

Santacruz Silver Signs Letter of Intent to Sell Gavilanes Project for US\$3.5 Million

Vancouver, B.C. – Santacruz Silver Mining Ltd. (TSX.V:SCZ) (“Santacruz” or the “Company”) announces that it has signed a letter of intent (“LOI”) to sell its interest in the Gavilanes Project in Durango, Mexico to an arm’s length third party gold and silver producer (the “**Purchaser**”). The LOI contemplates the sale to the Purchaser of 100% of the Company’s interest in the Gavilanes Project for US\$3.5 million plus applicable value added tax.

Gavilanes is located approximately 110km WNW of Durango City in the municipality of San Dimas in Durango State, Mexico. The property is located within the central part of the Sierra Madre Occidental and includes 10 mining concessions covering a total area of 8,832 hectares.

“Continuing with our plan to focus on our producing assets within the Company, management has made the decision to divest the Gavilanes Project,” stated Arturo Préstamo, President and CEO of Santacruz. “The Company is transitioning into a multi-mine Mexican silver producer that we expect will generate solid cash flow as we grow. The monetization of Gavilanes would allow us to further improve our operations on the Company’s two producing assets, and, once completed, will serve to fulfill the remaining obligations under the JMET, LLC facility, thereby unencumbering the Company’s assets.”

The LOI is non-binding and the transaction is subject to, among other things, the parties entering into a definitive agreement which will contain customary terms and conditions for a transaction of this nature. The transaction is expected to close on or before August 15, 2017.

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. 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.

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 includes, but is not limited to, the anticipated fulfillment of the Company's remaining obligations under the JMETS, LLC facility and 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, the assumptions that the Company's financial condition and development plans do not change as a result of unforeseen events; that the Company will receive all required regulatory approvals and third party consents to the transaction; that the parties will enter into a definitive agreement in a timely manner; that all conditions precedent to the transaction (including those contained in the definitive agreement) will be fulfilled in a timely manner; 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; delays in regulatory approval, receipt of third party consents and/or satisfaction of conditions precedent to completion of the transaction, 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.