



# Santacruz Silver Mining, LTD

Mexico's Next Mid-Tier Silver Producer

TSXV: SCZ OTCQX: SZSMF FSE: 1SZ



## DISCLAIMER

The information provided in this presentation is not intended to be a comprehensive review of all matters and developments concerning Santacruz Silver mining Ltd. (the "**Company**"). It should be read in conjunction with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

## FORWARD-LOOKING STATEMENTS

This presentation contains "forward-looking statements" within the meaning of Canadian securities legislation and the United States Securities Litigation Reform Act of 1995. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations and financial condition in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, believes, intends, estimates, projects, assumes, potential and similar expressions, and include reference to events or conditions that will, would, may, could or should occur. These statements relate to analyses and other information that are based on expectations of future performance, including silver, gold, lead, zinc and copper production and planned work programs, cash flow forecasts, projected capital and operating costs, and metal price assumptions. Statements concerning mineral resource estimates may also constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: risks related to precious and base metal price fluctuations; risks related to fluctuations in the currency markets (particularly the Mexican peso, Canadian dollar and United States dollar); risks related to the inherently dangerous activity of mining, including conditions or events beyond our control, and operating or technical difficulties in mineral exploration, development and mining activities; uncertainty in the Company's ability to raise financing and fund the exploration and development of its mineral properties; uncertainty as to actual capital costs, operating costs, production and economic returns, and uncertainty that development activities will result in profitable mining operations; risks related to mineral resource figures being estimates based on interpretations and assumptions which may result in less mineral production under actual conditions than is currently estimated and to diminishing quantities or grades of mineral resources as properties are mined; risks related to governmental regulations and obtaining necessary licenses and permits; risks related to the business being subject to environmental laws and regulations which may increase costs of doing business and restrict our operations; risks related to mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title; risks relating to inadequate insurance or inability to obtain insurance; risks related to potential litigation; risk related to the global economy; risks related to all of the Company's properties being located in Mexico including political, economic, social and regulatory instability and all country risks related to Mexico. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, actual results may vary from those implied or projected by forward-looking statements and therefore investors should not place undue reliance on such statements. The Company does not intend, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law. All monetary figures are expressed in United States dollars unless otherwise specified.

Technical Reports for the Rosario and San Felipe projects are respectively titled "NI 43-101 Technical Report on Resources, Rosario Project, San Luis Potosi, Mexico" with an effective date of December 1, 2012 and filed on SEDAR on December 28, 2012 (the "**Rosario Report**"), and "Updated NI 43-101 Technical Report on Resources, San Felipe Project, Sonora, Mexico" with an effective date of April 5, 2012, and filed on SEDAR on December 28, 2012 (the "**San Felipe Report**"). Such reports were prepared by Gustavson Associates, LLC in Lakewood Colorado, independent consultants to the Company. The Gavilanes project resource estimation was completed by Gary Giroux, P.Eng. of Giroux Consultants and utilized a geological model completed by Hans Smit, P.Geo and Fletcher Bourke, P.Geo. Their report, titled "2013 Mineral Resource Estimate, Gavilanes Project, Durango, Mexico" (the "**Gavilanes Report**") has an effective date of effective November 13, 2013 and was filed on SEDAR on January 23, 2014. The qualified persons who prepared these reports under National Instrument (NI 43-101) Standards of Disclosure for Mineral Projects, are Donald E. Hulse P.E., SME-RM, and, with respect to the San Felipe Report only, Patrick F. Daniels, SME-PM. Under NI 43-101 the Qualified Person who reviewed and approved the scientific and technical information in this presentation (other than with respect to the Gavilanes project) is Mr. Donald Hulse, who is an independent consultant for the Company.

The qualified persons who prepared the Gavilanes Report, Mr. Gary Giroux, P.Eng,

Mr. Hans Smit, P.Geo. and Mr. Fletcher Bourke, P.Geo., have reviewed and approved the scientific and technical information in this presentation as it relates to the Gavilanes project.

# Company Overview

Emerging growth Mexican mid-tier silver producer, listed on TSX.V Exchange, "SCZ".

Experienced management team with proven track record of building mines and exploration discoveries in Mexico.

High grade, low capex and advanced Projects profile.

3 High grade polymetallic properties in Mexico, all with significant exploration potential.

- Rosario (Charcas, San Luis Potosi state)\*
- San Felipe (San Felipe, Sonora state), which is held pursuant an option agreement.
- Gavilanes (San Dimas, Durango state)\*

Production time line goal by project:

Project	Mining District / State	Status / Production Targeted Timeline
Rosario	Charcas, San Luis Potosí	Ramping up to full production by Q4 2014
San Felipe	San Felipe Hermosillo Sonora	Positive PEA results released. Pre-Tax IRR 61% and 5% NPV of US\$104 million. All-In Cash Costs of \$12.72 Oz Ag Equivalent. Production target in 2016.
Gavilanes	San Dimas Durango	Maiden Resource Estimate completed. Estimated production target by 2017

\*100% owned, subject to concession payments and NSR royalties.



# Company Highlights



Building Mexico's next mid-tier silver producer.

Rosario Mine continues to ramp-up to full production by Q4 2014.\*

San Felipe positive PEA results released. Pre-Tax IRR 61% and 5% NPV of US\$104 million. All-In Cash Costs of \$12.72 Oz Ag Equivalent. Significant Resource Increase.

Gavilanes Report including maiden resource estimate, completed based on executed drilling campaigns.

For 2014, Santacruz is focused on ramping up Rosario Mine to full production capacity and to advance San Felipe to production by 2016.

\* The production decision at Rosario was not based on a feasibility study of 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 analysis as would be included in a feasibility study. The risks associated with this decision are set forth in the "Risk Factors" section of the Company's most recent Annual Information Form, for the year ended December 31, 2012 and filed on SEDAR.

# Board of Directors and Management

## **Arturo Préstamo-President, CEO and Director**

President and CEO of the Company since April 2012; Country Manager in Mexico for Starcore International Mines, Ltd. from September 2007 to October 2011; Director of Planning and Investor Relations for Grupo Famsa, SAB from March 2005 to August 2007.

