

(All amounts in US\$ unless otherwise specified)

VANCOUVER, Jan. 16, 2017 /CNW/ - [Capstone Mining Corp.](#) ("Capstone") (TSX: CS) today provided its operating and capital expenditure guidance for 2017 along with a five-year outlook. In 2017, Capstone expects to produce 94,000 tonnes (±5%) of copper from its Pinto Valley, Cozamin and Minto mines at a C1 cash cost ^(1,2) of \$1.60 to \$1.70 per pound of payable copper produced. Capital expenditures for 2017, including \$30 million of capitalized stripping, are expected to be \$67 million or \$0.33 per pound of payable copper produced. Consolidated all-in cost guidance is \$2.15 to \$2.25 per pound of payable copper produced. The subsequent four-year outlook is included to illustrate the overall trend of our existing operations, excluding any further growth through project development or acquisition.

"Despite the recent copper price momentum, our 2017 operating plan and five-year outlook takes a conservative stance on metal prices while focusing on further cost efficiencies at our existing operations," said Darren Pylot, Capstone President and CEO. "We are looking forward to our 2017 opportunities, including building on the operating success at Pinto Valley, extension of mining activities at Minto and the zinc potential at Cozamin."

2017 Copper Production and Cost Guidance

	Pinto Valley	Cozamin	Minto	Total
Copper Production (tonnes ±5%)	61,000	14,000	19,000	94,000
C1 Cash Cost ^(1,2)	\$1.75-\$1.85	\$1.10-\$1.20	\$1.60-\$1.70	\$1.60-\$1.70
All-In Cost ^(1,3)	\$2.10-\$2.20	\$1.90-\$2.00	\$1.65-\$1.75	\$2.15-\$2.25
Fully-Loaded All-In Cost ^(1,4)				\$2.20-\$2.30

(1) This is alternative performance measure; please see "Alternative Performance Measures" at the end of this release. (2) C1 cash cost per pound of payable copper produced net of by-product credits and selling costs. (3) All-In cost per pound of payable copper produced is C1 cash cost plus NSR and production royalties, non-cash deferred revenue, all sustaining capital expenditures (including exploration and cash portion of production-phase capitalized stripping), accretion of reclamation obligations, amortization of reclamation assets, corporate G&A, share-based compensation, greenfield exploration, cash portion of pre-production capitalized stripping, PV3 development and care and maintenance costs. (4) Fully-loaded All-In Cost is All-In Cost plus interest expense and taxes.

Pinto Valley: Throughout 2016 the operation continued to drive cost and operating efficiencies, with throughput ending the year 4% above plan, averaging 56,000 tpd for the year. Building on this success, the 2017 throughput plan has been increased beyond the 2017 target of 56,000 contemplated in the PV3 pre-feasibility study. The 2017 mine plan calls for a higher strip ratio and lower grade than 2016. Mine operating costs are expected to remain relatively flat from 2016; however, unit costs on a per pound basis are expected to be higher as a result of a higher strip ratio, lower grade and resulting lower production, as anticipated in the PV3 mine plan.

Cozamin: Milled tonnes are expected to be lower in 2017 than in 2016 but at a higher grade, with 80% of ore coming from the narrow veined Mala Noche Footwall Zone. All-in cost includes the development costs reflective of the move from the main zone to the footwall zone. In 2017, we will evaluate the potential to bring the existing zinc resource into the mine plan. The silver stream expires in April 2017, resulting in full silver revenue returning to Capstone.

Minto: In the first quarter of 2017, Minto will continue to benefit from stockpiled high grade ore from the Minto North pit. An additional open pit phase, Area 2 Stage 3, was approved for mining in 2017 with activities commencing early in January and completion expected in the third quarter of 2017. The decision to mine the third stage of the Area 2 pit was based partially on the offset benefit gained by placing the Stage 3 overburden as topsoil cover during progressive reclamation. Underground mining will continue until early Q4, after which the mill will process stockpiled material, with milling currently scheduled to run at full capacity until the end of 2017. Head grade is expected to average just over 2% in the first quarter, falling gradually to 1% in the fourth quarter as all of the remaining stockpiles are processed. The operation is currently slated to be temporarily placed on care and maintenance at the end of 2017. However with an approximate 3 year mine life beyond 2017 in reserves, we are continuing to review the economics of additional mining which could extend operations into 2018 and beyond. Future decisions will depend on a number of factors, most notably a continuing improvement in the copper market outlook, which may allow Capstone to consider further options.

Copper Production and Costs 2018 to 2021: Consolidated production from 2018 to 2021 is expected to average between 70,000 and 80,000 tonnes of copper annually at a consolidated C1 cash cost in the range of \$1.50 to \$1.75 per pound of copper.

2017 Capital Expenditure Guidance & Operating Mines (US\$M)

	Pinto Valley	Cozamin	Minto	Total
Sustaining	\$17	\$18	\$nil	\$35
Development	2	-	-	2
Capitalized Stripping *	30	-	\$nil	30
Total Capital	\$49	\$18	\$nil	\$67

* Capitalized stripping is included as an operating cost in the PV3 PFS, however, under IFRS accounting guidelines stripping costs are capitalized when the strip ratio is higher than the life-of-mine strip ratio.

Pinto Valley: The largest category of sustaining capital in 2017 is \$8 million for mining fleet component replacements. Other key sustaining capital costs include crusher improvement initiatives of \$3 million and water management projects totalling \$2 million, with development capital of \$2 million related to the advancement of PV3 permitting activities.

Cozamin: The majority of 2017 sustaining capital expenditures is for mine development.

Minto: Limited sustaining capital is required at Minto with the expected temporary care and maintenance at the end of 2017.

Capital Expenditures 2018 to 2021: Beyond 2017, total sustaining, development and brownfield exploration capital expenditures at our operating mines are expected to average \$55 million to \$65 million annually (excluding capitalized stripping). Capitalized stripping at Pinto Valley from 2018 to 2021 is expected to range between \$15 and \$35 million annually.

2017 Exploration Program (US\$M)

	Brownfield	Greenfield	Total
Cozamin	\$5	-	\$5
Project Providencia* - Chile	-	\$5	5
Total Budgeted Exploration Expenditures	\$5	\$5	\$10

* Exploration is expected to be expensed for Project Providencia.

Brownfield Exploration: At Cozamin, the 2017 exploration program includes over 30,000 metres of primarily underground infill drilling aimed at increasing reserves in the Mala Noche Footwall Zone and the San Rafael zinc zone.

Greenfield Exploration: In 2017, greenfield exploration remains principally focused on Project Providencia in Chile, Capstone's earn-in project with Sociedad Química y Minera de Chile S.A. ("SQM"), with a continuation of geochemistry, geology, trenching, metallurgy and maintenance of the option.

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 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 focus on the optimization of operations and assets in politically stable, mining-friendly regions, centred in the Americas. 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", "expected", "plan", "trend", "target", "scheduled". 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.](http://www.sedar.com)'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., Capstone Senior Vice President and Chief Operating Officer, a Qualified Person under NI 43-101. 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), (2), (3), (4) " 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, 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.

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