

### **Santacruz Silver Reports First Quarter 2016 Production Results**

**Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ)** (the “Company” or “Santacruz”) reports on the operating results from the Rosario Mine in San Luis Potosi, Mexico and provides a commissioning update from the Veta Grande Mine in Zacatecas, Mexico for the first quarter of 2016 (“Q1”).

#### **Q1 HIGHLIGHTS:**

- Rosario Mine silver equivalent produced ounces of 290,569, up 8.3% from Q4 2015;
- Head grade increased to 389 g/t Ag Eqv. Oz, up 16.7% from Q4 2015;
- Veta Grande mill commissioning progressing well, exiting Q1 at 330 tpd average throughput.

“Management is pleased with the performance of both operations in the first quarter of 2016,” stated Arturo Préstamo, CEO of Santacruz. “The Rosario Mine has now reached Level 4 and we are confirming a strong vein system, which together with improved mining methods has resulted in less dilution yielding improved head-grades at Rosario. At the Veta Grande Mine we are seeing significant progress both in terms of the milled tonnes and mine development, which will set us up very well for the second quarter.”

#### **2016 First Quarter Operational Highlights**

<b>Rosario Mine Operations Summary</b>	<b>Q1 2016</b>	<b>Q4 2015</b>	<b>Percent change</b>
Ore processed (tonnes milled)	24,053	25,927	-7.2%
Silver eqv. ounce production <sup>1, 2, 3</sup>	290,569	268,319	8.3%
Silver ounce production	162,802	143,937	13.2%
Gold ounce production	128	103	24.4%
Lead production (tonnes)	284	254	11.8%
Zinc production (tonnes)	793	673	18.0%
Average Head Grade (g/t Ag Eqv. Oz.) <sup>1</sup>	389	333	16.7%

Note 1  $AgEqvOz = \frac{(Au * Pau / 31.1035) + (Ag * Pag / 31.1035) + (Pb * Ppb * 22.05) + (Zn * Pzn * 22.05)}{(Pag)}$

Metal Prices Q1 2016<sup>2</sup>: Ag \$14.50, Au \$1,100.00, Pb \$0.76, Zn \$0.71

Metal Prices Q4 2015<sup>3</sup>: Ag \$17.75, Au \$1,250.00, Pb \$0.83, Zn \$1.09

#### **Q1 Grade & Recovery Table**

	<b>Au</b>	<b>Ag</b>	<b>Pb</b>	<b>Zn</b>
<b>Grade</b>	<b>g/t</b>		<b>%</b>	
Q1 2016	0.20	217.65	1.26	3.69
Q4 2015	0.15	178.00	1.04	2.81
<b>Recovery</b>	<b>Au</b>	<b>Ag</b>	<b>Pb</b>	<b>Zn</b>
Q1 2016	84.96	96.73	93.92	89.30
Q4 2015	80.50	97.00	93.80	92.20



## **Veta Grande Mine Commissioning Update**

Mill throughput at the Veta Grande Mine was averaging 330 tpd at the end of Q1. As a result of continued work on mine development at the El Cigarrero, Veta Grande, La Flor, San Jose and Armados veins the sulphide zone of mineralization has now been reached and all current mineralized material delivered to the milling facility is being sourced from these zones. The Company believes that with nominal capital expenditure the capacity of the Veta Grande mill can be increased to 650 tpd by end of calendar year 2016.

## **Rosario's Operations Plan for 2016**

Mining at Rosario Mine is ongoing on Levels 2, 3, and 4 with a total of seven producing stopes and three stopes in development yielding a steady mining rate of approximately 350 tpd. In addition, the ramp development to Level 5 is continuing to progress well. In light of the continued strengthening of the price of silver, once the Veta Grande mill reaches capacity, the Company is assessing the potential of delivering Veta Grande mineralized material to increase the Rosario mill throughput towards its 700 tpd capacity. This will contribute significantly to further increased production efficiencies at our overall operations.

## **Qualified Person**

Technical information which is included in this statement has been reviewed and approved by Donald E. Hulse P.E. of Gustavson Associates LLC. Mr. Hulse is independent of the Company and a qualified person, pursuant to the meaning of such terms in National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

## **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 an exploration project (Gavilanes). 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 Annual Information Form 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.*