## **Robert Byrd-COO**

Mining Engineer with more than 30 years of experience in the mining industry. Served as the country manager for Mexico with Silver Standard Resources, Inc.

## **Robert (Rob) McMorran-CFO**

Chartered Accountant; President of Malaspina Consultants Inc.

## **Craig A. Angus-Director**

Founder of Nevsun Resources. Successful copper-gold producer with operations in Africa.

# Board of Directors and Management

## **James A. Hutton-Director**

President and Chief Executive Officer of Hutton Capital Corporation since 1986.

## **Marc Prefontaine-Director**

Professional Geologist; President and CEO of Grayd Resources Corp. from March 2003 to February 2012.

## **Federico Villasenor-Director**

Graduated with a BSc in mining and metallurgy and an MS of mineral economics. He has had a career that spans 40 years in the mining industry, including roles with Peñoles, Grupo Mexico, Goldcorp and as director of Starcore International Mines Ltd.

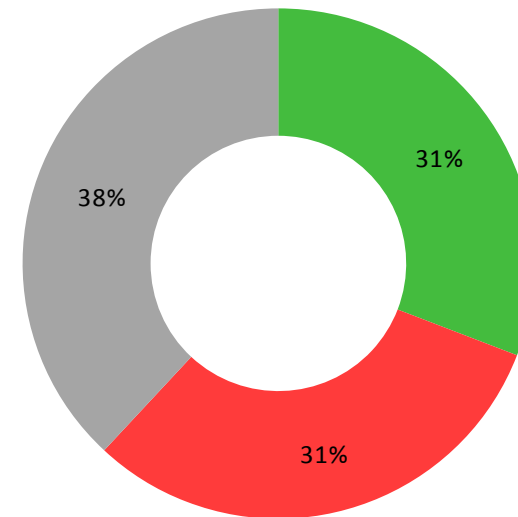
# Stock Information

## Share Capital Structure (September 2014)

Outstanding Shares	103,493,484
Warrants	2,403,750
Stock Options	7,606,666
Fully Diluted	113,134,900
Market Capitalization	\$91 Million

### Share Distribution (approximate)

■ Institutional (31%) ■ Retail (31%) ■ Inside Holders (38%)



[www.santacruzsilver.com](http://www.santacruzsilver.com)

# Rosario Mine

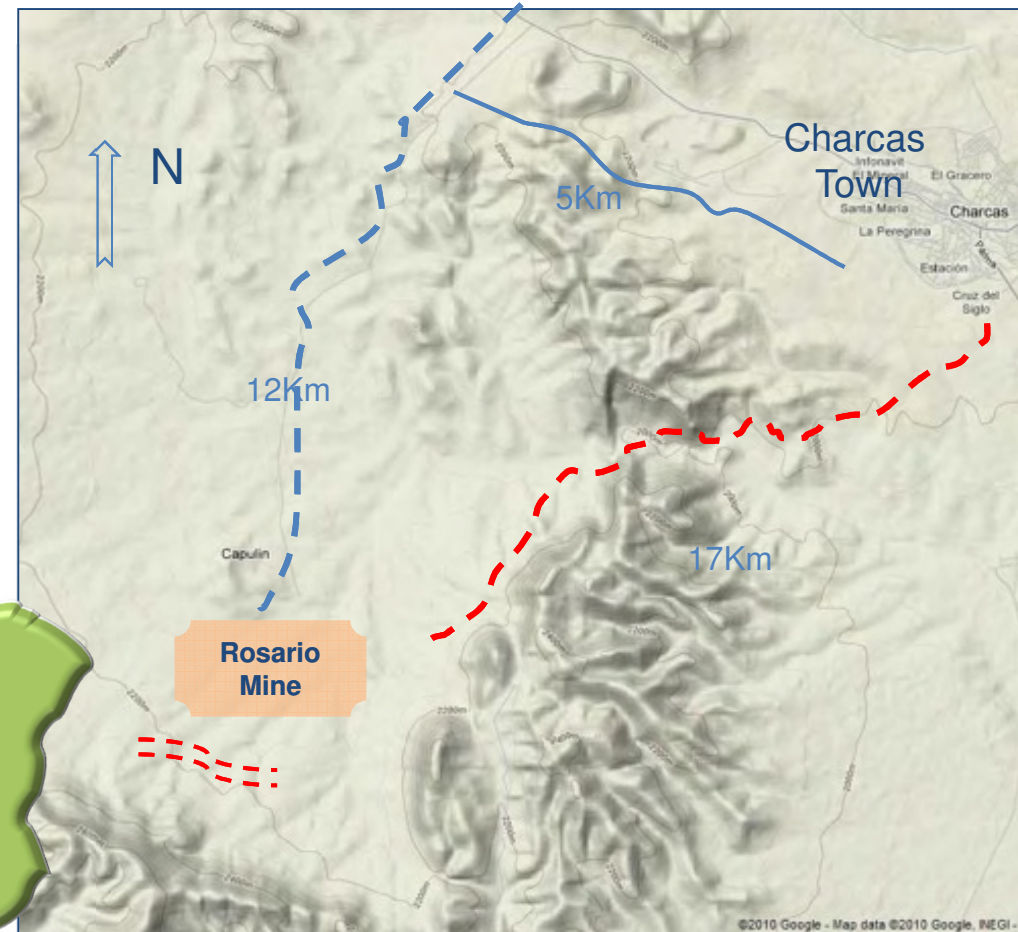
Project Analysis



# Property Location



100 Km North of San Luis Potosí, State Capital of San Luis Potosí on highway 57.



- Charcas municipality, one of Mexico's most recognized mining districts.
- Rosario Mine is nearby Grupo Mexico's (formerly Asarco) historical and current producing mine.

# Overview & Resources

- Production: Ramping up to full production in Q4 2014<sup>1</sup>
- Ownership: Right to acquire 100%, subject to NSRs and concession payments
- Expressions of the Rosario I and II veins are extended for more than 2.5 kilometers along strike.
- Drilling has tested both veins to at least 150-200 meters depth.

