(all amounts in US dollars)

VANCOUVER, Jan. 18, 2016 /CNW/ - Capstone Mining Corp. ("Capstone") (TSX: CS) today announced the results of the Pre-Feasibility Study – Mine Life Extension ("PV3 PFS") for its wholly owned Pinto Valley Mine in Arizona, US.

Highlights

- Proven and Probable Mineral Reserves increased to 473.8 million tonnes grading 0.31% copper, resulting in mine life to 2039, a 13 year increase over the previously published PV2 PFS (2014).
- Life of Mine ("LOM") average annual production of copper in concentrate is estimated at 122.8 million pounds of copper and 1.9 million pounds of molybdenum.
- Mill production increases to 20.4 million tonnes per year (56,000 tonnes per day ("tpd")) in 2017 from 19.8 million tonnes (54,000 tpd) in 2016 through improvements in maintenance and operational practices.
- Expected LOM C1 cash costs (1) are estimated to be $2.05 per pound of payable copper (net of by-product credits and including capitalized stripping as an operating cost).
- No significant capital is required for PV3 until stripping commences in 2020.

"The PV3 PFS adds significant value to the Pinto Valley Mine by more than doubling the remaining mine life to 23 years and increasing throughput by 8% without any major capital investment," said Darren Pylot, President and CEO of Capstone.

"The PV3 mine plan and capital schedule closely mirrors the PV2 mine plan for the next two years, but with increased throughput rates. The mine plan calls for relatively higher grade in 2016 and 2017 with low sustaining capital requirements, resulting in a C1 cost, including capitalized stripping, ranging from $1.90 to $2.00 per pound of copper and an all-in cost (1) ranging from $2.10 to $2.20 per pound of copper in those years," continued Mr. Pylot. "The grade profile allows us to weather the current copper price environment and the mine plan gives us significant flexibility, with the next major decision point being to advance the first PV3 pushback in 2020. Our focus will continue to be on process improvements, with significant leverage to the upside when copper prices improve."

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

Pre-Feasibility Study
The PV3 PFS project was directed by Capstone with contributions from Kirkham Geosystems Ltd. (geology, resource estimation), Independent Mining Consultants, Inc. (reserve, geotechnical, mine design and schedule, equipment selection), KWM Consulting Inc. (metallurgy), Amec Foster Wheeler Environment & Infrastructure, Inc. (tailings), SRK Consulting (U.S.), Inc. (environmental), and Capstone (infrastructure and financial modelling). Personnel from each of these companies will be signing off as a Qualified Person ("QP") as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101") for their specific responsibilities.

The Pinto Valley Mine is a conventional open pit operation, with drilling, blasting, loading and hauling. The mill operation consists of a primary, secondary, tertiary crushing system, six ball mills, and flotation concentration.

The mill produces copper and molybdenum concentrates. The PV3 PFS contemplates that mill production increases will be achieved through improved maintenance and operating practices, resulting in increased operating hours and increased hourly throughput.

Mineral Resources
The mineral resources are effective January 1, 2016. The estimate includes results from drill programs conducted in 2015 and a revised geological model.

Mineral Resource Estimate, January 2016, at a 0.17% Cu Cut-off Grade [2],[3],[4]

	Metric Tonnes millions	Copper %	Molybdenum %	Contained Copper M lbs	Contained Molybdenum M lbs
Measured (M)	647.9	0.34	0.008	4,843.7	118.6
Indicated (I)	772.3	0.26	0.006	4,387.8	105.6
Total M&I	1,420.2	0.30	0.007	9231.5	224.1
Inferred	126.0	0.25	0.005	686.7	13.9

(2) Mineral Resources are reported inclusive of Mineral Reserves.

(3) Totals may not sum exactly due to rounding.

(4) QP Garth Kirkham, P. Geo., Kirkham Geosystems Ltd.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resource Estimates do not account for mineability, selectivity, mining loss and dilution. These Mineral Resource Estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that these Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves, once economic considerations are applied.

Mineral Reserves
The PV3 PFS Mineral Reserve was estimated without any tailings or land boundary constraints. The study assumes that additional permits and land are available when required (see permitting section below). The Mineral Reserve was developed by tabulating the contained measured and indicated (proven and probable) material inside of the designed pit at the mill cut-off grades.

