

(All amounts in US\$ unless otherwise specified)

VANCOUVER, July 28, 2015 /CNW/ - [Capstone Mining Corp.](#) ("Capstone") (TSX: CS) today announced its financial results for the three and six months ended June 30, 2015. Operating cash flow before changes in working capital¹ for the quarter was \$21.8 million or \$0.06 per share, with net income and adjusted net income of \$1.3 million. Copper production for the quarter totalled 21,100 tonnes (20,367 tonnes of payable copper) at a C1 cash cost¹ of \$2.22 per payable pound produced with copper sales for the quarter of 20,473 tonnes at a C1 cash cost¹ of \$2.09 per payable pound sold.

Capstone will hold a conference call and webcast on Wednesday, July 29, 2015 at 11:30 a.m. Eastern time (8:30 a.m. Pacific time) to discuss these results; call-in details and information on associated slides are provided at the end of this release. This release should be read in conjunction with Capstone's consolidated financial statements and management's discussion and analysis ("MD&A") for the three and six months ended June 30, 2015, which are available on Capstone's website at <http://capstonemining.com/investors/financial-reporting/default.aspx> and on SEDAR. An updated corporate presentation, including results to June 30, 2015, in addition to the Q2 2015 webcast slides, will also be available at <http://capstonemining.com/investors/events-and-presentations/default.aspx>.

Overview

	Q2 2015	Q2 2014	2015 YTD	2014 YTD
Revenue (\$ millions)	112.5	171.7	215.4	332.5
Copper produced (tonnes)	21,100	27,333	44,777	54,548
Payable copper produced (tonnes)	20,367	26,394	43,220	52,639
C1 cash cost per payable pound produced ⁽¹⁾ (\$/lb)	2.22	2.05	2.09	1.99
Copper sold (tonnes)	20,473	24,563	40,555	51,164
Realized copper price per pound sold (\$/lb) *	2.67	3.36	2.57	3.17
C1 cash cost per payable pound sold ⁽¹⁾ (\$/lb)	2.09	1.94	1.99	1.90
All-in sustaining cost per payable pound sold ⁽¹⁾ (\$/lb)	2.56	2.25	2.46	2.28
All-in cost per payable pound sold ⁽¹⁾ (\$/lb)	2.84	2.34	2.95	2.35
Fully-loaded all-in cost per payable pound sold ⁽¹⁾ (\$/lb)	2.78	2.67	2.97	2.60
Net income (loss) (\$ millions)	1.3	16.6	(16.0)	12.2
Net earnings (loss) per common share (\$)	0.00	0.04	(0.04)	0.03
Adjusted net income (loss) ⁽¹⁾ (\$ millions)	1.3	18.3	(7.6)	24.0
Adjusted net earnings (loss) ⁽¹⁾ per common share (\$)	0.00	0.05	(0.02)	0.06
Adjusted EBITDA ⁽¹⁾ (\$ millions)	26.6	64.8	51.0	121.2
Adjusted EBITDA ⁽¹⁾ per common share (\$)	0.07	0.17	0.13	0.32
Operating cash flow before changes in working capital ⁽¹⁾ (\$ millions)	21.8	59.5	38.3	109.8
Operating cash flow before changes in working capital per common share ⁽¹⁾ (\$)	0.06	0.16	0.10	0.29
Cash and cash equivalents (\$ millions)	97.6	128.5	97.6	128.5
Net debt ⁽¹⁾ (\$ millions)	202.0	181.0	202.0	181.0

* Q2 2015 includes a negative provisional pricing adjustment of \$0.9 million (2014 – positive \$8.4 million) related to prior shipments, equivalent to \$0.02 per pound (2014 – \$0.16 per pound) of copper sold during the quarter. 2015 YTD includes a negative provisional pricing adjustment of \$13.6 million (2014 – positive \$6.3 million) related to prior shipments, equivalent to \$0.15 per pound (2014 – \$0.06 per pound) of copper sold during the six month period.

1 These are alternative performance measures; please see "Alternative Performance Measures" at the end of this release.

"In the second quarter of 2015 we continued our focus on flexibility and execution," said Darren Pylot, President and CEO of Capstone. "We maintained our financial flexibility by entering into zero-cost collars for 36,000 tonnes of copper production at a minimum price of US\$2.60 per pound to the end of Q3 2015 to ensure we can execute our 2015 capital program in this difficult copper price environment."

"We are executing on the operational improvements at Pinto Valley with respect to mill reliability and are approaching our

run-rate target. Minto has delivered significant outperformance while awaiting the amended Water Use Licence, offsetting a guidance shortfall at Cozamin, demonstrating the operational flexibility of multiple producing assets."

"In the second quarter we received approval of the Environmental Impact Assessment ("EIA") for the Santo Domingo project. We have maintained our development flexibility by moving the project forward in a phased manner, focussing on the copper portion of the project first. We are now working on delivering an updated Feasibility Study for a phased approach that is more aligned with current market conditions, expected to be released in 2016."