Rosario Veins I and II Measured & Indicated Resources<sup>2</sup>

	Cut-off	Tonnage	Thickness	Silver Equivalent		Gold		Silver		Lead		Zinc	
	Gpt	K tonne	M	Gpt	K-oz	Gpt	Oz	Gpt	K-oz	Pct	Lbsx1000	Pct	lbsx1000
Measured	75	270	2.18	381	<b>3,305.5</b>	0.940	8,162	210.1	1,824.8	1.17	6,952	3.69	21,997
Indicated	75	711	1.95	303	<b>6,930.7</b>	0.882	20,159	162.7	3,718.2	1.18	18,430	2.60	40,690

# Overview & Resources

## Rosario Veins I and II Inferred Resources<sup>2</sup>

Cut-off		Tonnage	Thickness	Silver Equivalent		Gold		Silver		Lead		Zinc	
Gpt	K tonne	M	Gpt	K-oz	Gpt	Oz	Gpt	K-oz	Pct	Lbsx1000	Pct	Lbsx1000	
75	386	1.72	203	<b>2,522.8</b>	0.810	10,053	90.6	1,125.5	0.73	6,206	2.10	17,874	

Note: Mineral resources which are not mineral reserves do not have demonstrated economic viability. The quantity and grade of inferred resources reported herein are uncertain in nature and exploration completed to date is insufficient to define these mineral resources as indicated or measured. There is no guarantee that further exploration will result in the inferred mineral resources being upgraded to an indicated or measured mineral resource category.

\*\*Silver Equivalent is used to calculate the cutoff. The silver equivalent was calculated with the following equation;

$$AgEq = \frac{(Ag * P_{ag} / 31.1035) + (Pb * P_{pb} * 22.05) + (Zn * P_{zn} * 22.05) + (Au * P_{au} / 31.1035)}{(P_{ag})}$$

Metal Prices: Silver 26.28 \$/tOz, Gold 1,341.00 \$/tOz, Lead 0.9988 \$/lb, Zinc 0.9531 \$/lb

1) The production decision was not based on a feasibility study of 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 analysis as would be included in a feasibility study. The risks associated with this decision are set forth in the "Risk Factors" section of the Company's most recent Annual Information Form, filed on SEDAR.

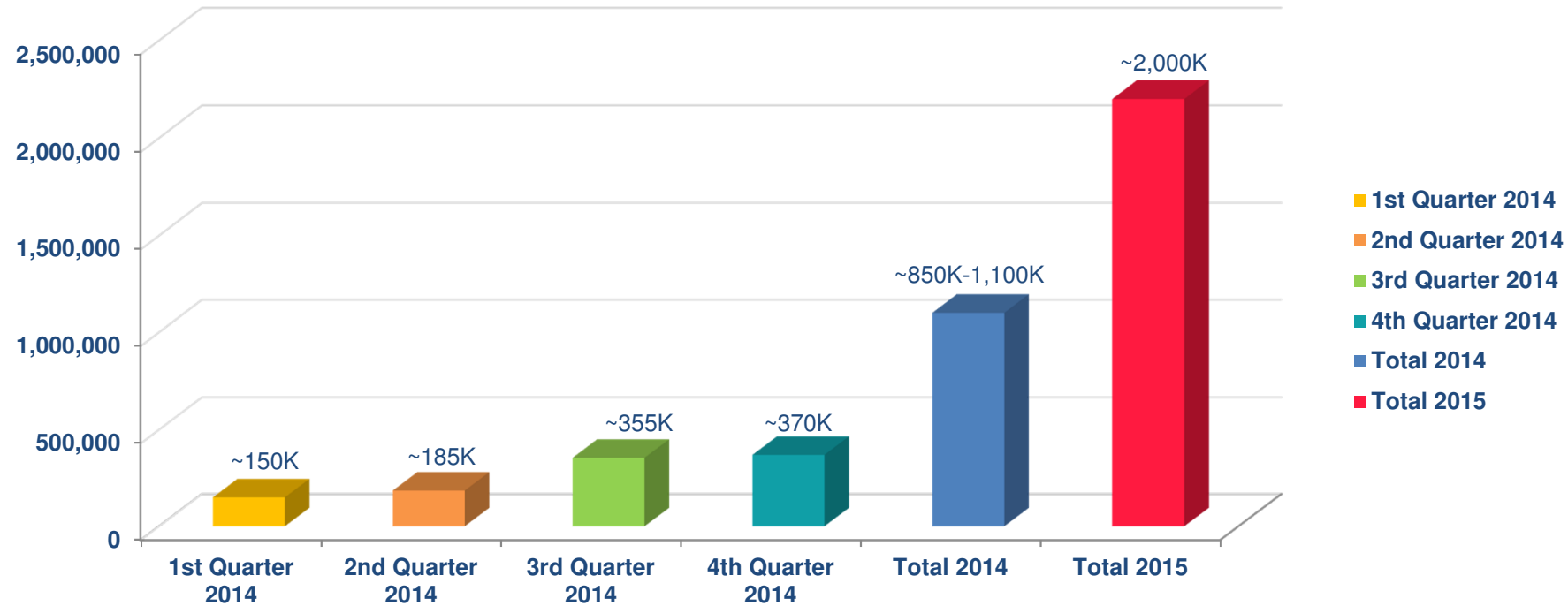
2) For full details, see the Rosario Report.



# Production Estimates 2014 & 2015

Management intends to maintain production from the Rosario Mine at 450-500tpd and utilize the excess capacity (700tpd full capacity) to source third party ore from local miners in order to increase overall production and generate further cash flow from operations.

