

Santacruz Silver Reports Second 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 provides a commissioning update from the Veta Grande Mine in Zacatecas, Mexico for the second quarter of 2016.

Q2 HIGHLIGHTS:

- Rosario Mine silver equivalent produced ounces of 271,985, down 6.4% from Q1 2016;
- Head grade decrease to 331 Ag Eqv. g/t, down 14.8% from Q1 2016;
- Veta Grande mining rate exiting Q2 2016 at 400 tpd, and new underground equipment is now at site.

“During the second quarter at the Rosario Mine we experienced some equipment issues that were resolved by quarter’s end, resulting in a slight production reduction. Going forward such equipment issues are not expected to be a factor given the recent improvement in our working capital.” stated Arturo Préstamo, CEO of Santacruz adding, “At the Veta Grande Mine production and mine development improved significantly by quarter’s end with the recent addition of a new jumbo drill and underground haulage equipment.”

2016 Second Quarter Operational Highlights

Rosario Mine Operations Summary	Q2 2016	Q1 2016	Q2 2016 vs Q1 2016 % Change	Q2 2015	Q2 2016 vs Q2 2015 % Change
Ore processed (tonnes milled)	26,419	24,053	9.8%	26,493	-0.2%
Silver eqv. ounce production ^{1, 2, 3, 4}	271,985	290,569	-6.4%	265,834	2.3%
Silver production (ounces)	146,968	162,802	-9.7%	150,738	-2.5%
Gold production (ounces)	103	128	-19.7%	113	-8.8%
Lead production (tonnes)	238	284	-16.3%	233	0.0%
Zinc production (tonnes)	835	793	5.3%	615	35.8%
Average Head Grade (Ag Eqv.g/t) ¹	331	389	-14.8%	323	2.5%

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

Metal Prices Q2 2016²: Ag \$14.50, Au \$1,100, Pb \$0.75, Zn \$0.70

Metal Prices Q1 2016³: Ag \$14.00, Au \$1,100, Pb \$0.74, Zn \$0.68

Metal Prices Q2 2015⁴: Ag \$17.75, Au \$1,250, Pb \$0.83, Zn \$1.09

Q2 and Q1 2016 Grade & Recovery Table

	Au	Ag	Pb	Zn
Grade	g/t		%	
Q2 2016	0.18	194.32	0.98	3.54
Q1 2016	0.20	217.65	1.26	3.69
Recovery	Au	Ag	Pb	Zn
Q2 2016	66.67	89.04	92.16	89.23
Q1 2016	84.96	96.73	93.92	89.30



The silver recovery in Q2 2016 decreased as the result of the 400 tpd ball mill not being available for approximately three weeks of operations due to an electrical component failure. During this period the Company operated the two smaller ball mills with limited decrease in mill throughput but at a coarser grind leading to lower silver and gold recovery to the lead concentrate.

Veta Grande Mine Commissioning Update

Development work is advancing on the La Cantera vein at the La Mecha mine and the Guadalpana mine. In addition, development is advancing rapidly on the San Jose, La Flor and Armados veins located at the Garcia mine. The Company exited the quarter at a production rate of approximately 400 tpd. Management expects that this production rate will be maintained until the planned installation of an additional 1200 tpd ball mill is completed during the fourth quarter of this year at which time mill production is expected to double.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with a producing silver mine (Rosario); the right to operate a silver mine and mill facility (Veta Grande); an advanced-stage project (San Felipe) and an exploration project (Gavilanes). 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, 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 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 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.