

Santacruz Silver Reports First 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 first quarter of 2016 (“Q1”). 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 or on SEDAR at 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.

Q1 HIGHLIGHTS:

- Silver equivalent payable ounces sold of 318,596
- Revenues of \$3,537
- Gross Income from mining operations was \$462
- Cash operating cost per AgEq ounce sold was \$10.93/oz
- All-in sustaining cash cost (AISC) per AgEq ounce sold was \$14.10
- Subsequent to Q1 approximately \$2,000 in value added taxes were recovered from the Mexican government, approximately \$4,200 remains to be recovered.

“We have achieved constructive progress both operationally and financially in the first quarter this year.” said Arturo Préstamo, President and CEO. “Our decision in Q3 2015 to move to an in-house mining team is now beginning to show the benefits. In addition, our change in mining method to cut-and-fill has resulted in better dilution control and consequently improved head grade. These measures were taken in order to produce efficient ounces and have resulted in the reduced costs you see in this first quarter. We will continue to implement cost saving initiatives going forward with a view to further reducing costs.”

First Quarter 2016 Financial Summary (Q1 2016 compared to Q4 2015)

Highlights (US\$000's except per share amount)	Q1 2016	Q4 2015	Q1 vs Q4 % change
Revenue	\$3,537	\$2,502	41%
Mine Operating Income (Loss)	\$462	\$(402)	215%
Interest and other finance expense	\$(2,557)	\$(1,668)	-53%
Net Loss	\$(3,000)	\$(18,035) ⁽¹⁾	83%
Basic Loss per Share	\$(0.03)	\$(0.17)	82%

⁽¹⁾ Includes an impairment charge of \$19,426 against the San Felipe Project.

First Quarter 2016 Mine Operations Summary (Q1 2016 compared to Q4 2015)

Highlights	Q1 2016	Q4 2015	Q1 vs Q4 % change
Mill Production (tonnes)	24,053	25,927	-7%
Silver Equivalent Production (ounces) ⁽¹⁾	290,569	268,319	8%
Silver Equivalent Sold (payable ounces) ⁽²⁾	318,596	233,225	37%
Cash Cost per Silver Equivalent Sold (\$/oz.) ⁽³⁾	\$10.93	\$12.62	-13%
Production Cost (\$/tonne) ⁽³⁾	\$103.28	\$88.14	17%
All-in Sustaining Cost per Silver Equivalent Sold (\$/oz.) ⁽³⁾	\$14.10	\$15.88	-11%
Average Realized Silver Price (\$/oz.) ⁽³⁾	\$17.00	\$17.00	0%

⁽¹⁾ 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.

⁽²⁾ Silver equivalent sold ounces in the fourth 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.

⁽³⁾ 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 Review

The Rosario Mine main ramp development to Level 5 has proceeded well. Dilution control will continue to be a focus for the operations team in the coming quarters. The Veta Grande Mine is still in the pre-production phase and the operations team is currently focused on improving the metal recovery levels at the refurbished mill. At the Veta Grande Mine mineralized material is currently being mined from the La Canterra, La Flor and San Jose veins. In light of this steady progression in mine development at the Veta Grande Mine the Company is evaluating the possibility to deliver mineralized material from the Veta Grande Mine to the Rosario Mine so as to increase the throughput at the Rosario milling facility to the 700 tpd mill capacity. Current mill throughput at the Rosario Mine is 350 tpd to 400 tpd.

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

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, 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. 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.