## Estimate Production of AgEq Oz in 2014 & 2015



$$EqAgOz = \frac{(Au * Pau / 31.1035) + (Ag * Pag / 31.1035) + (Cu * Pcu * 22.05) + (Pb * Ppb * 22.05) + (Zn * Pzn * 22.05)}{(Pag)}$$

Metal Prices: Ag \$19.9064, Au \$1,244.8, Pb \$0.965, Zn \$0.925

# Mill in Production



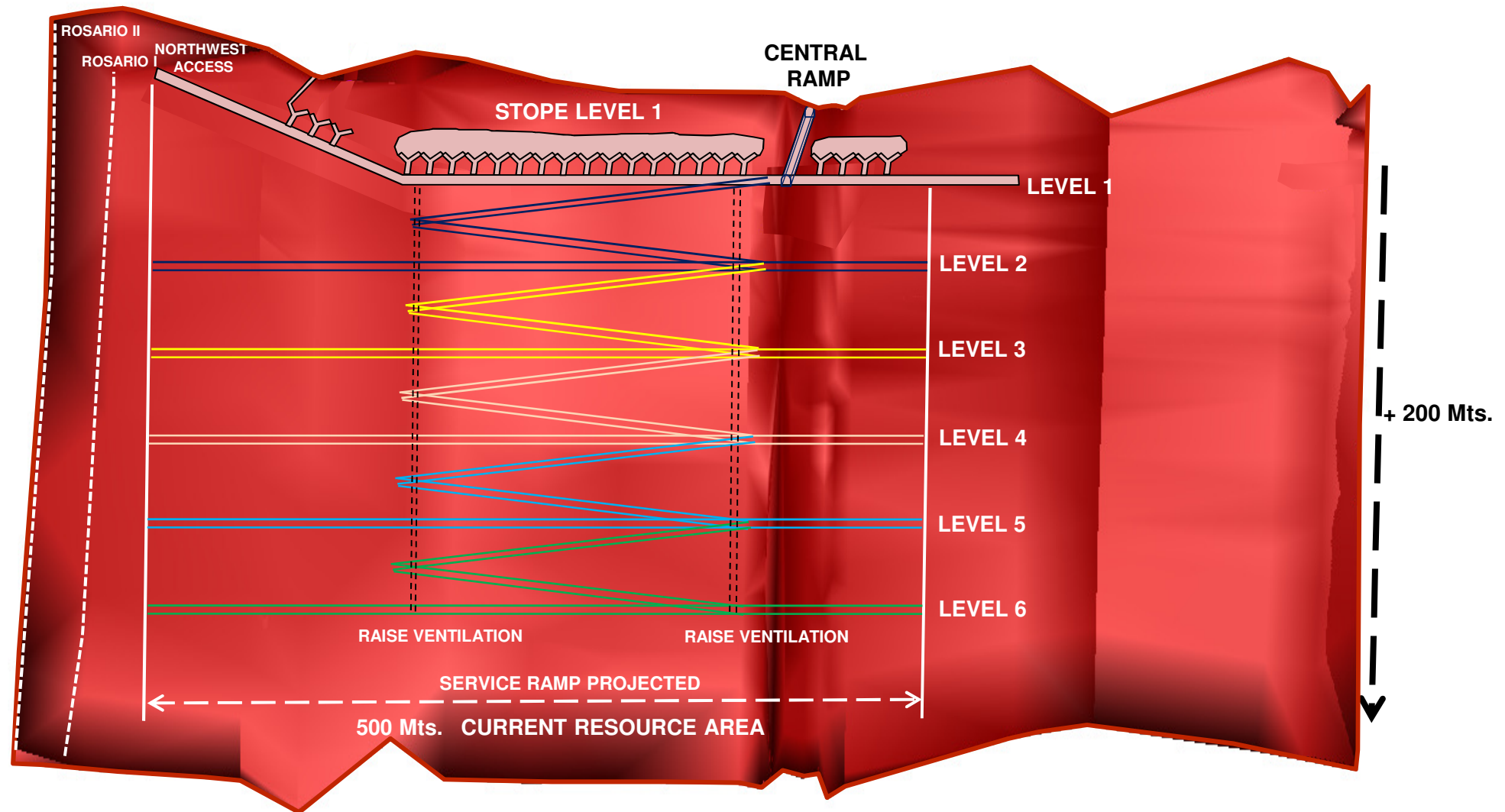


# Mill in Production

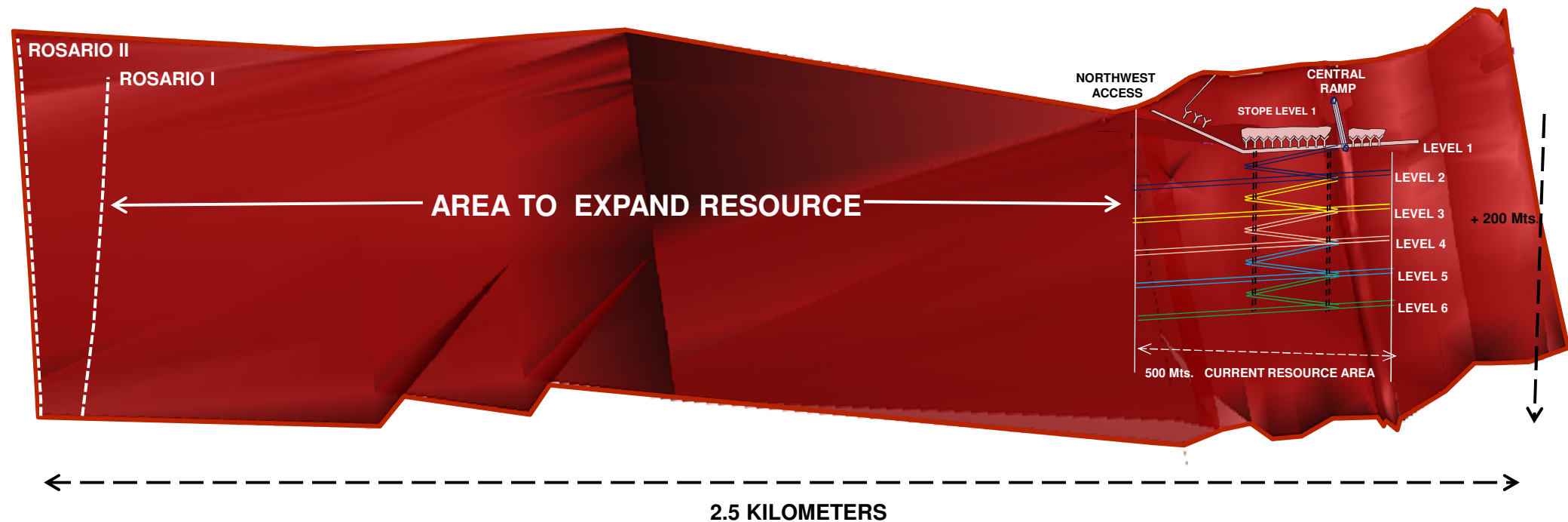




# Long Section Views: Vein I & II



# Long Section Views: Vein I & II



- Expressions of the Rosario I and II veins are extended for more than 2.5 Kilometers along strike.
- The current resources represent approximately 500 meters of strike only.
- Drilling has tested both veins to +200 meters depth.

