

(All amounts in US\$ unless otherwise specified)

VANCOUVER, Feb. 16, 2016 /CNW/ - [Capstone Mining Corp.](#) ("Capstone") (TSX: CS) today announced its financial results for the year ended December 31, 2015. Operating cash flow before changes in working capital <sup>(1)</sup> for the year was \$60.0 million or \$0.16 per share, with a net loss of \$251.5 million and an adjusted net loss of \$31.9 million after adjusting for certain non-cash and non-recurring charges. Copper production for the year totalled 92,600 tonnes (89,300 tonnes of payable copper) at a C1 cash cost <sup>(1)</sup> of \$1.99 per payable pound produced with copper sales for the year of 87,500 tonnes at a C1 cash cost <sup>(1)</sup> of \$2.00 per payable pound sold.

Capstone will hold a conference call and webcast on Wednesday, February 17, 2016 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 year ended December 31, 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 December 31, 2015, in addition to the 2015 year-end webcast slides, will also be available at <http://capstonemining.com/investors/events-and-presentations/default.aspx>.

Overview

|  | Q4 2015 | Q4 2014 | 2015    | 2014    |
|--|---------|---------|---------|---------|
| Revenue (\$ millions)  | 92.1    | 139.5   | 420.5   | 656.0   |
| Copper produced (tonnes)   | 25,691  | 22,478  | 92,577  | 100,940 |
| Payable copper produced (tonnes)   | 24,781  | 22,282  | 89,341  | 99,739  |
| C1 cash cost per payable pound produced <sup>(1)</sup> (\$)                                | 1.81    | 1.88    | 1.99    | 1.93    |
| Copper sold (tonnes)   | 22,322  | 23,705  | 87,521  | 103,901 |
| Realized copper price per pound sold (\$/lb)*  | 2.05    | 2.79    | 2.35    | 3.03    |
| Adjusted realized copper price per pound sold (\$/lb) **                                   | 2.26    | 2.79    | 2.43    | 3.03    |
| C1 cash cost per payable pound sold <sup>(1)</sup> (\$/lb)                                 | 1.82    | 1.87    | 2.00    | 1.89    |
| All-in sustaining cost per payable pound sold <sup>(1)</sup> (\$/lb)                       | 2.27    | 2.55    | 2.46    | 2.32    |
| All-in cost per payable pound sold <sup>(1)</sup> (\$/lb)                                  | 2.78    | 2.80    | 2.92    | 2.49    |
| Fully-loaded all-in cost per payable pound sold <sup>(1)</sup> (\$/lb)                     | 2.78    | 2.92    | 2.89    | 2.70    |
| Net loss (\$ millions)   | (19.5)  | (34.4)  | (251.5) | (22.4)  |
| Net loss attributable to shareholders (\$ millions)  | (19.3)  | (33.9)  | (202.7) | (21.1)  |
| Net loss attributable to shareholders per common share (\$)                                | (0.05)  | (0.09)  | (0.53)  | (0.06)  |
| Adjusted net (loss) income <sup>(1)</sup> (\$ millions)                                    | (8.0)   | (3.3)   | (31.9)  | 32.0    |
| Adjusted net (loss) income attributable to shareholders <sup>(1)</sup> (\$ millions)       | (7.8)   | (4.1)   | (30.4)  | 30.8    |
| Adjusted net (loss) income attributable to shareholders per common share (\$)              | (0.02)  | (0.01)  | (0.08)  | 0.08    |
| Adjusted EBITDA <sup>(1)</sup> (\$ millions)   | 25.9    | 40.4    | 96.2    | 231.6   |
| Adjusted EBITDA <sup>(1)</sup> per common share (\$)                                       | 0.07    | 0.11    | 0.25    | 0.61    |
| Operating cash flow before changes in working capital <sup>(1)</sup> (\$ millions)         | 12.5    | 30.7    | 60.0    | 199.4   |
| Operating cash flow before changes in working capital per common share <sup>(1)</sup> (\$) | 0.03    | 0.08    | 0.16    | 0.53    |
| Cash and cash equivalents (\$ millions)  | 101.6   | 150.1   | 101.6   | 150.1   |
| Net (debt) cash <sup>(1)</sup> (\$ millions)   | (247.9) | (127.7) | (247.9) | (127.7) |

