

(All amounts in US\$ unless otherwise specified)

VANCOUVER, April 26, 2016 /CNW/ - [Capstone Mining Corp.](#) ("Capstone") (TSX: CS) today announced its financial results for the quarter ended March 31, 2016. Operating cash flow before changes in working capital ⁽¹⁾ was \$18.9 million or \$0.05 per share, with a net loss of \$12.8 million and an adjusted net loss of \$1.5 million after adjusting for certain non-cash and non-recurring charges. Copper production for the quarter totalled 24,500 tonnes (23,700 tonnes of payable copper) at a C1 cash cost ⁽¹⁾ of \$1.72 per payable pound produced with copper sales for the quarter of 28,000 tonnes at a C1 cash cost ⁽¹⁾ of \$1.77 per payable pound sold.

Capstone will hold a conference call and webcast on Wednesday, April 27, 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 quarter ended March 31, 2016, 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 March 31, 2016, in addition to the Q1 2016 webcast slides, will also be available at <http://capstonemining.com/investors/events-and-presentations/default.aspx>.

Overview

	Q1 2016	Q1 2015
Revenue (\$ millions)	126.2	102.9
Copper produced (tonnes)	24,547	23,677
Payable copper produced (tonnes)	23,694	22,853
C1 cash cost per payable pound produced ⁽¹⁾ (\$)	1.72	1.97
All-in sustaining cost per payable pound produced ⁽¹⁾ (\$/lb)	2.21	2.40
All-in cost per payable pound produced ⁽¹⁾ (\$/lb)	2.23	3.00
Fully-loaded all-in cost per payable pound produced ⁽¹⁾ (\$/lb)	2.36	3.09
Copper sold (tonnes)	27,985	20,082
Realized copper price per pound sold (\$/lb)*	2.19	2.47
Adjusted realized copper price per pound sold (\$/lb) **	2.35	2.47
C1 cash cost per payable pound sold ⁽¹⁾ (\$/lb)	1.77	1.89
All-in sustaining cost per payable pound sold ⁽¹⁾ (\$/lb)	2.21	2.36
All-in cost per payable pound sold ⁽¹⁾ (\$/lb)	2.22	3.05
Fully-loaded all-in cost per payable pound sold ⁽¹⁾ (\$/lb)	2.33	3.15
Net loss (\$ millions)	(12.8)	(17.4)
Net loss per common share (\$)	(0.03)	(0.04)
Adjusted net (loss) income ⁽¹⁾ (\$ millions)	(1.5)	(8.9)
Adjusted net (loss) income per common share (\$)	(0.00)	(0.02)
Adjusted EBITDA ⁽¹⁾ (\$ millions)	39.3	24.3
Adjusted EBITDA ⁽¹⁾ per common share (\$)	0.10	0.06
Operating cash flow before changes in working capital ⁽¹⁾ (\$ millions)	18.9	16.5
Operating cash flow before changes in working capital per common share ⁽¹⁾ (\$)	0.05	0.04
Cash and cash equivalents (\$ millions)	121.1	122.6
Net debt ⁽¹⁾ (\$ millions)	228.2	177.2

* Q1 2016 includes a negative provisional pricing adjustment of \$5.6 million (2015 – negative \$12.7 million) related to prior shipments, equivalent to \$(0.09) per pound (2015 – \$(0.29) per pound) of copper sold during the quarter. ** Adjusted realized copper price includes the realized gain of \$9.6 million related to the put contracts the Company exercised in Q1 2016 (2015 – nil).

"In the first quarter of 2016 our operating cash flow was \$32.2 million. Our cash balance increased \$20 million to \$121.1 million, reducing our net debt to \$228.2 million and our senior secured leverage ratio to 2.1 at quarter end, down from 2.6 at the end of 2015," said Darren Pylot, President and CEO of Capstone. "Our continued focus on mine site cost efficiencies and optimization were demonstrated in the first quarter with Pinto Valley posting the second straight quarter of new daily, monthly and quarterly throughput records and exceeding targeted throughput for the quarter."

"We took action in the quarter given recent commodity price volatility to preserve our financial flexibility and protect our covenant compliance for 2016," continued Mr. Pylot. "Through a combination of price fixing and hedging we have ensured covenant compliance at copper prices above approximately \$1.65 per pound for the remainder of 2016, with substantially lower costs expected as we reach the higher grade portion of Minto North."

