

Santacruz Silver Announces Agreement to Assign San Felipe Project to Americas Silver Corporation

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (“Santacruz”) reports that its wholly-owned subsidiary, Impulsora Minera Santacruz, S.A. de C.V. (together with Santacruz “the Company”), has entered into an agreement (the “Agreement”) with Americas Silver Corporation (“Americas Silver”) to assign 100% of its interest in the San Felipe Project located in Sonora, Mexico to Americas Silver for US\$7 million plus VAT paid on execution of the Agreement, comprised of US\$5.0 million plus VAT to the Company and US\$2.0 million plus VAT to Minera Hochschild Mexico, S.A. de C.V., the underlying property vendor. These amounts were paid on March 2, 2017.

From the proceeds of US\$5.0 million plus VAT received by the Company, US\$4.25 million has been paid to JMET, LLC (“JMET”), substantially reducing the amount outstanding on the promissory note held by JMET (the “JMET Note”) to approximately US\$0.75 million. Upon closing of the El Gachi transaction with First Majestic Silver Corp. previously announced on February 24, 2017, the residual balance on the JMET Note of US\$0.75 million will be repaid in full with US\$1.5 million in restructuring fees remaining outstanding.

“We are pleased to have executed on our two-fold plan to divest these non-core assets and to improve our balance sheet through the elimination of the principal amount outstanding on our JMET Note. Santacruz is first and foremost a silver producer, and we look forward to increasing production at our Veta Grande and Rosario operations.” stated Arturo Prestamo, President and CEO.

In consideration for the financial advisory services rendered by Haywood Securities Inc. (“Haywood”) in connection with the transaction, Santacruz has agreed to pay Haywood an advisory fee, of which Santacruz may elect to pay in full through the issuance of 390,000 common shares at an issue price of C\$0.335 per share, subject to TSX Venture Exchange approval.

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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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward looking information

Certain statements contained in this news release, including information concerning the anticipated payment in full of the residual balance of the JMET Note upon completion of the El Gachi transaction, the issuance of

common shares to Haywood and planned increase of production levels at the Veta Grande and Rosario operations 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, the assumption that regulatory approval of issuance of shares to Haywood will be obtained; satisfaction of all conditions precedent for the completion of the El Gachi transaction in a timely manner; 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.

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 the 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.