NOTE: Only the main veins (Rosario I and II) are included in the resource analysis; there is additional potential to increase resources and to confirm other zones.

# San Felipe Mine

Project Analysis



# Property Location

Located 130 Kilometers North East from Hermosillo City, State Capital of Sonora. Driving 80 Km North West to Moctezuma town, turning north 60 Km arriving at San Felipe de Jesus Town. Access is paved to the property limit.

Hermosillo has an International airport, with flights from major Mexican and west coast United States cities.

Estimated driving time from the airport to San Felipe project less than 2 hours.



# PEA Highlights

- Pre-tax Net Present Value ("NPV") at a 5% discount rate of US \$103.5 million and an Internal Rate of Return ("IRR") of 60.6%;
- After-tax NPV at a 5% discount rate of US \$61.2 million and IRR of 37.7%;
- Average annual production of 3.2 million ounces of silver equivalent over a 7.5 year mine life;
- Initial capital cost ("CAPEX") of US \$36.3 million, including \$6 million of working capital;
- Estimated all-in cash costs of US \$12.72/oz silver equivalent (including site operating costs, smelter costs, sustaining capital and NSR payments );
- Pre-tax payback of 1.6 years after start-up, and 2.3 years after-tax payback.



**The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There can therefore be no certainty that the PEA will be realized. It is also important to note that mineral resources that are not mineral reserves do not have demonstrated economic viability.**

\*For the PEA, Silver Equivalent was calculated using prices of US\$19.91/oz., US\$0.99/lb. and US\$1.00/lb. for silver, lead and zinc, respectively.

# Project Resources

At a 150 g/t Ag equivalent cut-off, the new resource estimate for all veins is:

- Indicated – 1.1Mt at 76.5 g/t Ag, 2.5% Pb and 6.4%Zn = 423 g/t Ag equiv or 15.2 Moz Ag equiv.
- Inferred – 3.3Mt at 64.8 g/t Ag, 1.9% Pb and 4.9% Zn = 326 g/t Ag equiv or 34.3 Moz Ag equiv.

## Indicated Resources\*

Cut-off	Tonnage	Silver Equivalent	Silver	Lead	Zinc
Gpt	tonne	Oz	Gpt	Pct	Pct
150	1,118,000	15,221,0000	76.54	2.48	6.39

# Project Resources

## Inferred Resources\*

Cut-off	Tonnage	Silver Equivalent	Silver	Lead	Zinc
Gpt	tonne	Oz	Gpt	Pct	Pct
150	3,273,000	34,291,000	64.82	1.88	4.89

\*Silver Equivalent is used to calculate the cutoff. The silver equivalent was calculated with the following equation;

$$\text{AgEq} = \frac{(\text{Ag} * \text{Pag} / 31.1035) + (\text{Pb} * \text{PPb} * 22.05) + (\text{Cu} * \text{Pcu} * 22.05) + (\text{Zn} * \text{Pzn} * 22.05) + (\text{Au} * \text{Pau} / 31.1035)}{(\text{Pag})}$$

Metal Prices: Silver 20.06 \$/Oz, Lead 0.96 \$/lb, Zinc 0.92 \$/lb

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\*For full details, see the San Felipe Report.



# PEA Sensitivies

San Felipe NPV and IRR - Base Case \$USM		
	Pre-Tax NPV	After Tax NPV
<b>Discount Rate 0%</b>	142.1	88.7
<b>2%</b>	125.0	76.4
<b>5%</b>	103.5	61.2
<b>8%</b>	86.1	48.9
<b>10%</b>	76.3	42.0
<b>IRR</b>	60.6	37.7
<b>Payback (years)</b>	1.6	2.3