\* Q4 2015 includes a negative provisional pricing adjustment of \$4.2 million (2014 &ndash; negative \$13.6 million) related to prior shipments, equivalent to \$(0.09) per pound (2014 &ndash; \$(0.26) per pound) of copper sold during the quarter. YTD includes a negative provisional pricing adjustment of \$25.8 million (2014 &ndash; negative \$11.2 million) related to prior shipments, equivalent to \$(0.13) per pound (2014 &ndash; \$(0.05) per pound) of copper sold during the year.\*\* Adjusted realized copper price includes the provisional pricing adjustments noted above and realized gains of \$10.1 million related to copper put contracts exercised in Q4 2015 (2014 &ndash; nil) and realized gains of \$15.9 million related to copper put contracts exercised in 2015 (2014 &ndash; nil).

"Despite very challenging market conditions for base metal companies in 2015, we posted positive cash flow before changes in

working capital of \$60 million," said Darren Pylot, President and CEO of Capstone. "We took a number of steps through the year to reduce costs and improve reliability at our operations, with fourth quarter throughput at Pinto Valley of 54,000 tonnes per day surpassing our expectations and positioning the mine well for the next planned expansion. In addition, we made several strategic decisions throughout 2015 to preserve our financial flexibility, including protecting our revenue through price fixing and zero-cost copper collars, as well as suspending work on our Santo Domingo project until market conditions improve."

"We ended the year in compliance with all of our debt covenants," continued Mr. Pylot. "All of our mines are operating on plan with significantly lower operating costs projected for 2016 and we remain focused on cost control and efficiencies across the company. Our expected capital expenditures for 2016 are also substantially lower as we completed the capital spending for expansion in 2015 to set us up for the future. In addition, we have a number of options to ensure liquidity and covenant compliance should circumstances warrant."

#### Financial and Production Highlights for the Year Ended December 31, 2015

- Net loss of \$251.5 million which included:
  - Loss from mining operations of \$30.5 million,
    - Realized copper price of \$2.35 per pound
  - Production costs included a \$24.2 million non-cash charge related to the write-down of inventory at the Pinto Valley and Minto Mines,
  - A non-cash charge of \$201.7 million related to the impairment of mineral property, plant and equipment at Santo Domingo, Minto and Kutcho,
  - A non-cash charge of \$5.8 million related to the impairment of available-for-sale securities,
  - A commodity derivative gain of \$24.0 million, comprising a realized gain of \$15.9 million combined with an unrealized gain of \$8.1 million,
  - An income tax recovery of \$19.0 million.
- Adjusted EBITDA<sup>1</sup> of \$96.2 million or \$0.25 per common share after making adjustments for certain non-cash and other items
- Operating cash flow before changes in working capital<sup>1</sup> of \$60.0 million or \$0.16 per common share.
- Working capital increased to \$162.4 million at December 31, 2015 (which included \$101.6 million of cash and cash equivalents) from \$106.5 million at December 31, 2014.
- Production of 89,341 tonnes of payable copper at a C1 cash cost<sup>1</sup> of \$1.99 per pound of payable copper produced.
- Revenue of \$420.5 million generated primarily from the sale of 87,521 tonnes of copper.

#### Operational Highlights for the Quarter and Year Ended December 31, 2015

##### Pinto Valley Mine:

- Produced 16,358 tonnes of copper during Q4 2015 at a C1 cash cost <sup>(1)</sup> of \$1.76 per pound of payable copper produced.
- Produced 60,412 tonnes of copper during 2015 at a C1 cash cost <sup>(1)</sup> of \$1.97 per pound of payable copper produced.
- Mill reliability significantly improved, with Q4 2015 setting daily, monthly and quarterly throughput records under Capstone ownership of 60,500, 54,800 and 54,100 tonnes per day ("tpd"), respectively.
- Released the PV3 PFS in January 2016, which extended the mine life by 13 years to 2039 and increases throughput by 8% without any major capital investment. Annual production will average 55,700 tonnes of copper from 473.8 million tonnes of proven and probable reserves grading 0.31% copper.