Mineral Reserve Estimate, January 2016 [5],[6],[7]

Classification	Cut-off Grade	Mineral Reserve			Contained Metal	
	Cu %	M tonnes	Cu %	Mo %	Cu M lbs	Mo M lbs
Proven	0.17-0.18	350.1	0.33%	0.009%	2,550	72
Probable	0.17-0.18	123.7	0.25%	0.007%	691	20
Proven + Probable	0.17-0.18	473.8	0.31%	0.009%	3,242	92

(5) Economic inputs to the block model were USD$2.75/lb copper, USD$12.50/lb Molybdenum.

(6) Cut-off Grade – variable between 0.17% Cu to 0.18% Cu through the LOM. The minimum mill feed cut-off grade is 0.17% Cu, but in years where sufficient higher grade mill feed is available, the mill cut-off grade may be higher, resulting in material between the yearly mill cut-off grade and 0.18% being stockpiled. The additional 0.01% from 0.17% to 0.18% is to cover the additional cost of rehandling material from the stockpile to the mill. Material between 0.17% to 0.18% that is not fed directly to the mill is not stockpiled as it cannot pay for the mining re-handling cost at the price assumptions used.

(7) QP - John Marek, Independent Mining Consultants Inc.

Mine Production Schedule
The increase in ore reserves will extend mining to 2038 and mineral processing to 2039, an increase of 13 years from the current mine plan of 2026. Total mine production will increase to approximately 48.5 million tonnes in 2018 through 2031 then decreasing thereafter through 2039. Life of mine strip ratio is 0.92:1.

Mine Plan

Year	Mill Cut-Off	Ore Mined to Mill			Ore Mined to Low Grade Stockpile			Waste	Total Mined
	Cu %	M tonnes	Cu %	Mo%	M tonnes	Cu %	Mo%	M tonnes	M tonnes
2016	0.18	19.76	0.36%	0.008%	0.00	0.00%	0.000%	22.72	42.48
2017	0.19	20.44	0.34%	0.008%	0.99	0.18%	0.007%	23.47	44.90
2018	0.19	20.44	0.32%	0.011%	1.84	0.19%	0.007%	26.22	48.50
2019	0.17	20.44	0.32%	0.011%	0.00	0.00%	0.000%	28.16	48.60
2020	0.18	20.44	0.35%	0.013%	0.00	0.00%	0.000%	28.06	48.50
2021	0.19	20.44	0.35%	0.008%	0.81	0.19%	0.005%	27.25	48.50
2022	0.18	20.44	0.32%	0.007%	0.00	0.00%	0.000%	28.06	48.50
2023	0.17	20.44	0.29%	0.007%	0.00	0.00%	0.000%	28.06	48.50
2024	0.17	20.44	0.29%	0.008%	0.00	0.00%	0.000%	28.06	48.50
2025	0.17	20.44	0.36%	0.010%	0.00	0.00%	0.000%	28.06	48.50
2026	0.17	20.44	0.40%	0.014%	0.00	0.00%	0.000%	28.06	48.50
2027	0.17	20.44	0.33%	0.014%	0.00	0.00%	0.000%	28.06	48.50
2028	0.17	20.44	0.30%	0.010%	0.00	0.00%	0.000%	28.06	48.50
2029	0.22	20.44	0.28%	0.009%	9.57	0.20%	0.007%	18.49	48.50
2030	0.22	20.44	0.31%	0.009%	1.60	0.20%	0.007%	26.46	48.50
2031	0.18	20.44	0.32%	0.010%	0.00	0.00%	0.000%	28.06	48.50
2032	0.19	20.44	0.31%	0.009%	0.15	0.19%	0.006%	4.10	24.69
2033	0.17	20.44	0.28%	0.008%	0.00	0.00%	0.000%	3.00	23.44
2034	0.17	20.44	0.29%	0.007%	0.00	0.00%	0.000%	3.01	23.45
2035	0.17	20.44	0.27%	0.008%	0.00	0.00%	0.000%	1.38	21.82
2036	0.17	20.44	0.25%	0.008%	0.00	0.00%	0.000%	0.29	20.73
2037	0.17	20.44	0.29%	0.006%	0.00	0.00%	0.000%	0.00	20.44
2038	0.17	9.87	0.28%	0.004%	0.00	0.00%	0.000%	0.00	9.87
Total		458.87	0.31%	0.009%	14.97	0.20%	0.007%	437.08	910.92

The PV3 PFS has identified the need for additional mining equipment that will be purchased in 2019 to enter service in 2020 to move the increased waste and ore tonnages.

