

Santacruz to Receive Monthly Fees of Approximately US\$1.1 Million from Carrizal Mining Pursuant to a Services Agreement

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the “Company” or “Santacruz”) reports that the Company has entered into a services agreement (the “Agreement”) with Carrizal Mining, S.A. de C.V. (“Carrizal”) pursuant to which Santacruz will provide to Carrizal certain mine development, metallurgical and geological consulting services as well as other administrative services. The Agreement is open ended but management expects it will remain in force until at least the end of 2018. As consideration for the services Carrizal will make monthly payments to Santacruz of approximately US\$1.1 million. Santacruz intends to use the funds for working capital purposes.

Arturo Préstamo, CEO of Santacruz, stated "This services agreement is an important step for the Company as it will provide working capital that will allow us to expand the Veta Grande Project into a significant silver producer, whilst increasing the Rosario Project production during the year."

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 the Veta Grande project and milling facility) and two exploration properties, including 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.

About Carrizal Mining, S.A. de C.V.

Carrizal Mining is a Mexican privately owned Company which operates the Zimapan mine in Zimapan Hidalgo Mexico. The Company operates a 3,200 tpd mill and produces approximately 5.5 million silver equivalent ounces a year.

‘signed’

Arturo Préstamo Elizondo,
President, Chief Executive Officer and Director

For further information please contact:

Arturo Prestamo
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 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, including, but not limited to, assumptions as to the continuation of payments under the Agreement, the expansion of the Vita Grande Project, the Company's financial condition and development plans do not change as a result of unforeseen events, 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 Prospect 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.