##### Cozamin Mine:

- Produced 4,883 tonnes of copper during Q4 2015 at a C1 cash cost <sup>(1)</sup> of \$1.30 per pound of payable copper produced.
- Produced 15,650 tonnes of copper during 2015 at a C1 cash cost <sup>(1)</sup> of \$1.47 per pound of payable copper produced.
- Changes in mining practices and the need to adapt practices to increase ore production from the footwall zone resulted in a shortfall in production in the first half of the year and slower than expected mine development during H1 2015. Activities related to dilution control produced significant improvements in the latter half of the year and while the mine is continuing to work toward increasing developed stopes, it has largely overcome the issues that led to the production shortfall experienced early in the year.

##### Minto Mine:

- Produced 4,450 tonnes of copper during Q4 2015 at a C1 cash cost <sup>(1)</sup> of \$2.58 per pound of payable copper produced, which included \$0.29 per pound of cost allocated from stockpile that was spent in prior periods, bringing the actual cash expended during Q4 2015 to \$2.29 per pound of payable copper produced.
- Produced 16,515 tonnes of copper during 2015 at a C1 cash cost <sup>(1)</sup> of \$2.54 per pound of payable copper produced, which included \$0.24 per pound of cost allocated from stockpile that was spent in prior periods, bringing the actual cash expended during 2015 to \$2.30 per pound of payable copper produced.
- The mill processed ore from underground and stockpiles for much of 2015, while awaiting receipt of a Water Use Licence Amendment. The Yukon Water Board issued the Water Use Licence on August 5, 2015, which completed the final stage of permitting for all of the mineral reserves identified in the July 2012 Phase VI Pre-Feasibility Study. Stripping of the Minto North pit began immediately, with first ore reached as expected in December.

#### Operating Outlook

Capstone's 2016 production guidance is 108,000 tonnes (±5%) of copper with C1 cash costs<sup>(1)</sup> of \$1.45 to \$1.55 per pound of

payable copper produced net of by-product credits and selling costs.

#### Capital Outlook

Capstone's 2016 capital expenditures are expected to be \$40.2 million for sustaining capital, \$2.3 million for PV3 development work and \$37.7 million for capitalized stripping at Pinto Valley and Minto. An additional \$8.4 million is budgeted for both brownfield and greenfield exploration, however as exploration activities are discretionary they will be aligned with prevailing market conditions, financing capacity and corporate priorities.

#### Conference Call and Webcast Details

Date: Wednesday, February 17, 2016  
Time: 11:30 am Eastern Time (8:30 am Pacific Time)  
Dial in: North America: 1-888-390-0546, International: +416-764-8688  
Webcast: <http://event.on24.com/r.htm?e=1094432&s=1&k=949A9A55D556086D2F443F4A7444D365>  
Replay: North America: 1-888-390-0541, International: +416-764-8677  
Replay Passcode: 535944#

The conference call replay will be available until Wednesday, March 2, 2016. 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.](#) 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. Capstone's strategy is to extend the lives of our current mines with mineral resource and reserve expansions, maintain 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](http://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 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", "guidance", "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", "may", "future", "expected" and "projected". 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; assumptions related to geotechnical conditions of tailings facilities; dependence on key personnel; labour pool constraints; labour disputes; availability of infrastructure required for the development of mining projects; delays or inability to obtain governmental and regulatory approvals for mining operations or financing or in the completion of development or construction activities; counterparty risks associated with sales of our metals; 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; compliance with debt covenants; 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](http://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. The Company provides 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](http://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 Management's Discussion and Analysis for the year ended December 31, 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.

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

SOURCE [Capstone Mining Corp.](#)

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