

VANCOUVER, June 28, 2017 /CNW/ - [Santacruz Silver Mining Ltd.](#) (TSX.V:SCZ) (the "Company" or "Santacruz") reports that the Company has now intersected a targeted high-grade zone of the Membrillo vein at the Membrillo Prospect (see news release dated June 19, 2017). Eight preliminary rock samples of muck material removed from the first 10.60 metres of the production drift along the Membrillo vein on Level 1.5 returned assay results that range from 0.10 - 0.59 grams per tonne gold, 8.0 - 121.0 grams per tonne silver, 0.12 - 0.40 percent lead, and 0.62 - 7.07 percent zinc. The true thickness of the Membrillo vein in the production drift is approximately 0.40 - 0.90 meters. Systematic chip sampling is currently in progress and assay results are pending. The extent of mineralization of this high-grade zone is currently unknown.

Additionally, the Company announces that as a result of surface prospecting and development drifting underground it has discovered two previously unknown and unexplored veins, the Santa Ana and the San Jose veins, which are located approximately 100 and 75 metres south east respectively of and running parallel to the San Rafael vein (see press release dated June 19, 2017). These structures were formed in shales and sandstones of the Triassic Zacatecas Formation and characterized by breccia textures infilled with quartz, sphalerite and galena. Underground and surface geochemical sampling and geological mapping are currently being conducted and results are pending. At this time the Company has not completed sufficient work to determine if these veins are economically viable.

"We are encouraged with the continuing positive developments at the Membrillo Prospect." commented Arturo Prestamo, CEO of the Company, adding "The previously announced San Rafael vein together with the main Membrillo vein should enhance the overall impact of the Membrillo Prospect on the Rosario Project. Based on these recent discoveries we will re-evaluate and study the overall geological potential of both the Membrillo Prospect and the Rosario Mine."

Management anticipates delivering 250 tpd of material from the Membrillo Prospect to the Rosario mill for processing during the third quarter of 2017.

Private Placement

The Company also announces a non-brokered private placement (the "Private Placement") of up to 7,500,000 units (the "Units") at a purchase price of \$0.20 per Unit, for gross proceeds to the Company of up to \$1,500,000. Each Unit will consist of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to acquire one common share of the Company at a price of \$0.28 per share for a period of 30 months following the closing of the Private Placement. The Company may pay a finder's fee to arm's-length finders in connection with the issue and sale of any or all of the securities under the Private Placement. The finder's fee shall consist of not more than a 6% cash payment, calculated with reference to the gross proceeds of the Private Placement in relation to subscribers introduced by any particular finder.

The proceeds from the Private Placement are expected to be used by the Company for general working capital and corporate purposes. All securities issued will be subject to a four month hold period.

Closing of the Private Placement is anticipated to occur in one or more tranches on or before July 19, 2017 and is subject to the receipt of applicable regulatory approvals including approval of the TSX Venture Exchange.

Sampling and laboratory

Rock samples of muck material are collected from muck piles that result from blasting of the underground working face. Chips samples are collected across the back of the underground workings at 1.5 meter sample intervals and are oriented perpendicular to the vein structure. Blanks, standards and duplicate control samples were not utilized in the sampling procedure.

Samples are analyzed 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 80% 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 (Rosario, including the Cinco Estrellas

property and 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. 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

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.

Forward looking information

Certain statements contained in this news release 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 mineralized material to be milled by the Company will have properties consistent with management's expectations, that the Company will receive all required regulatory approvals, and that future metal prices and the demand and market outlook for metals will remain stable or improve. 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, or lower production levels; delays and/or cessation in planned work; changes in the Company's financial condition and development plans; delays in regulatory approval; risks associated with the interpretation of data (including in respect of the third party mineralized material) regarding 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 Prospect were 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 Project

The decision to commence production at 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.

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