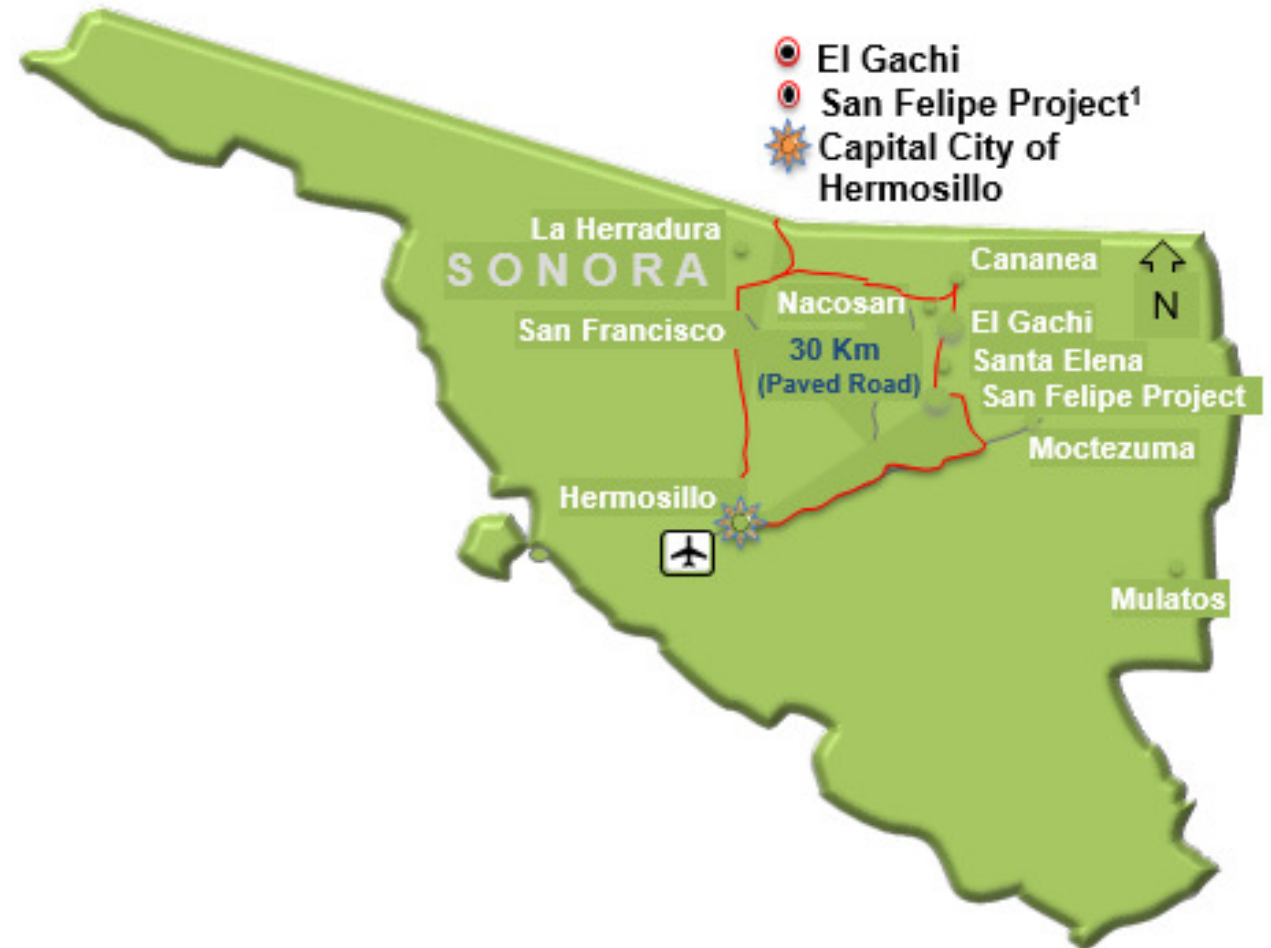
Metal Prices						
		-20%	-10%	Base	+10%	+20%
	Ag	15.93	17.92	19.91	21.90	23.89
	Pb	0.79	0.89	0.99	1.09	1.19
	Zn	0.80	0.90	1.00	1.10	1.20
<b>NPV 5% \$US M</b>	pre-tax	28.7	66.1	103.5	140.9	178.3
	after-tax	11.8	36.5	61.2	85.8	110.5
<b>IRR %</b>	pre-tax	22.3%	42.1%	60.6%	78.6%	96.4%
	after-tax	12.1%	25.5%	37.7%	49.4%	60.8%

Note: This table is in part based on Inferred Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

\*The after tax calculation considers the new Mexican tax regime including a 0.5% environmental fee for gold/silver/platinum, a 7.5% royalty and depreciation and amortization annually at a 10% rate.

# 'El Gachi': Complement to San Felipe Mine

- Historical producing mine operated by Anaconda and Peñoles in the 60's and 70's, respectively.
- Land package; 48,057 hectares
- Manto and vein mineralized system
- Drilled by Hochschild with encouraging results
- High grade material from El Gachi was shipped to San Felipe in the 80's.
- Distance between San Felipe and El Gachi project is 30 km on paved road.



1) See the San Felipe Report.

