

## Santacruz Silver Reports Second 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 second quarter of 2016 (“Q2”). 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](http://www.santacruzsilver.com) or on SEDAR at [www.sedar.com](http://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.

### Q2 HIGHLIGHTS:

- Silver equivalent payable ounces sold of 251,189
- Revenues of \$3,375
- Gross Income from mining operations was \$597
- Adjusted EBITDA of \$670
- Cash operating cost per AgEq ounce sold was \$11.57/oz
- All-in sustaining cash cost (AISC) per AgEq ounce sold was \$14.60/oz
- Production cost per tonne of \$79.26
- Subsequent to quarter end of June 30<sup>th</sup>, the Company raised Canadian \$15 million in an equity offering to restructure senior debt and for working capital purposes.

“During the quarter we made significant progress on strengthening our balance sheet by advancing negotiations for a CAD \$15 million equity raise which was closed subsequent to the quarter end. This allowed us to restructure our senior debt obligations into a new debt facility with a significantly lower principal balance, resulting in a substantial improvement of our capital structure,” said Arturo Préstamo, President and CEO. “From a production viewpoint, at the Rosario Mine operating income increased to \$0.6 million, an increase of 29% over the prior quarter. Additionally, our operations at the Veta Grande Mine continue moving towards the commencement of commercial production following which we expect the mine to be a significant and complementary cash-flow generator to the Rosario Mine.”

### Second Quarter 2016 Financial Summary (Q2 2016 compared to Q1 2016 and Q2 2015)

<b>Highlights</b> (US\$000’s except per share amount)	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q2 vs Q1 % change</b>	<b>Q2 2015</b>
Revenue	\$3,375	\$3,537	-5%	\$3,147
Mine Operations Income <sup>1</sup>	\$597	\$462	29%	\$127
Net Loss	\$(796)	\$(3,000)	73%	\$(2,018)
Adjusted EBITDA <sup>1</sup>	\$670	\$601	11%	\$139
Basic Loss per Share	\$(0.01)	\$(0.03)	67%	\$(0.02)

<sup>1</sup> 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.

## Second Quarter 2016 Mine Operations Summary (Q2 2016 compared to Q1 2016 and Q2 2015)

Highlights	Q2 2016	Q1 2016	Q2 vs Q1 % change	Q2 2015
Mill Production (tonnes)	26,419	24,053	10%	26,492
Silver Equivalent Production (ounces) <sup>(1)</sup>	271,985	290,569	-6%	265,834
Silver Equivalent Sold (payable ounces) <sup>(2)</sup>	251,189	318,596	-21%	247,135
Cash Cost per Silver Equivalent Sold (\$/oz.) <sup>(3)</sup>	\$11.57	\$10.93	6%	\$13.01
Production Cost (\$/tonne) <sup>(3)</sup>	\$79.26	\$103.28	-23%	\$87.23
All-in Sustaining Cost per Silver Equivalent Sold (\$/oz.) <sup>(3)</sup>	\$14.60	\$14.10	4%	\$16.97
Average Realized Silver Price (\$/oz.) <sup>(3)</sup>	\$16.50	\$17.00	-3%	\$17.00

<sup>(1)</sup> 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.

<sup>(2)</sup> Silver equivalent sold ounces in the second quarter of 2015 and the first quarter of 2016, 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.

<sup>(3)</sup> 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

The Veta Grande milling facility is currently operating at approximately 400 tpd.

During the second quarter mine development and production focused on the Garcia Mine (comprised of La Flor, Armados, San José, and Veta Grande veins) and the Guadalupana Mine (comprised of the La Cantera vein). In late June the Company took delivery of a new jumbo drill and one new scooptram, followed in July and August by the delivery of another new scooptram and a new underground haulage truck. This equipment has allowed the Company to significantly increase both mine production and development since its delivery. As a result management expects the Veta Grande Project to exit 2016 at a production rate of approximately 800 tpd.

Additionally, the Company is currently taking delivery of a 1,250 tpd ball mill and 4,000 tpd crushing circuit. The current plan is to have the 1,250 tpd ball mill installed and ready for commissioning late in the fourth quarter and then follow this with the installation and commissioning of the crushing circuit in the first half of 2017. Management estimates that with the completion of these mill facility modifications the Veta Grande Mine production will increase to 1,500 tpd by the end of 2017.

### 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 four exploration properties including the Gavilanes property, El Gachi 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, 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](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.*

*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.*