Financial Highlights for the Quarter Ended March 31, 2016

- Net loss of \$12.8 million or \$0.03 per common share which included:
 - Earnings from mining operations of \$2.1 million,
 - Production costs included a \$1.5 million non-cash charge related to the write-down of inventory at Minto and Pinto Valley
 - A gain on commodity derivatives of \$3.2 million, comprising \$1.5 million on the January and February \$2.60 copper puts and \$1.7 million on new copper forward contracts,
 - \$2.9 million in current and deferred tax expense.
- Working capital increased marginally to \$163.4 million at March 31, 2016 from \$162.4 million at December 31, 2015. More impactful was the increase of \$19.5 million in cash and cash equivalents (a component of working capital) to \$121.1 million, driven by proceeds of \$14.0 million on the \$2.60 copper put contracts combined with the reduction of finished goods inventory balances.

Production and Additional Highlights for the Quarter Ended March 31, 2016

Pinto Valley Mine:

- Produced 16,365 tonnes of copper in concentrates and cathode during Q1 2016 at a C1 cash cost ⁽¹⁾ of \$1.64 per pound of payable copper produced.
- During Q1 2016 the mine achieved daily, monthly and quarterly throughput records of 62,400, 56,700 and 55,000 tonnes per day ("tpd"), respectively.

Cozamin Mine:

- Produced 3,660 tonnes of copper in concentrates during Q1 2016 at a C1 cash cost ⁽¹⁾ of \$1.50 per pound of payable copper produced.

Minto Mine:

- Produced 4,522 tonnes of copper in concentrates during Q1 2016 at a C1 cash cost ⁽¹⁾ of \$2.19 per pound of payable copper produced, which included \$0.05 per pound of cost allocated from stockpile that was spent in prior periods, bringing the actual cash expended during Q1 2016 to \$2.14 per pound of payable copper produced.

Santo Domingo:

- On March 10, 2016 the Maritime Concession for the port location was granted to Minera Santo Domingo.

Operating Outlook

Capstone's 2016 production guidance for 108,000 tonnes ($\pm 5\%$) of copper with C1 cash cost ⁽¹⁾ of \$1.45 to \$1.55 per pound, and Fully-Loaded All-In Cost ⁽¹⁾ of \$2.05 to \$2.15 per pound of payable copper produced, net of by-product credits and selling costs, remains unchanged.

Conference Call and Webcast Details

Date: Wednesday, April 27, 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=1144309&s=1&k=B5BC94165864B3E62231036C08453949>
North America: 1-888-390-0541, International: +416-764-8677
Replay:
Replay Passcode: 982010#

The conference call replay will be available until Wednesday, May 11, 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 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 and US. Capstone's strategy is to continue to 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, to 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 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 our expectations or beliefs regarding future events. Forward-looking statements include, but are not limited to, statements with respect to the estimation of mineral resources and mineral reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production and capital expenditures, the success of our mining operations, environmental risks, unanticipated reclamation expenses and title disputes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "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", "ensured" and "expected". By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, amongst others, risks related to inherent hazards associated with mining operations, assumptions related to geotechnical condition of tailings facilities, future prices of copper and other metals, compliance with financial covenants, surety bonding, our ability to raise capital, counterparty risks associated with sales of our metals, use of financial derivative instruments and associated counterparty risks, foreign currency exchange rate fluctuations, changes in general economic conditions, accuracy of mineral resource and mineral reserve estimates, operating in foreign jurisdictions with risk of changes to governmental regulation, compliance with governmental regulations, compliance with environmental laws and regulations, reliance on approvals, licences and permits from governmental authorities, impact of climatic conditions on our Pinto Valley, Cozamin and Minto operations, aboriginal title claims and rights to consultation and accommodation, land reclamation and mine closure obligations, uncertainties and risks related to the potential development of the Santo Domingo Project, increased operating and capital costs, challenges to title to our mineral properties, dependence on key management personnel, potential conflicts of interest involving our directors and officers, corruption and bribery, limitations inherent in our insurance coverage, labour relations, increasing energy prices, competition in the mining industry, risks associated with joint venture partners, our ability to integrate new acquisitions into our operations, cybersecurity threats 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 our actual results, performance or achievements to differ materially from those described in our forward-looking statements, there may be other factors that cause our results, performance or achievements not to be as

anticipated, estimated or intended. There can be no assurance that our forward-looking statements will prove to be accurate, as our actual results, performance or achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on our 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 Management's Discussion and Analysis for the quarter ended March 31, 2016 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) This is an alternative performance measure; please see "Alternative Performance Measures" at the end of this release.

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