

Santacruz Silver Acquires Five-Year Exclusive Right to Explore, Develop and Mine the Membrillo Silver-Zinc Vein from Grupo Mexico

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (“Santacruz”) announced today that its wholly-owned subsidiary, Impulsora Minera Santacruz S.A. de C.V. (together with Santacruz the “Company”), has entered into an agreement with Grupo Mexico (the “Agreement”) pursuant to which the Company has acquired the exclusive right for five years (the “Exclusive Mining Right”) to explore, develop and mine the Membrillo silver-zinc-lead-gold vein structure (the “Membrillo Vein”) situated approximately four km from the Company’s Rosario Project mill facility located near Charcas, San Luis Potosi, Mexico. The Exclusive Mining Right covers an area of approximately 500 hectares situated within the San Rafael concession. This brings the total area of the Company’s exploration and exploitation rights to approximately 958 hectares of the 2912 hectares comprising the San Rafael concession.

As consideration for the Exclusive Mining Right, Grupo Mexico will receive an annual fee of US\$60,000 from the Company and has been granted a 3.0% net smelter returns royalty on any mineralized material from the Membrillo Vein that is mined and milled or otherwise treated for the eventual sale of the contained metal.

The Membrillo Vein is hosted in shales and sandstones of the Triassic Zacatecas Formation. On surface the vein structure trends southeast for a distance of approximately 1.5 kilometres and dips approximately 45-60 degrees to the southwest. Mineralization within the vein structure is comprised of irregular and lenticular bodies containing sphalerite, galena, chalcopyrite and silver-bearing and gold-bearing minerals associated with quartz-carbonate infilling. The thickness of mineralization is variable and ranges from several centimetres to several metres wide. Historical records obtained from Servicio Geologico de Mexico (“SGM”), formerly known as the Consejo de Recursos Minerales (“CRM”), indicate that between 1978 and 1981 the Membrillo Vein was tested with 35 drill holes totalling 4,237 metres completed along a strike length of 1.2 kilometres.

With the concurrence of Grupo Mexico, the Company began mining development work at the Membrillo Vein late in the fourth quarter of 2016 and to date has completed approximately 816 metres of development drifting on Level 1 and is now advancing a ramp (145 metres completed to date) to Level 2 which will be 30 metres below Level 1. To date, 7,504 tonnes of mineralized material from development works have been delivered to the Rosario Project mill facility for processing, with an average head grade of 30 g/t Ag; 0.24 g/t Au; 2.73% Zn; and 0.34% Pb.

The Company expects that, once full mining operations have been achieved at the Membrillo Vein, the combined daily production from the Membrillo Vein and the Cinco Estrellas property will range from 450 to 500 tpd with an additional 100 to 150 tpd of mineralized material being delivered to the Rosario Project mill facility from the Rosario Mine. This diversification of feed to the Rosario Project’s mill gives management much greater flexibility in developing and executing its operations plan at the Rosario Project.

“We have added yet another mineral source to further capitalize on the mill capacity at Rosario,” said Arturo Préstamo, President and CEO of Santacruz. “This Exclusive Mining Right grows our partnership with Grupo Mexico in this historic mining region. In addition, we believe this transaction could serve as a strong indication to other regional property holders of our willingness to consider entering into mutually beneficial commercial agreements with them.”



Sampling and laboratory

The reported head grades have been estimated from assay results of samples collected from stockpiles of mined mineralized material. Blanks, standards and duplicate control samples were not utilized in the sampling procedure.

Samples collected from Membrillo Vein are assayed at the Rosario laboratory, which is owned and operated by Santacruz. The Rosario laboratory is designed to serve the mining operations at the Rosario project. It is not independent of the Company and is not ISO certified. Samples are prepared by drying, crushing, rifle splitting and pulverizing to less than 75 microns passing 200 mesh. Samples are analyzed by three-acid digestion and atomic absorption spectrometry. Gold and silver are further analyzed by fire assay with gravimetric finish.

Qualified persons

The technical information contained in this news release has been reviewed and approved by Van Phu Bui, B.Sc., P. Geo., who is independent of the Company and a "qualified person" under National Instrument 43-101.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (the Rosario project and milling facility, including the Cinco Estrellas property and the Membrillo Vein, 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, 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

For further information please contact:

Neil MacRae
Santacruz Silver Mining Ltd.
Email: info@santacruzsilver.com
Telephone: (604) 569-1609

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Forward looking information

Certain statements contained in this news release including planned production levels 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, 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 Project

The decisions to commence production at the Rosario Mine, Cinco Estrellas Property and Membrillo Vein were not based on a feasibility study of 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.

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.