Financial Highlights for the Three Months Ended June 30, 2015

- Net income of \$1.3 million which included:
 - Earnings from mining operations of \$0.4 million,
 - Production costs included a \$6.9 million non-cash charge related to the write-down of inventory at Minto,
 - A non-cash impairment of \$0.8 million against available-for-sale securities,
 - A non-cash unrealized gain on commodity derivatives of \$7.1 million,
 - \$5.7 million in current and deferred tax recoveries.
- Working capital increased to \$198.1 million at June 30, 2015 (which included \$97.6 million of cash and cash equivalents) from \$193.6 million at March 31, 2015.

Financial Highlights for the Six Months Ended June 30, 2015

- Net loss of \$16.0 million or \$(0.04) per common share which included:
 - Earnings from mining operations of \$5.2 million,
 - Production costs included a \$9.4 million non-cash charge related to the write-down of inventory at Minto,
 - A non-cash impairment of \$4.4 million against available-for-sale securities,
 - Operational restructuring costs of \$1.9 million related to Pinto Valley,
 - Stand-by fees of \$1.1 million at Minto for reduced open pit mining rates,
 - A non-cash unrealized gain on commodity derivatives of \$7.1 million,
 - \$3.9 million in current and deferred tax recoveries.
- Working capital increased to \$198.1 million at June 30, 2015 (which included \$97.6 million of cash and cash equivalents) from \$106.5 million at December 31, 2014.

Operational Highlights for the Three and Six Months Ended June 30, 2015

Pinto Valley Mine:

- Produced 14,266 tonnes of copper in concentrates and cathode during Q2 2015 at a C1 cash cost¹ of \$2.06 per pound of payable copper produced.
- Produced 30,075 tonnes of copper in concentrates and cathode during 2015 YTD at a C1 cash cost¹ of \$1.99 per pound of payable copper produced.
- Throughput reliability improved during Q2 2015, resulting in a daily average of 48,103 tonnes per day ("tpd") for Q2 2015. Subsequent to quarter end, Pinto Valley has continued to reduce operating variability and as of July 26, 2015 has averaged 49,600 tpd in July.
- Work continued during Q2 2015 to advance two PV3 scenarios towards a Pre-Feasibility study level ("PV3 PFS"). The PV3 PFS base case will include a 10% to 15% increase in throughput and the possibility of a mine life extension beyond 2026. A second case, evaluating a throughput increase to 90,000 tonnes per day combined with a potential mine life extension, is not expected to generate returns meaningfully higher than the base case to justify the potential additional development and capital risk and will not be advanced in the PV3 PFS. The base case PV3 PFS is expected to be completed in Q3 2015, at which time we will evaluate the results and determine a path forward.

Cozamin Mine:

- Produced 2,693 tonnes of copper in concentrates during Q2 2015 at a C1 cash cost¹ of \$2.09 per pound of payable copper produced.
- Produced 6,466 tonnes of copper in concentrates during 2015 YTD at a C1 cash cost¹ of \$1.75 per pound of payable copper produced.
- Despite progress in Q2 2015 on improving development performance and increasing long-hole inventory, the mine continues to work through changes made to the Company's mining procedures and the need to adapt practices (particularly related to grade control) to increase ore production from the footwall zone.
- During Q2 2015, Cozamin received all the necessary permits for surface drilling, allowing the surface exploration program to be executed on plan for 2015.

Minto Mine:

- Produced 4,141 tonnes of copper in concentrates during Q2 2015 at a C1 cash cost¹ of \$2.85 per pound of payable copper produced, which included \$0.38 per pound of cost allocated from stockpile that was spent in prior periods, bringing the actual cash expended during Q2 2015 to \$2.47 per pound of payable copper produced.

- Produced 8,236 tonnes of copper in concentrates during 2015 YTD at a C1 cash cost¹ of \$2.72 per pound of payable copper produced, which included \$0.26 per pound of cost allocated from stockpile that was spent in prior periods, bringing the actual cash expended during 2015 YTD to \$2.46 per pound of payable copper produced.
- The Yukon Water Board issued a draft Water Use Licence on May 29, 2015 and is now in the process of issuing the final licence. We continue to process underground and stockpiled ore while we await receipt of the final licence in order to pre-strip the Minto North deposit.

Santo Domingo Project:

- During Q2 2015, the Company presented its third addendum for the EIA. During the first week of July the EIA was approved and the project received regulatory approval to proceed.
- An internal analysis that considers a reduced throughput rate of 30,000 to 35,000 tpd, with a focus on copper either initially or exclusively, will be advanced as a Phased Approach Feasibility Study ("Phased Approach FS") to assess this option. Expenditures for H2 2015 to advance the Phased Approach FS and maintain the owners' team and social license is estimated at \$15.6 million, of which Capstone's 70% share is \$10.9 million. Both KORES and POSCO Engineering and Construction Co., Ltd. ("POSCO") are supportive of this approach and budget.

