

**Santacruz Closes Equity Financing and Completes Restructuring of
Silver Pre-Payment Agreement**

**NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES
OR FOR DISSEMINATION IN THE UNITED STATES.**

Vancouver, B.C. - Santacruz Silver Mining Ltd. ("Santacruz" or the "Company") (TSX.V:SCZ) is pleased to report that it has closed its previously announced public offering of units (the "**Offering**") through a syndicate of agents led by Haywood Securities Inc. and including M Partners Inc. (collectively, the "**Agents**") and has completed the previously announced restructuring of its Silver Pre-Payment Agreement with JMET, LLC ("**JMET**"). The restructuring amends the Silver Pre-Payment Agreement such that, among other things, the Company no longer has any metal delivery obligations to JMET.

The Company has issued 37,975,000 units (the "**Units**") pursuant to the Offering at a price of C\$0.40 per Unit for total gross proceeds of C\$15,190,000. The Offering included 4,875,000 Units issued pursuant to the Agents' exercise in full of their option to purchase additional Units. Each Unit consisted of one common share and one-half of one transferable common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant entitles the holder to acquire one common share (a "**Warrant Share**") at a price per Warrant Share of C\$0.55 for a period of 30 months from closing.

The Company has used a portion of the net proceeds of the Offering to restructure its obligations to JMET, as described below, with the remainder to be used for general working capital purposes.

Concurrently with the completion of the Offering, the Company has closed the restructuring of its obligations to JMET by amending the terms of the Silver Pre-Payment Agreement. The Company has paid US\$7,776,600 from the proceeds of the Offering to JMET as partial payment of the outstanding indebtedness under the Silver Pre-Payment Agreement and has issued JMET a new secured note in the amount of US\$4,889,933 (the "**JMET Note**"), representing the remaining indebtedness to JMET after giving effect to the restructuring. The JMET Note bears interest at a rate of 14% per annum, payable quarterly in arrears commencing September 30, 2016, with principal repayments of US\$500,000 per quarter commencing September 30, 2017 and ending on December 31, 2019. Also pursuant to the restructuring, the Company has issued 3,750,000 warrants to JMET (the "**JMET Warrants**"). Each JMET Warrant is exercisable to acquire one common share of the Company at a price of C\$0.55 per share and will expire on December 31, 2018; provided that, if the volume weighted average price of the Company's common shares for any consecutive 20-day trading period on the TSX Venture Exchange equals or exceeds C\$0.88, the Company has the right to deem the JMET Warrants to be exercised. The Company has also agreed to pay JMET certain restructuring and finance fees, which fees will be payable in 2019. In certain circumstances, the principal repayments due under the JMET Note and payment of the restructuring and finance fees will be accelerated without penalty if the Company receives net proceeds from sources other than the sale of concentrates or if the Company's working capital and cash balance exceed certain thresholds.

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); one exploration stage project (the Gavilanes property) and three early stage exploration properties including the El Gachi property, the Minillas property and the 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

For further information please contact:

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

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.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company in any jurisdiction. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold in the "United States" or to "U.S. persons" (as such terms are defined in Regulation S under the U.S. Securities Act) absent registration under the U.S. Securities Act, and any applicable state securities laws, or the availability of an exemption therefrom.

Forward looking information

Certain statements contained in this news release, including information concerning the use of proceeds of the Offering, 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 will be able to raise additional capital; that the proposed exploration and development will proceed as planned; and that market fundamentals will result in sustained silver, lead and zinc demand and prices. 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, that the Company's financial condition and development plans change, delays in regulatory approval, risks associated with the interpretation of data, 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.