

TSX.V: SCZ
FSE: 1SZ

VANCOUVER, Aug. 24, 2017 /CNW/ - [Santacruz Silver Mining Ltd.](#) (TSX.V:SCZ) (the "Company" or "Santacruz") reports on the operating results from the Rosario Project in San Luis Potosi, Mexico and the Veta Grande Project in Zacatecas, Mexico for the second quarter of 2017.

Q2 Highlights:

- Silver equivalent produced ounces of 270,569;
- Head grade of 207 Ag Eqv. g/t;
- Improved silver recovery at Veta Grande

"At Rosario, production quarter over quarter has seen improvements as we transition from mineralized material from development to actual producing stopes at the Membrillo and Cinco Estrellas mines. In addition to this, the Veta Grande mine development has now reached Level 6, and mill recoveries have improved aiming to reach the targeted levels for silver during Q4" stated Arturo Préstamo, CEO of Santacruz adding, "The addition of Membrillo and Cinco Estrellas as feeders to the Rosario Mill has increased the gold content within our Rosario produced concentrates, while higher silver grade areas are now being accessed as the main Membrillo vein starts contributing to Rosario's mill feed."

2017 Second Quarter Operational Highlights

Summary of Production Results	2017 Q2 ⁽²⁾	2017 Q1 ⁽³⁾	2016 Q2 ⁽³⁾
Material Processed (tonnes milled)	57,684	45,474	26,419
Silver eqv. ounce production ⁽¹⁾	270,659	223,968	271,985
Silver production (ounces)	89,242	92,154	146,968
Gold production (ounces)	472	326	103
Lead production (tonnes)	238	144	238
Zinc production (tonnes)	725	559	835
Average Head Grade (g/t Ag Eqv.)	207	216	331

Rosario Project Operational Results

Summary of Production Results	2017 Q2 ⁽²⁾	2017 Q1 ⁽³⁾	2016 Q2 ⁽³⁾
Material Processed (tonnes milled)	27,967	18,723	26,419
Silver eqv. ounce production ⁽¹⁾	124,717	115,240	271,985
Silver production (ounces)	33,181	34,556	146,968
Silver head grade (g/t)	42	66	194
Silver recovery (%)	87%	86%	89%
Gold production (ounces)	298	195	103
Lead production (tonnes)	40	45	238
Zinc production (tonnes)	408	382	835
Average Head Grade (g/t Ag Eqv.)	172	226	331

Veta Grande Project Operational Results

Summary of Production Results	2017 Q2 ⁽²⁾	2017 Q1 ⁽³⁾
Material Processed (tonnes milled)	29,718	26,751
Silver eqv. ounce production ⁽¹⁾	145,942	108,728
Silver production (ounces)	56,062	57,598
Silver head grade (g/t)	102	117
Silver recovery (%)	64%	57%
Gold production (ounces)	174	131
Lead production (tonnes)	198	99
Zinc production (tonnes)	317	177
Average Head Grade (g/t Ag Eqv.)	218	209

Note 1
$$\text{AgEqvOz} = (\text{Au} * \text{Pau}) + (\text{Ag} * \text{Pag}) + (\text{Pb} * \text{Ppb} * 2205) + (\text{Zn} * \text{Pzn} * 2205)$$

(Pag)

Metal Prices Q1 and Q2 2017²: Ag \$16.00, Au \$1,150, Pb \$0.90, Zn \$1.15

Metal Prices Q2 2016³: Ag \$14.50, Au \$1,100, Pb \$0.76, Zn \$0.71

Operations Update

In Q2 2017 at the Rosario Project the focus has been on increasing the impact of the Cinco Estrellas Property and Membrillo Vein as alternate sources of mill feed at the Rosario milling facility. The Company has made significant advances on those initiatives. The Company anticipates that starting in Q4 Membrillo and Cinco Estrellas will reach their planned production volumes and headgrades, as sufficient stopes and production areas will be in place.

At Veta Grande, the focus has been and continues to be through-put maximization and grade control. The Company continues to work on controlling grades with mine development as well as improving the mill recoveries. The main ramp at the Garcia mine has now reached Level 6 where massive sulphide areas have been identified which will increase the lead content in the mineralized material thereby allowing for additional improvements to mill recoveries.

About Santacruz Silver Mining Ltd.

Santacruz is a Mexican focused silver company with two producing silver projects (Rosario Project, including the Rosario Mine, Cinco Estrellas Property and Membrillo Vein, and the right to operate the Veta Grande Project and milling facility); and two exploration properties, the Minillas Property and Zacatecas properties. Santacruz is managed by a technical team of professionals with proven track records in developing, operating and discovering silver mines in Mexico with a corporate objective 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 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, 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 Vein 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.

SOURCE [Santacruz Silver Mining Ltd.](http://www.santacruzsilver.com)

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