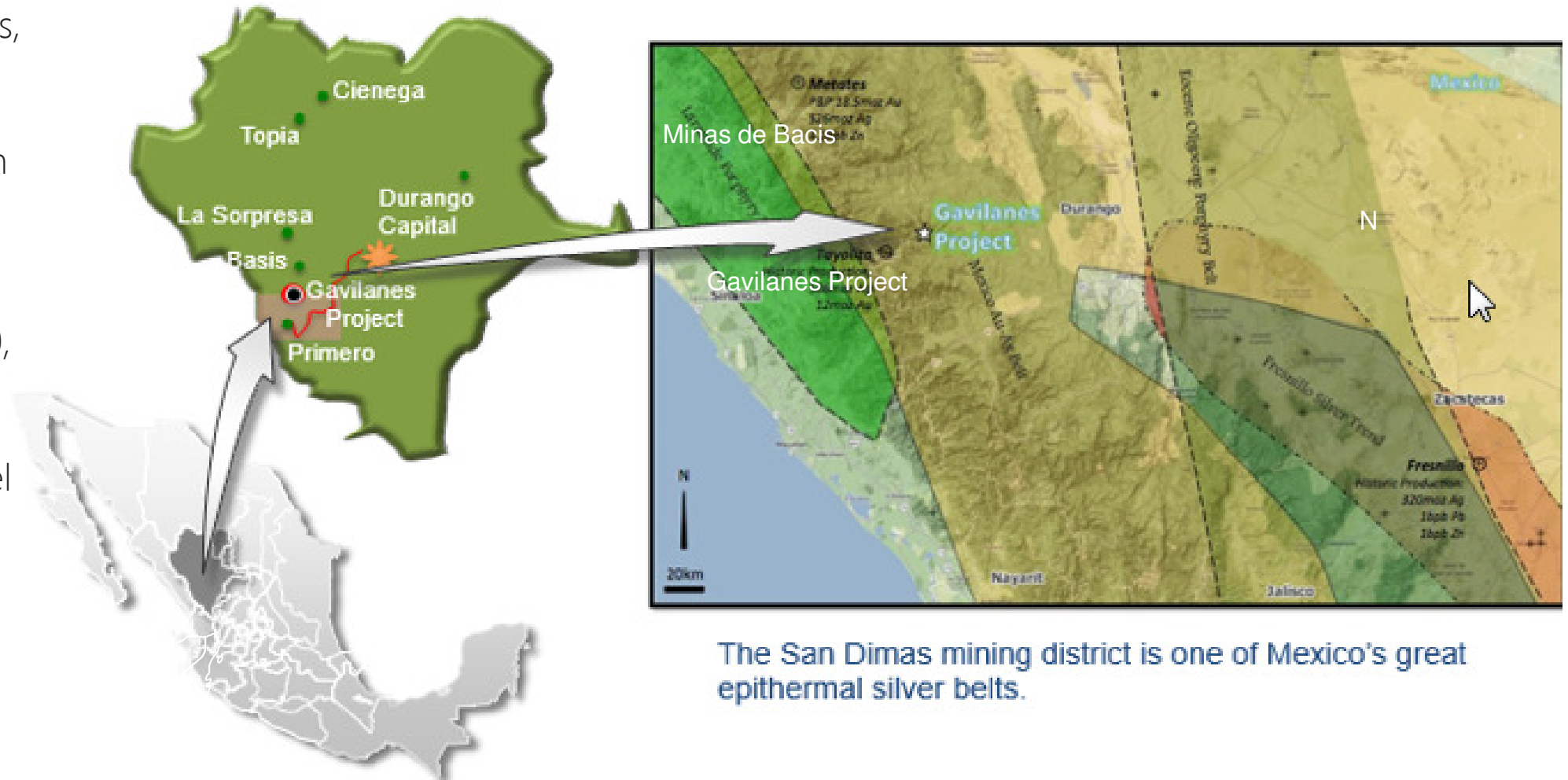
# Gavilanes Mine

Project Analysis



# Property Location

Located in the San Dimas, Durango Mining District. 110 Km west from Durango City, and 23 Km North East from Tayoltita mine. Access to the property is by driving 90 Km south on highway 40, arriving at Estación Coyotes, turning west 100 Km up to San Miguel de Cruces, 23km of dirt road takes you to the Gavilanes project.



The San Dimas mining district is one of Mexico's great epithermal silver belts.

# Project Resources

- The Company will re-assess the drill cores and conduct metallurgical studies in 2014.
- Mining claims covering a total area of 8,832 hectares
- Epithermal low sulphidation polymetallic mineralization containing high grades of Ag and Au (surface samples >1100 g/t Ag and >4 g/t Au).\*
- 7 veins clearly identified with only 3 drilled to date (GSA, Descubridora, and San Nicolás).\*
- Stockwork area called 'El Hundido' has been clearly identified by diamond drilling.\*

Resource classified as Indicated \*

Cut-off	Tonnes > Cut-off	Grade > Cut-off						
AgEq (g/t)	(tonnes)	Ag (g/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	AgEq (g/t)	AgEq Oz
75	953,000	164.6	0.09	0.06	0.42	0.41	200.5	<b>6,143,000</b>

# Project Resources

Resource classified as Inferred \*

Cut-off	Tonnes > Cut-off	Grade > Cut-off						
AgEq (g/t)	(tonnes)	Ag (g/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	AgEq (g/t)	AgEq Oz
75	5,399,000	124.6	0.12	0.09	0.40	0.34	163.0	<b>28,294,000</b>

$$**AgEq = \frac{Cu\% * 71.65 + (Pb\% * 21.38) + (Au\ g/t * 42.37) + (Ag\ g/t * 0.69) + (Zn\% * 19.18)}{0.69}$$

Metal Prices: Silver 21.55 \$/tOz, Gold 1318.00 \$/Oz, Copper 3.25 \$/lb, Lead 0.97 \$/lb, Zinc 0.87 \$/lb

\*For full details, see the Gavilanes Report

\*\* 100% recovery has been assumed for all metals in this silver equivalent estimate. At this stage of the project no metallurgy has been completed and the reader is cautioned that 100% recoveries are never achieved.



# Veins, Dikes and Property Boundaries

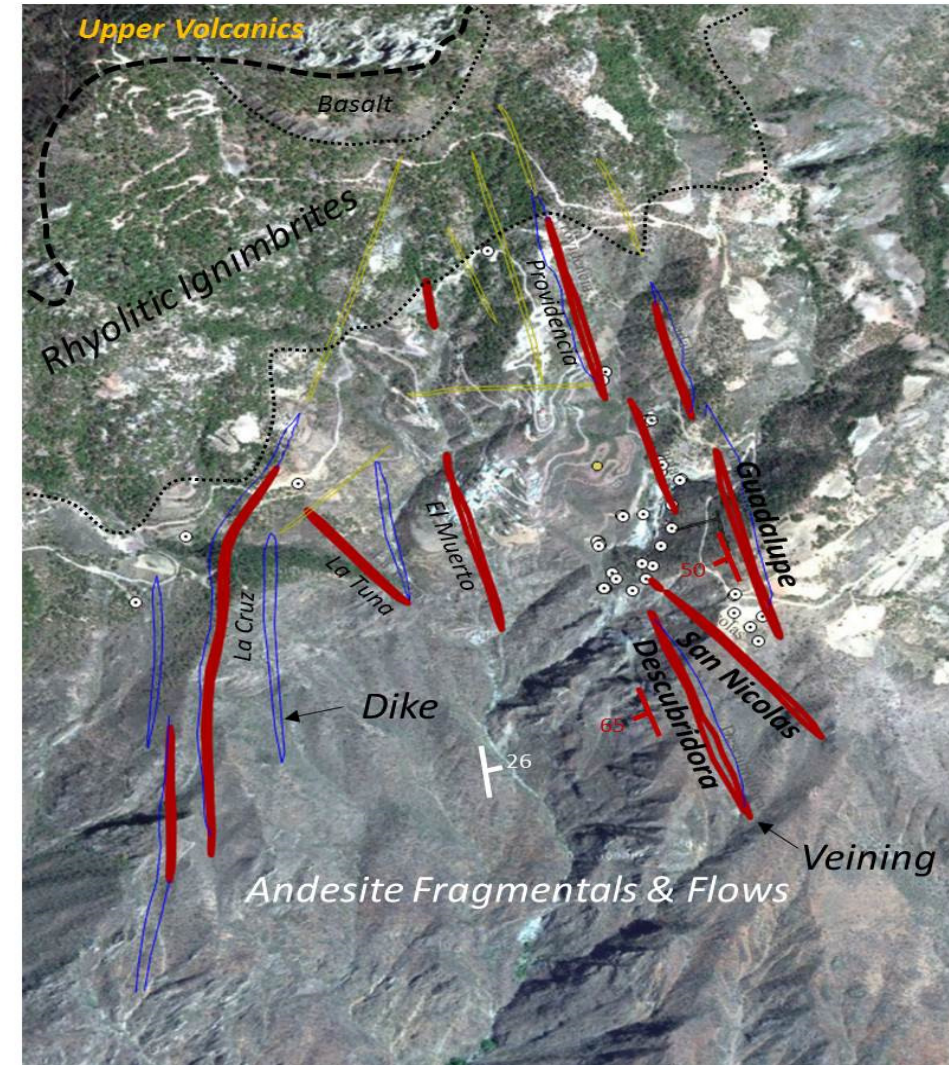
7 strong veins identified so far, plus high grade mineralized stockwork.

