

**Santacruz Silver Announces Panuco Deposit, Veta Grande Project Resource Estimation:  
16.3 AgEq million ounces Inferred**

**Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ)** (the “Company” or “Santacruz”) announces the results of its resource estimate for the Panuco silver deposit located in Zacatecas, Mexico. The Panuco deposit is situated within Santacruz’s Veta Grande project area and is located approximately five kilometers north of the Company’s Veta Grande Mine and mineral processing facility. The deposit is accessed by paved road and is characterized by modest relief at an average elevation of 2300 meters above mean sea level. The Veta Grande project consists of 184 mining concessions covering an area of 8,944 hectares (22,101 acres) in the Zacatecas Mining District, Mexico.

The Veta Grande project is divided into two concession groups, described as the Veta Grande properties, and the Zacatecas properties (collectively “Veta Grande project”). The Panuco deposit is situated within the northwest quadrant of the Zacatecas properties and centered on concession title 233300 (Panicu). The property is subject to the Company’s completion of a purchase contract for US\$1.5M with Minera Cordilleras (subsidiary of Golden Minerals Company see press release dated May 4, 2016). The previous operator was Minera Cordilleras.

**Highlights of the mineral resource estimate are as follows:**

- Inferred mineral resource of 16,342,456 AgEq ounces grading 192.40 g/t AgEq;
- Panuco resource sits outside of currently mined areas of the Veta Grande and La Cantera vein systems and is the first indication of mineral resource growth potential in the Veta Grande project area;
- The veins are open along strike and down dip, providing numerous drill targets to further clarify resource potential;
- Drill program recommended to continue to explore and expand the resource base;

The Panuco deposit is a low sulfidation (silver-gold, ±lead-zinc) vein system comprised of three vein structures: Panuco Central vein, Panuco NW vein and Tres Cruces vein. The mineral resource estimate encompasses all three vein structures and includes mineralization defined by trenching and drilling over a strike distance of 2.4 km.

The resource estimate was conducted on the analytical database generated from 1,869 chip samples from 183 surface trenches and 2,607 core samples from 75-drill holes totaling 23,444 meters. The surface channel samples and core drilling were completed by Minera Cordilleras between 2009 and 2011, inclusive. The resource estimate was carried out according to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum standards by Gary Giroux, P.Eng. of Giroux Consultants, a professional engineer and qualified person. The effective date of the resource estimate is October 5, 2016.

Based upon a 100 gram per tonne (“g/t”) silver equivalent (“AgEq”) cut-off, the resource is as follows:

	(tonnes)	AgEq (g/t)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq Oz
<b>Inferred</b>	<b>2,642,000</b>	<b>192.40</b>	<b>181.0</b>	<b>0.17</b>	<b>0.02</b>	<b>0.04</b>	<b>16,342,456</b>

Arturo Préstamo, President and CEO, remarked, “We are very pleased with the results of the first resource estimate to come out of our land package in the Zacatecas Mining District. We believe the Panuco resource estimate is just the first indication of the significant potential that exists in this region. Further work aimed at expanding the resources in the area will occur in conjunction with production at the Veta Grande Mine.”

### Mineral Resources:

Three dimensional solids were built from cross sections to constrain the three mineralized veins, namely the Panuco Central vein, the Panuco NW vein and the Tres Cruces vein. A block model with blocks 20 m along strike, 5 m across strike and 5 m in the vertical was superimposed over the mineralized solids. Grades for gold, silver, lead and zinc were interpolated into blocks containing some percentage of veins by Ordinary Kriging. Each vein was estimated separately using only composites from that vein. Due to the sparsity of drill hole data both drill hole and surface trench composites were used. Capping of assay data was applied. An average specific gravity of 2.74 was applied to the vein portions of blocks while a value of 2.68 was assigned to the waste portions.

