

VANCOUVER, Sept. 9, 2015 /CNW/ - [Capstone Mining Corp.](#) ("Capstone") (TSX: CS) today announced that in light of the current copper price environment it has lowered 2015 operating mine site capital expenditures relative to previous guidance by approximately \$20 million, will reduce mine site operating costs by \$20 million over the second half of 2015 and has suspended work on the Santo Domingo project.

"As copper prices continue to deteriorate, we have looked at a range of actions to preserve our financial flexibility. We have taken the steps we outlined with our initial 2015 guidance to reduce our overall capital expenditures and have reduced operating costs in order to enhance our financial position and provide sufficient liquidity to execute our operating plan in the current market environment. This includes reducing and deferring capital expenditures at our operating mines, suspending all work on the Santo Domingo project, eliminating non-essential operating and general and administrative expenses and reducing exploration expenditures," said Darren Pylot, President and CEO of Capstone.

Revised 2015 Operating and Capital Guidance

Operating Mine Guidance: Overall production guidance remains unchanged, however the distribution by mine has been revised to reflect the outperformance at Minto and the shortfall at Cozamin. Overall cost guidance has been reduced from \$2.00-\$2.10 per pound of payable copper produced to \$1.95-\$2.05 per pound, reflecting both expenditure reductions as well as efficiencies in operations at Pinto Valley and Minto.

| | Pinto Valley | Cozamin | Minto | Total |
|--|-----------------|-----------------|-----------------|-----------------|
| Revised Operating Guidance | | | | |
| Copper production (tonnes) ($\pm 5\%$) | 59,000 | 15,500 | 15,500 | 90,000 |
| C1 cash cost per pound of payable copper produced net of by-product credits and selling costs ⁽¹⁾ | \$1.90 - \$2.00 | \$1.50 - \$1.60 | \$2.55 - \$2.65 | \$1.95 - \$2.05 |

copper produced net of by-product

credits and selling costs⁽¹⁾

Revised Mine Site Capital Guidance (US\$ millions)

| | | | | |
|-----------------------|--------|--------|--------|---------|
| Sustaining | \$15.4 | \$10.7 | \$7.8 | \$33.9 |
| PV2 Capital | 45.0 | - | - | 45.0 |
| PV3 Study | 8.0 | - | - | 8.0 |
| Capitalized Stripping | 21.4 | - | 10.6 | 32.0 |
| Total | \$89.8 | \$10.7 | \$18.4 | \$118.9 |

(1) This is an alternative performance measure; please see "Alternative Performance Measures" at the end of this release.

Capital expenditures at the operating mines have been reduced by \$17.9 million or 13% from the initial budget of \$136.8 million. Pinto Valley sustaining and development capital has been reduced by \$7 million. Capitalized stripping at Pinto Valley is estimated to be higher than originally planned because we advanced our 2015 mine plan to align with the expected PV3 mine plan. Approximately \$10 million of capitalized stripping at Minto, originally planned for 2015, will be pushed into 2016 due to the delay in accessing the Minto North pit.

Development and Exploration: Total 2015 expenditures for Santo Domingo are expected to be \$17 million on the basis of Capstone's 70% ownership. Capitalized exploration expenditures at Cozamin have been reduced to \$3.5 million from an initial budget of \$5.6 million in 2015. An additional \$5.4 million in exploration is expected to be expensed at the Providencia project in Chile, unchanged from the original budget. Maintenance costs for the Kutcho project are expected to be \$0.1 million, down from the original guidance of \$0.8 million.

Suspension of Santo Domingo Project

Capstone will discontinue all work on its Santo Domingo project, and will downsize the Santiago and Diego de Almagro offices in Chile. The previously communicated 2015 budget of \$19.4 million will be reduced by \$2.4 million (including severance costs)

on the basis of Capstone's 70% ownership. In 2016 and beyond, holding and community relations costs are expected to be in the range of \$2 million annually on a 100% basis. Of the 31 employees at Santo Domingo, 23 positions are affected and a one-time restructuring charge of approximately \$3.2 million on a 100% basis will be expensed in the third quarter.

"While we continue to believe that Santo Domingo is an excellent project, a number of factors, including uncertainty over the future direction of copper prices and our financing capacity for the project, make capital preservation a priority at this time," continued Mr. Pylot. "In this environment, we believe the most prudent course of action is to put the project and completion of the updated Feasibility Study on hold, while maintaining the optionality for future development when conditions improve."

About Capstone Mining Corp.

[Capstone Mining Corp.](#) 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 reduction of capital and operating costs, restructuring and severance costs, 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, 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 "guidance", "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; increasing energy prices 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.

Alternative Performance Measures

The item marked with (1) "C1 Cash Cost per Pound of Payable Copper Produced" is an Alternative Performance Measure. This performance measure is included because this statistic is a key performance measure that management uses to monitor performance. Management uses this statistic to assess how the Company is performing to plan and to assess the overall effectiveness and efficiency of mining operations. This performance measure does not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. This performance measure should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

SOURCE [Capstone Mining Corp.](#)

Contact
Cindy Burnett, VP, Investor Relations and Communications, 604-637-8157, cburnett@capstonemining.com