Major veins, are the La Cruz, La Tuna, Providencia, El Muerto, Descubridora, San Nicolas, and Guadalupe-Soledad-Aranzazú (GSA) veins.

El Hundido stockwork

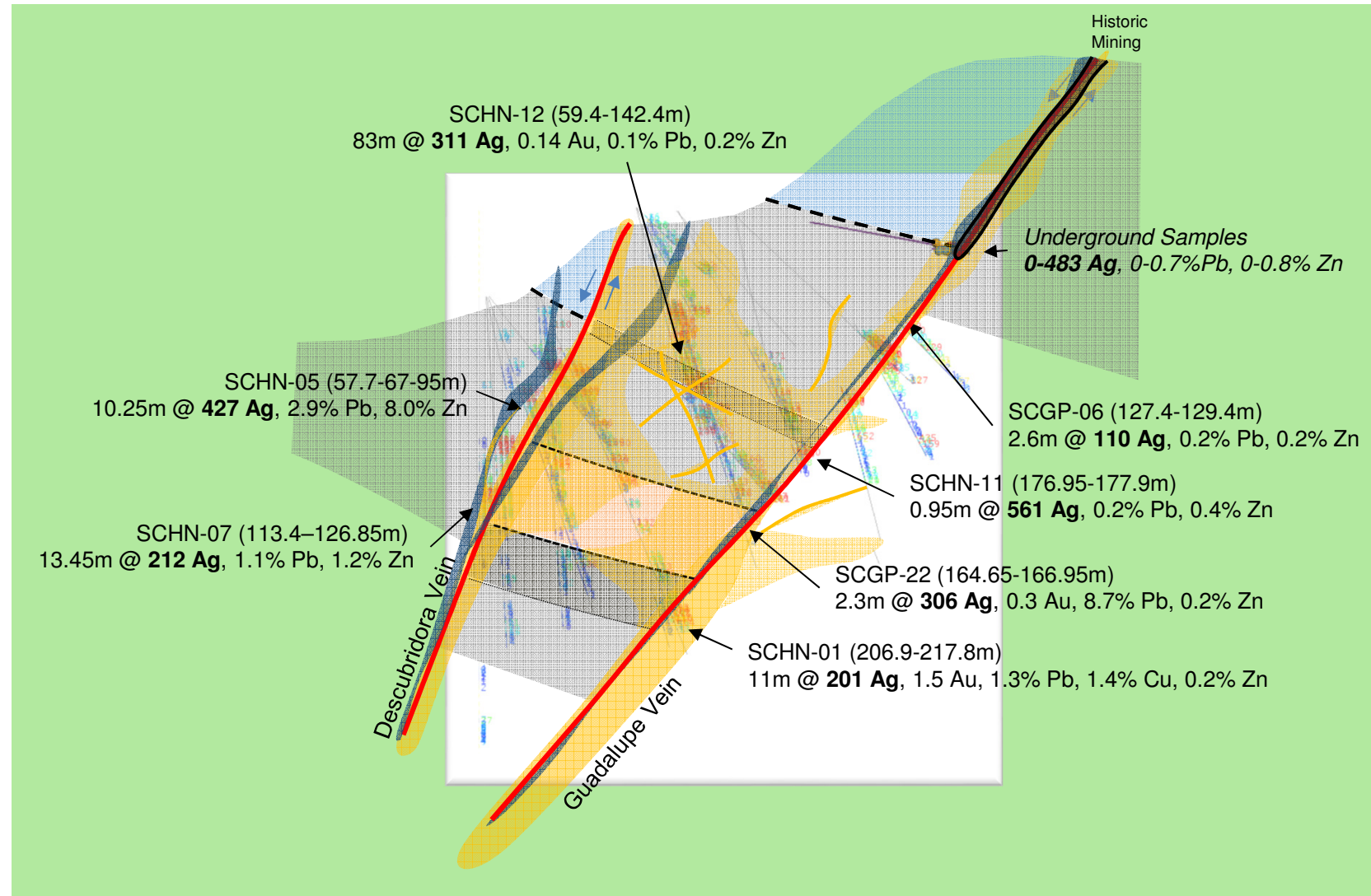
Structures together have nearly 5,000m of strike length with average widths of about 1.5m.

Samples from the various veins depicted run up to, 1,100+ g/t Ag, 4 g/t Au, 9% lead, 5 % zinc and 6% copper.\*



\* For full results see the Gavilanes Report.

# Local Geology



150m  
Looking NNW

# Corporate Goals

Project	Vision
Rosario	Ramping up to full production by Q4 2014
San Felipe	Continue development work aiming to start production in 2016
Gavilanes	Will re-assess the drill cores and conduct metallurgical studies, aiming to restart exploration when market timing improves.

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\* The production decision was not based on a feasibility study of 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 analysis as would be included in a feasibility study. The risks associated with this decision are set forth in the "Risk Factors" section of the Company's most recent Annual Information Form, filed on SEDAR.





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