Major Mining Equipment

	Current Fleet	Additional Fleet at Peak (2020)
Drills	3	0
Cat 994 Loaders	2	0
Hydraulic Shovel	2	0
Cat 789		

Processing

In the fourth quarter of 2015 mill production averaged above 54,000 tpd, up from the planned 52,000 tpd, accomplished through improvements in maintenance and operating practices. Continuation of these improvements is expected to maintain production at 54,000 tpd in 2016 and increase to 56,000 tpd in 2017. Metal recoveries average 88% for copper and 46% for molybdenum.

Mill Ore Schedule

Year	Mill Feed	Mill Head Grade		Payable Copper	Payable Moly	Copper Cathode
	M tonnes	% Cu	% Mo	Concentrate M lbs	M lbs	M lbs
2016	19.76	0.36%	0.008%	133.3	1.0	4.8
2017	20.44	0.34%	0.008%	130.9	1.4	4.5
2018	20.44	0.32%	0.011%	120.0	2.2	4.2
2019	20.44	0.32%	0.011%	124.4	2.2	0.0
2020	20.44	0.35%	0.013%	134.8	2.6	0.0
2021	20.44	0.35%	0.008%	132.2	1.6	0.0
2022	20.44	0.32%	0.007%	122.2	1.3	0.0
2023	20.44	0.29%	0.007%	110.5	1.3	0.0
2024	20.44	0.29%	0.008%	110.5	1.6	0.0
2025	20.44	0.36%	0.010%	138.3	2.0	0.0
2026	20.44	0.40%	0.014%	153.9	2.9	0.0
2027	20.44	0.33%	0.014%	127.4	2.8	0.0
2028	20.44	0.30%	0.010%	115.7	2.0	0.0
2029	20.44	0.28%	0.009%	106.5	1.7	0.0
2030	20.44	0.31%	0.009%	119.1	1.9	0.0
2031	20.44	0.32%	0.010%	122.2	2.1	0.0
2032	20.44	0.31%	0.009%	118.3	1.8	0.0
2033	20.44	0.28%	0.008%	106.1	1.6	0.0
2034	20.44	0.29%	0.007%	110.0	1.4	0.0
2035	20.44	0.27%	0.008%	102.6	1.6	0.0
2036	20.44	0.25%	0.008%	95.2	1.7	0.0
2037	20.44	0.29%	0.006%	109.1	1.2	0.0
2038	20.44	0.24%	0.006%	90.2	1.2	0.0
2039	4.40	0.20%	0.007%	16.0	0.3	0.0
Total	473.8	0.31%	0.009%	2,749.4	41.4	13.4

Payable copper and molybdenum production will average 119 million pounds and 1.8 million pounds per year through to 2039. Historically the Pinto Valley Mine has produced between 200,000 to 250,000 ounces of silver annually. Silver has not been estimated in the geological model and is not included in the Mineral Resource or Reserve estimate. As a result, silver represents potential upside to the study and has not been included in the study or estimated C1 costs. Copper cathode production will be phased out starting in 2018 due to lower production, higher operating costs and the need for waste rock storage area.

The study assumes that 80% of the concentrate will be sold internationally and 20% domestically, achieving an average concentrate shipping cost of $119/wet metric tonne. Copper concentrate terms are estimated at $95/dry metric tonne treatment and $0.095/pound refining cost with 96.5% payable copper.

Infrastructure
Pinto Valley Mine has existing mine, mill, water and power related infrastructure to support operational needs for the expanded mine life and increased mine equipment.

The tailings storage facility #4 ("TSF4") will be raised an additional 175 feet (53 metres) above the current permitted height of 800 feet (244 metres). Upgrades to the tailings pumping system will be needed and additional land will be required from the US Forest Service (see permitting section below).