Greenfield Exploration:

- Exploration work at Project Providencia in Region II, Chile during Q2 2015 focused primarily on drilling of four separate copper-gold prospects. Two targets are porphyry-type and two are IOCG/Manto type. During the quarter a total of 8,036 metres of RC drilling in 31 holes was completed on this project.

Production Outlook

Capstone's 2015 production guidance of 90,000 tonnes ($\pm 5\%$) of copper, at a C1 cash cost¹ of \$2.00 to \$2.10 per pound of payable copper produced net of by-product credits and selling costs, remains unchanged. However, the distribution by mine is expected to be different than originally guided, with outperformance at Minto expected to make up most of the anticipated shortfall at Cozamin for the year.

Conference Call and Webcast Details

Date: Wednesday, July 29, 2015

Time: 11:30 am Eastern Time (8:30 am Pacific Time)

Dial in: North America: 1-888-390-0546, International: +1-416-764-8688

Webcast: <http://event.on24.com/r.htm?e=1000199&s=1&k=6E7B88DAB505C62F38A067093BB73611>

Replay: North America: 1-888-390-0541, International: +1-416-764-8677

Replay Passcode: 620193#

The conference call replay will be available until Thursday, August 13, 2015. The conference call audio and transcript will be available on Capstone's website within approximately 24 hours of the call at <http://capstonemining.com/investors/events-and-presentations/default.aspx>.

About Capstone Mining Corp.

[Capstone Mining Corp.](http://www.capstonemining.com) is a Canadian base metals mining company, focused on copper. We are committed to the responsible development of our assets and the environments in which we operate. Our three producing mines are the Pinto Valley copper mine located in Arizona, US, the Cozamin copper-silver mine in Zacatecas State, Mexico and the Minto copper mine in Yukon, Canada. In addition, Capstone has two copper development projects; the large scale 70% owned copper-iron Santo Domingo project in Region III, Chile, in partnership with Korea Resources Corporation, and the 100% owned copper-zinc Kutcho project in British Columbia, Canada, as well as exploration properties in Chile. Using our cash flow and strong balance sheet as a platform, Capstone's strategy is to extend the lives of our current mines with mineral resource and reserve expansions, to advance the Santo Domingo development project, conduct focused exploration and grow through acquisitions in politically stable, mining-friendly regions. We will pace our growth with our financial capacity, ensuring we retain, as a priority, sufficient financial flexibility to meet the requirements of our existing operations and our committed development projects, while maintaining an adequate cushion to deal with market volatility and operating risks inherent in the mining industry. Our headquarters are in Vancouver, Canada and we are listed on the Toronto Stock Exchange (TSX). Further information is available at www.capstonemining.com.

Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation and

"forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this document and [Capstone Mining Corp.](#) (the "Company") does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the conversion of mineral resources to mineral reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "anticipated", "guidance", "plan", "estimated" and "expected". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents; dependence on key personnel; labour pool constraints; labour disputes; availability of infrastructure required for the development of mining projects; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; counterparty risks associated with sales of our metals; changes in general economic conditions; increased operating and capital costs; operating in foreign jurisdictions with risk of changes to governmental regulation; impact of climatic conditions on our Pinto Valley, Cozamin and Minto operations; increasing energy prices; our ability to integrate new acquisitions into our operations, and other risks of the mining industry as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.

National Instrument 43-101 Compliance

Unless otherwise indicated, Capstone has prepared the technical information in this news release ("Technical Information") based on information contained in the technical reports, news releases and MD&A's (collectively the "Disclosure Documents") available under [Capstone Mining Corp.](#)'s company profile on SEDAR at www.sedar.com. Each Disclosure Document was prepared by, or under the supervision of, a qualified person (a "Qualified Person") as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The technical information in this news release ("Technical Information") was prepared by, or under the supervision of, a qualified person (a "Qualified Person") as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). The disclosure of the Technical Information contained in this news release has been reviewed and approved by Gregg Bush, P. Eng., Senior Vice President and Chief Operating Officer. Technical Information related to mineral exploration activities has been reviewed and approved by Brad Mercer, P. Geol., Senior Vice President, Exploration. Both are Qualified Persons under NI 43-101.

Alternative Performance Measures

The items marked with a "1" are alternative performance measures and readers should refer to Alternative Performance Measures in the Company's Consolidated Interim Management's Discussion and Analysis for the quarter ended June 30, 2015 as filed on SEDAR and as available on the Company's website.

Cautionary Note to United States Investors

This news release contains disclosure that has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of U.S. securities laws. Without limiting the foregoing, this news release may refer to technical reports that use the terms "indicated" and "inferred" resources. U.S. investors are cautioned that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that all or any part of indicated resources will ever be converted into reserves. U.S. investors should also understand that "inferred resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of "inferred resources" will ever be upgraded to a higher category. Therefore, U.S. investors are also cautioned not to assume that all or any part of inferred resources exist, or that they can be mined legally or economically. Accordingly, information concerning descriptions of mineralization and resources contained in this news release may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

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