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Santacruz Silver Reports Third Quarter Financial Results

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (the "Company" or "Santacruz") reports on its financial and operating results for the third quarter of 2016 ("Q3"). The full version of the financial statements and accompanying management discussion and analysis can be viewed on the Company's website at www.santacruzsilver.com or on SEDAR at www.sedar.com. All financial information is prepared in accordance with IFRS and all dollar amounts are expressed in thousands of US dollars, except per unit amounts, unless otherwise indicated.

Q3 HIGHLIGHTS:

- Silver equivalent payable ounces sold of 198,639
- Revenues of $3,026
- Gross income from mining operations was $786
- Net loss of $11,064, including an impairment charge of $16,688 related to the San Felipe Project and a gain on debt settlement of $6,377
- Adjusted EBITDA of $869
- Cash operating cost per AgEq ounce sold was $12.20/oz
- All-in sustaining cash cost (AISC) per AgEq ounce sold was $15.88/oz
- Production cost per tonne of $69.47
- Veta Grande Project in commercial production as of October 1, 2016

"Although the production rate at the Rosario Mine decreased during the quarter due to some structural complexity and narrower veins at depth in the Rosario Mine, our mining costs were nonetheless in line with recent quarters. In addition, the mineralized material to be shipped from the Cinco Estrellas property to the Rosario mill facility contains higher gold grades relative to the Rosario Mine's historical grades with the effect that gold will now represent a substantial revenue driver at the Rosario Mine," said Arturo Préstamo, President and CEO. "The impairment charge against the San Felipe Project is the result of an internal analysis that identified the property as being a non-core asset at this time in light of the opportunity that exists at the Company's recently established operating base in Zacatecas, Mexico."

Third Quarter 2016 Financial Summary (Q3 2016 compared to Q2 2016 and Q3 2015)

Highlights	**Q3 2016**	**Q2 2016**	**Q3 vs Q2 % change**	**Q3 2015**
Revenue	$3,026	$3,375	-10%	$2,592
Mine Operations Income[1]	$786	$597	32%	$(555)
Net Loss	$(11,064)	$(796)	-1,290%	$(1,628)
Adjusted EBITDA[1]	$869	$670	30%	$(543)
Basic Loss per Share	$(0.08)	$(0.01)	-700%	$(0.02)

[1] The Company reports additional non-IFRS measures which include Mine Operations Income and Adjusted EBITDA. These additional financial disclosure measures are intended to provide additional information.

Third Quarter 2016 Mine Operations Summary (Q3 2016 compared to Q2 2016 and Q3 2015)

Highlights	Q3 2016	Q2 2016	Q3 vs Q2 % change	Q3 2015
Mill Production (tonnes)	24,744	26,419	-6%	25,007
Silver Equivalent Production (ounces)(1)	164,924	271,985	-39%	277,487
Silver Equivalent Sold (payable ounces)(2)	198,639	251,189	-21%	231,332
Cash Cost per Silver Equivalent Sold ($/oz.)(3)	$12.20	$11.57	5%	$14.02
Production Cost ($/tonne)(3)	$69.47	$79.26	-12%	$103.00
All-in Sustaining Cost per Silver Equivalent Sold ($/oz.)(3)	$15.88	$14.60	9%	$17.52
Average Realized Silver Price ($/oz.)(3)	$19.10	$16.50	16%	$17.00

(1) Silver equivalent ounces produced in 2016 have been calculated using prices of US$14.50/oz., US$1,100/oz., US$0.76/lb. and US$0.71/lb. for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced by the Rosario Mine. Silver equivalent ounces produced in 2015 have been calculated using prices of US$17.75/oz., US$1,250/oz., US$0.83/lb. and US$1.09/lb. for silver, gold, lead and zinc respectively applied to the metal content of the lead and zinc concentrates produced by the Rosario Mine.

(2) Silver equivalent sold ounces in the third quarter of 2015 have been calculated using a realized silver price of US$17.00/oz., after giving effect to price protection program put in place in connection with the Company's senior debt facility, applied to the payable metal content of the lead and zinc concentrates sold from the Rosario Mine.

(3) The Company reports non-IFRS measures which include Cash Cost per Silver Equivalent, Production Cost, All-in Sustaining Cost per Silver Equivalent and Average Realized Silver Price. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions.

Operational Update

Veta Grande Project

The Veta Grande milling facility is currently operating at approximately 400 tpd. In a news release dated November 10, 2016 the Company announced that retroactive to October 1, 2016, the Veta Grande Project had reached commercial production. Going forward the Company's production results for the fourth quarter will reflect production statistics from both the Rosario Mine and the Veta Grande Project.

During the fourth quarter the Company anticipates that the Veta Grande mill production will average 400 tpd. Mill feed is being provided by a blend of mineralized material from the Garica and Guadalupana mines as per the mine plan. The operations team is continuing to upgrade the mill performance and in connection with this on November 23, 2016 the Company reported that a 4,000 tpd lead thickener and filter press had been installed and commissioned. A zinc thickener of the same capacity is scheduled to be fabricated and installed during Q1 2017, together with a filter press.

During Q3 the Company took delivery of a 1,250 tpd ball mill and 3,000 tpd crushing plant. Installation of this equipment is now expected to complete during Q2 2017. Management estimates that with the completion of these mill facility modifications, production from the Veta Grande Project will increase to 1,500 tpd by the end of 2017.

Rosario Mine

At the Rosario Mine, silver equivalent 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.

During Q3 significant focus was placed on bringing the Cinco Estrellas property (see news release dated September 7, 2016) into production. To date approximately 5,000 tonnes of mineralized material from the Cinco Estrellas property have been shipped to the Rosario Mine for processing at the mill facility. The mineralized material shipped from the Cinco Estrellas property has graded on average 102 silver g/t and 3.0

gold g/t. During December the Company anticipates 150 tpd to be shipped to the Rosario Mine to supplement mill feed from Rosario Mine, and 250 tpd during the first quarter of 2017 going forward.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (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, including the Panuco Deposit. 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, 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 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.