Capital Cost Estimate
The total PV3 life of mine sustaining capital cost estimate is summarized below:

PV3 PFS - Summary of Capital Costs $M

Item	Units	Value
Site Sustaining Costs	US$M	191.6
Mine Equipment Purchases and Rebuilds	US$M	182.6
Mine Equipment Component Replacements	US$M	253.1
Tailings	US$M	24.0
Total Capex	US$M	651.3
Closure Costs	US$M	143.4

Operating Cost Estimate

Summary of Average Life of Mine Operating Costs

Item	Units	Value
Mining Cost	$/tonne moved	1.67
Mining Cost	$/tonne milled	3.25
Milling Cost	$/tonne milled	5.10
G&A Cost	$/tonne milled	1.48
Total	$/tonne milled	9.83
Transportation/TC/RC	$/lb Cu payable	0.48
SX/EW Cost (2016-2018)	$/lb Cu payable	1.85
Life-of-Mine C1 Cash Cost (1) (including cathode)	$/lb Cu payable	2.05
Life-of-Mine Sustaining Capital	$/lb Cu payable	0.24
Life-of-Mine All-In Cost (1)	$/lb Cu payable	2.29

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

Permitting
Extending the mine life to 2039 from 2026 will require revisions of two major permits:

- Aquifer Protection Permit ("APP") issued by the Arizona Department of Environmental Quality ("ADEQ") to expand an existing tailings facility and permit a new mine waste rock storage facility.
- An amendment to the Plan of Operations ("POO"), issued by the US Forest Service, related to:
  - Tailings storage expansion, 409 acres,
  - Mine expansion, 61 acres,
  - Outstanding permit renewals.

Technical Report
The full NI 43-101 Technical Report will be filed under Capstone's profile on SEDAR at www.sedar.com within 45 days of the date of this news release.

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 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 Kutcho copper-zinc project in British Columbia, Canada, as well as exploration properties in Chile. Capstone's strategy is to continue extend the lives of our current mines with mineral resource and reserve expansions, maintain the optionality on the Santo Domingo development project, prudently progress the exploration portfolio 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 "plan", "estimated", "indicates", "contemplates", "may" 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 changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves; grade or recovery rates; assumptions related to geotechnical conditions of tailings facilities; accidents; dependence on key personnel; labour pool constraints; labour disputes; availability of infrastructure required for the development of mining projects; delays in obtaining financing or in the completion of development or construction activities; 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; our ability to integrate new acquisitions into our operations, compliance with government regulation; reliance on, and potential delays, in approvals, licences and permits from governmental authorities; land reclamation and mine closure obligations; 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 under the Company's profile 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.

Quality Assurance and National Instrument 43-101 Compliance

Gregg Bush, P. Eng., Senior Vice President and Chief Operating Officer for Capstone, a QP under NI 43-101, reviewed and approved all Technical Information in this news release. The following QP's will author the technical report: Gregg Bush, P.Eng., Garth Kirkham, P.Geo. of Kirkham Geosystems Ltd., John Marek P.E. of Independent Mining Consultants, Inc., Ken Major P.Eng. of KWM Consulting Inc., Tony Freiman, P.E. of Amec Foster Wheeler Environment & Infrastructure Inc. and Cori Hoag C.P.G. of SRK Consulting (U.S.), Inc.

Based on the Mineral Resource Estimate, a standard methodology for pit limit analysis, mining sequence, and cut-off grade optimization, including application of mining dilution, process recovery, economic criteria and physical mine and plant operating constraints, has been followed to design the Pinto Valley pit and determine the Mineral Reserve Estimate summarized in the Mineral Reserve table. Information on data verification and exploration information is included in the report titled "Pinto Valley Mine 2014 Prefeasibility Study, NI 43-101 Technical Report, Pinto Valley Mine, Miami, Arizona", dated 28 April 2014.

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 September 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 US securities laws. Without limiting the foregoing, this news release may refer to technical reports that use the terms "Indicated" and "Inferred" Resources. US investors are cautioned that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under US 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. US investors are cautioned not to assume that all or any part of Indicated Resources will ever be converted into Reserves. US 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, US 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 US companies subject to the reporting and disclosure requirements of the SEC.

SOURCE Capstone Mining Corp.

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