

**Santacruz Silver Reports 2016 Annual Production Results and 2017 Update**

**Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ)** (the “Company” or “Santacruz”) reports its operating results from the Rosario project in Charcas, San Luis Potosi, Mexico and the Veta Grande project in Zacatecas, Mexico for the fourth quarter (“Q4”) and year ended December 31, 2016 and provides an update on the respective projects.

The Company produced a total of 970,332 silver equivalent ounces<sup>(1)</sup> in fiscal 2016, including fourth quarter production of 242,048 silver equivalent ounces<sup>(1)</sup> from its two operating projects. Production levels for the fourth quarter of 2016 were impacted by ongoing development and optimization activities at both the Rosario and Veta Grande projects which may allow for increased production levels in 2017.

“We are excited to see the results of our efforts over these past months coming to fruition with an anticipated production increase in fiscal 2017,” stated Arturo Préstamo, Santacruz’s President and CEO. “This expected increase in production will be the result of significant development work completed at the Veta Grande and Rosario projects in the fourth quarter of 2016, which has set the stage for more robust 2017 operations. Although our focus on these development activities had the effect of reducing our fourth quarter 2016 production total, I am pleased to advise that the Company is now well positioned to steadily advance our production levels throughout the year.”

**Project Updates*****Rosario project***

At the Cinco Estrellas property, the Company has completed development work on Levels 1, 2 and 3. Approximately 2855 tonnes of mineralized material was mined and processed from the property in the fourth quarter of 2016 with an estimated head grade of 3.3 g/t Au and 88 g/t Ag. To date in 2017 approximately 4950 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 approximately 18 metres high, with vein widths ranging from 1.5 to 3.0 metres for approximately 150 metres. Chip samples collected from the top of the stope range up to 6.0 g/t Au and 120 g/t Ag as compared to the bottom of the stope that range up to 19 g/t Au and 220 g/t Ag. Management expects to mine this stope at approximately 250 tpd.

In addition to the Cinco Estrellas property, the Company is evaluating other nearby properties which could be integrated into the Rosario project in order to leverage on Rosario’s milling capacity (approximately 600 tpd). The Company’s objective is to use the Rosario mill as a central processing facility for numerous mining projects in the nearby area.

***Veta Grande project***

During the fourth quarter of 2016, significant mine development occurred at the Veta Grande project, 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. Importantly, during the fourth quarter mineralized material from previously mined stopes within the Veta Grande vein was identified and accessed from old workings below Level 3 at the Garcia mine. This preparation work took place at these areas and during the months of January and February approximately 17,170 tonnes of material was extracted and processed from these previously mined stopes with an estimated head grade of 166 g/t Ag, 1.67% Zn, 1.33% Pb and 0.42 g/t Au.

Mineralized material from the previously mined stopes at the Garcia mine 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.

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

## CONSOLIDATED OPERATIONAL RESULTS

Summary of Production Results	2016 Q4	2015 Q4	2016 Yr	2015 Yr
Material Processed (tonnes milled)	46,587	25,927	121,804	79,249
Silver eqv. ounce production	242,048	268,319	970,332	832,284
Silver production (ounces)	100,199	143,937	486,136	471,893
Gold production (ounces)	251	103	569	336
Lead production (tonnes)	348	254	991	780
Zinc production (tonnes)	768	673	3,039	1,895
Average Head Grade (g/t Ag Eqv.)	206	341	288	352

Note 1 2015 production includes only nine months of the year, since during Q1 operations were suspended at the Rosario project due to a tailings pipe malfunction. 2015 silver equivalent ounces produced have been calculated as follows:

$$\text{AgEqvOz} = \frac{(\text{Au} * \text{Pau} / 31.1035) + (\text{Ag} * \text{Pag} / 31.1035) + (\text{Pb} * \text{Ppb} * 22.05) + (\text{Zn} * \text{Pzn} * 22.05)}{(\text{Pag})}$$

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

Note 2 2016 silver equivalent ounces produced have been calculated as follows:

$$\text{AgEqvOz} = \frac{(\text{Au} * \text{Pau} / 31.1035) + (\text{Ag} * \text{Pag} / 31.1035) + (\text{Pb} * \text{Ppb} * 22.05) + (\text{Zn} * \text{Pzn} * 22.05)}{(\text{Pag})}$$

Metal Prices: Ag \$14.50, Au \$1,100 Pb \$0.76, Zn \$0.71

**ROSARIO PROJECT OPERATIONAL RESULTS**

<b>Summary of Production Results</b>	<b>2016 Q4</b>	<b>2015 Q4</b>	<b>2016 Yr</b>	<b>2015 Yr</b>
Material Processed (tonnes milled)	18,025	25,927	93,242	79,249
Silver eqv. ounce production	135,529	268,319	863,873	832,284
Silver production (ounces)	70,356	143,937	456,293	471,893
Silver head grade (g/t)	126	178	163	194
Silver recovery (%)	96	97	94	96
Gold production (ounces)	136	103	454	336
Lead production (tonnes)	116	254	759	780
Zinc production (tonnes)	386	673	2,657	1,895
Average Head Grade (g/t Ag Eqv.)	263	341	324	352

**VETA GRANDE PROJECT OPERATIONAL RESULTS**

<b>Summary of Production Results</b>	<b>2016 Q4</b>	<b>2015 Q4</b>	<b>2016 Yr</b>	<b>2015 Yr</b>
Material Processed (tonnes milled)	28,562	-	28,562	-
Silver eqv. ounce production	106,519	-	106,519	-
Silver production (ounces)	29,843	-	29,843	-
Silver head grade (g/t)	56	-	56	-
Silver recovery (%)	58	-	58	-
Gold production (ounces)	115	-	115	-
Lead production (tonnes)	232	-	232	-
Zinc production (tonnes)	382	-	382	-
Average Head Grade (g/t Ag Eqv.)	170	-	170	-

**Management Change**

The Company advises that it has appointed Dante Rodriguez as Interim Chief Operating Officer, replacing Cesar Maldonado as COO. Mr. Maldonado has agreed to remain as a consultant to the Company. The Company wishes to thank Mr. Maldonado for his valuable contribution to the Company during his tenure as COO.



Mr. Rodriguez has most recently held the position of Vice-President, Exploration for the Company's wholly-owned subsidiary, Impulsora Minera Santacruz, S.A. de C.V.

### **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 included in this statement has been reviewed and approved by Van Phu Bui, P.Geo. of ARC Geoscience Group who is independent of the Company and is a qualified person, pursuant to the meaning of such terms in NI 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 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](http://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 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 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.*

#### 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.*