The density of the data for all three veins and insufficient data to establish semivariograms for the Panuco NW and Tres Cruces veins has led to classifying all estimated blocks as Inferred. The tables below summarize results of the resource estimate and provide a range over various cut-off grades:

**Resource classed as Inferred within Mineralized Solids:**

Cut-off AgEq (g/t)	Tonnes > Cut-off (tonnes)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	AgEq Ozs.
70.0	3,647,000	152.2	0.16	0.02	0.04	163.16	19,130,877
75.0	3,558,000	154.5	0.16	0.02	0.04	165.43	18,924,371
80.0	3,406,000	158.2	0.16	0.02	0.04	169.32	18,541,667
90.0	3,034,000	168.4	0.17	0.02	0.04	179.82	17,540,302
<b>100.0</b>	<b>2,642,000</b>	<b>181.0</b>	<b>0.17</b>	<b>0.02</b>	<b>0.04</b>	<b>192.40</b>	<b>16,342,456</b>
115.0	2,221,000	197.4	0.17	0.02	0.04	208.80	14,909,873
125.0	2,065,000	204.0	0.17	0.02	0.04	215.52	14,308,840
140.0	1,741,000	219.1	0.18	0.02	0.04	231.25	12,944,138
150.0	1,477,000	234.1	0.19	0.02	0.04	246.84	11,721,502
175.0	1,103,000	262.0	0.21	0.02	0.03	275.61	9,773,714

An economic study or similar study has not been completed for the Panuco deposit and an economic cut-off value is unknown. The authors are of the opinion that based on the mineralization characteristics, grade, location and other factors described in this report the Panuco deposit has similarities to the Veta Grande vein system, which is located five km south of the Panuco deposit. The Veta Grande Mine is currently operating at a cut-off value of 100 g/t Ag. Metallurgy has not been completed at this stage for the Panuco deposit. Recoveries are based on actual recoveries from the Veta Grande mineral processing facility which is currently processing material from the nearby Veta Grande and La Cantara vein systems.

The metal prices used in the silver equivalent estimate are listed below.

Gold price \$1100/oz

Silver price \$17/oz

Lead price \$0.80/lb

Zinc price \$0.80/lb

Recovery of 70 % Factor = Au \*Rec\*Price/31.1035 = 24.76

Recovery of 79.2 % Factor = Ag \*Rec\*Price/31.1035 = 0.43

Recovery of 84.2 % Factor = Pb% \* 22.046223 \* Rec \* Price = 14.85

Recovery of 82.2 % Factor = Zn% \* 22.046223 \* Rec \* Price = 14.50

$GMV = (Au * Rec * Price / 31.1035) + (Pb\% * 22.0462 * Rec * Price) + (Ag * Rec * Price / 31.1035) + (Zn\% * 22.0462 * Rec * Price)$

$AgEq = GMV / Ag \text{ Factor} = GMV / 0.43$

### **Data Verification**

Van Phu Bui, P.Geo. of ARC Geoscience Group("ARC") conducted a site visit to the Panuco deposit on August 16th to 18th, 2016. Mineralized drill core intersections, specific gravity, drill hole collar locations, drill hole database and assays, geological mapping and historical surface workings, and surface sampling in trench and outcrop were independently



verified against digital data supplied by Santacruz. Gary Giroux, P.Eng. of Giroux Consultants has not visited the Panuco deposit but has relied on the geological data and information verified by ARC.

### **Sampling and Laboratory**

Half-core samples and chip samples from surface trenches were submitted to ALS Chemex in Zacatecas, Mexico, and were assayed at ALS Chemex in Vancouver, Canada. ALS Chemex, now ALS Mineral, is an ISO accredited and certified laboratory service. All samples were prepared by crushing 70% to <2 mm (CRU-31). The fines are rifle split and further pulverized 85% to <75 microns (PUL-31). Pulps were then analyzed by 33 element four acid ICP-AES (0.25 g by ME-ICP61) and fire assay with an AA finish for gold (50g by Au-AA24). Samples with gold results above 10 g/t using Au-AA24 were rerun using fire assay with a gravimetric finish (50g by Au-GRA22). Samples with silver above 100 g/t using ME-ICP61 were rerun using fire assay with gravimetric finish (30g by Ag-GRA21). Over-limit for copper, lead and zinc using ME-ICP61 were rerun by an aqua regia digestion with an ICP-AES finish (ME-OG62).

### **Qualified Persons**

All technical information included in this statement has been reviewed and approved by Van Phu Bui, P.Geo. of ARC Geoscience Group and Gary Giroux, P.Eng. of Giroux Consultants Ltd., who are both independent of the Company and each of which is a qualified person, pursuant to the meaning of such terms in NI 43-101.

### **About Santacruz Silver Mining Ltd.**

Santacruz is a Mexican focused silver company with two producing silver mines (Rosario and Veta Grande); an advanced-stage project (San Felipe) and three exploration properties including the Gavilanes property, El Gachi 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.*

#### 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.*

#### 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.*