grande Mine continued, resulting in the declaration of commercial production as of October 1, 2016. The Veta Grande Mine is poised for throughput growth beyond the current rate of 400 tpd, with the aim to reach 800 tpd during the first quarter of 2017.

“We are very pleased to have declared commercial production at our Veta Grande Mine, which represents a new chapter for the Company as we diligently work to increase our total production threshold in Mexico. A number of activities are in progress to support further throughput growth at Veta Grande, which we see as a cornerstone asset for Santacruz.” stated CEO Arturo Préstamo. “Over the past six months, the Company has also been working to augment and diversify mineralized feed for the Rosario Mine milling facility, including the delivery of higher grade material from the Cinco Estrellas property located 40km away. While production from the Rosario Mine itself decreased in the third quarter due to narrower zones of mineralization, it is expected that additional tonnage from Cinco Estrella coupled with the commencement of commercial production at the Veta Grande Mine should result in significant increases in production in 2017.”

Veta Grande Mine – Commercial Production

The Company has declared commercial production at its Veta Grande Mine as of October 1, 2016 after the milling facility throughput achieved 395 tpd (80% of design capacity) over the prior 30-day period with metal recoveries of approximately 85% of design rates.

The Veta Grande Mine is composed of multiple vein sources that serve to feed a central milling facility. The primary La Canterra vein is accessed from both the La Mecha mine and the Guadalupana mine, while the Garcia mine currently accesses four additional veins that yield less volume but higher grade mineralized material. The Company is blending the mineralized material from these various sources to produce the optimal mix of grade and tonnage to allow the mill to advance to 800 tpd during the first quarter of 2017.

2016 Third Quarter – Operational Highlights

Rosario Mine Operations Summary	Q3 2016	Q2 2016	Q3 2016 vs Q2 2016 % Change	Q3 2015	Q3 2016 vs Q3 2015 % Change
Material processed (tonnes milled)	24,744	26,419	-6.3%	25,007	-1.1%
Silver equivalent ounce production ^{1, 2, 3}	164,924	271,985	-39.4%	277,487	-40.6%
Silver production (ounces)	76,168	146,968	-48.2%	164,467	-53.7%
Gold production (ounces)	86	103	-16.5%	109	-21.19%
Lead production (tonnes)	121	238	-49.2%	278	-56.5%
Zinc production (tonnes)	643	835	-23.0%	567	13.4%
Average Head Grade (g/t AgEq) ^{1, 2, 3}	252	331	-23.9%	357	-29.4%

Note 1: $AgEq\ Oz = (Au * Pau) + (Ag * Pag) + (Pb * Ppb * 2205) + (Zn * Pzn * 2205)$
(Pag)



Note 2: Metal Prices Q2 and Q3 2016: Ag \$14.50, Au \$1,100, Pb \$0.75, Zn \$0.70

Note 3: Metal Prices Q2 2015: Ag \$17.75, Au \$1,250, Pb \$0.83, Zn \$1.09

Q3 and Q2 2016 Head Grade & Recovery Table

	Au	Ag	Pb	Zn
Grade	g/t		%	
Q3 2016	0.16	101.64	0.55	3.56
Q2 2016	0.18	194.32	0.98	3.54
Recovery (%)	Au	Ag	Pb	Zn
Q3 2016	66.39	94.2	88.55	72.9
Q2 2016	66.67	89.04	92.16	89.23

Rosario Mine – Operational Update

At the Rosario Mine, production in the quarter was impacted by the development of Levels 4.5 and 5 in areas of greater structural complexity and narrower veins, resulting in the increased mining dilution and lower grades realized during the quarter. It is expected that detailed underground mapping and additional exploration work will provide the Company with key data to further inform development. In addition, the Company is working to advance the Cinco Estrellas property to further complement the mill feed from the Rosario property. In October, approximately 2,000 tonnes of mineralized material were sent to the Rosario mill from the Cinco Estrellas property, which is expected to increase into the fourth quarter. 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 strengthens the Rosario Mine operations by providing greater mining flexibility as well as realizing economies of scale.

The technical information contained in this news release has been reviewed and approved by Van Phu Bui, BSc, PGeo, 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 mines (Rosario and Veta Grande); an advanced-stage project (San Felipe) and four exploration properties including the Gavilanes property, El Gachi 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

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Forward looking information

Certain statements contained in this news release, such as planned production and milling levels, costs, sales prices and efficiencies, 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 third party ore to be milled by the Company has properties consistent with management's expectations, that the Company obtains all required regulatory approvals, and that future metal prices and the demand and market outlook for metals remains stable or improves. 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, lower production levels, delays, and/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 (including in respect of the third party ore), 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.

Financial outlook information contained herein about the Company's prospective costs of production and sales prices 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.

Veta Grande Mine

The decision to commence production at the Veta Grande Mine 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.

Cinco Estrellas Property

The decision to commence production at the Cinco Estrellas Property 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.