

# Capstone Mining Third Quarter 2018 Financial Results

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(All amounts in US\$ unless otherwise specified)

VANCOUVER, Oct. 30, 2018 - [Capstone Mining Corp.](#) ("Capstone" or the "Company") (TSX: CS) announced its financial results for the three and nine months ended September 30, 2018. Cash flow from operating activities for the quarter was \$15.3 million or \$0.04 per share and \$76.9 million or \$0.20 per share year to date. Net income from continuing operations for the quarter was \$4.1 million or \$0.01 per share. Copper production for the quarter from continuing operations totalled 18,600 tonnes (17,900 tonnes of payable copper) at a C1 cash cost<sup>1</sup> from continuing operations of \$1.85 per payable pound produced.

"Our mines performed as expected in the third quarter and we have seen an upward trend in production as we move through 2018," said Darren Pylot, President and CEO of Capstone. "Year to date, we have generated \$76.9 million of cash flow from operating activities and net income from continuing operations of \$22.6 million."

"At Pinto Valley, we are starting to see results from the various optimization activities underway through increasing plant availability," continued Mr. Pylot. "Copper production at Cozamin for the quarter was higher than projected and quarterly zinc production was the highest in over five years. We remain on track to meet our full year consolidated copper production guidance from continuing operations."

## Highlights

- Q3 2018 copper production and C1 cash cost<sup>1</sup> from continuing operations of 18,600 tonnes and \$1.85 per payable pound produced. This represents increased production compared to Q1 2018 and Q2 2018, and was in accordance with plan.
- Highest quarterly zinc production in over five years. Production from the San Rafael zinc zone at the Cozamin mine ramped up to planned levels by mid-quarter.
- Updated Technical Report for the Cozamin mine expected in Q4 2018. Capstone expects to release an updated Technical Report for the Cozamin mine in Q4 2018, including updated reserves and resources and the results of materials handling optimization aimed at increasing the production from the mine to utilize the current 20% unused processing plant capacity.
- Results of updated Technical Report expected in Q4 2018 for Santo Domingo. Work continued on updating the Santo Domingo copper-iron project Technical Report to reflect current economic and operational inputs.

## Operational Overview

	Q3 2018	Q3 2017	2018 YTD	2017 YTD
Copper production (tonnes)				
Pinto Valley	14,200	14,400	39,000	41,200
Cozamin	4,400	4,200	12,200	12,500
Total from continuing operations	18,600	18,600	51,200	53,700
C1 cash cost <sup>1</sup> (\$/lb) produced				
Pinto Valley	2.15	2.06	2.23	2.01
Cozamin	0.87	1.10	0.76	1.21
Consolidated from continuing operations	1.85	1.84	1.88	1.82

Pinto Valley performed as expected in the third quarter, with planned higher grade feeding the mill as scheduled. In the third quarter, Cozamin's copper production was higher than projected and zinc production increased from the second quarter as planned. Production and cost guidance from continuing operations remain unchanged.

#### Financial Overview

	Q3 2018	Q3 2017
Revenue from continuing operations <sup>2</sup> (\$ millions)	112.7	118.3
Net income from continuing operations (\$ millions)	4.1	8.9
Net income from continuing operations attributable to shareholders (\$ millions)	4.3	8.9
Net income from continuing operations attributable to shareholders per common share &ndash; basic and diluted (\$)	0.01	0.02
Adjusted net income (loss) from continuing operations <sup>1</sup> (\$ millions)	4.8	(5.6)
Adjusted net income (loss) from continuing operations attributable to shareholders <sup>1</sup> (\$ millions)	5.1	(5.5)
Adjusted net income (loss) from continuing operations attributable to shareholders per common share <sup>1</sup> &ndash; basic and diluted (\$)	0.01	(0.02)
Net income (\$ millions)	1.3	20.2
Net income attributable to shareholders (\$ millions)	1.5	20.3
Net income attributable to shareholders per common share &ndash; basic and diluted (\$)	0.00	0.05
Adjusted EBITDA from continuing operations <sup>1</sup> (\$ millions)	29.8	28.8
Cash flow from operating activities <sup>2</sup> (\$ millions)	15.3	41.7
Cash flow from operating activities per common share <sup>1,2</sup> - basic (\$)	0.04	0.11
Operating cash flow before changes in working capital <sup>1, 2</sup> (\$ millions)	25.9	41.4
Operating cash flow before changes in working capital per common share <sup>1,2</sup> &ndash; basic (\$)	0.07	0.11
Total assets (\$ millions)	1,369.8	1,350.0
Long term debt (excluding financing fees) (\$ millions)	234.9	298.0
Total non-current financial liabilities (\$ millions)	231.7	294.0
Net debt <sup>1</sup> (\$ millions)	170.3	184.0

<sup>2</sup> In accordance with IFRS 5, Minto's results are excluded from revenue but included within cash flow amounts in both the current and comparative period.

#### Management Team Updates

As part of the strengthening and technical advancement of the Company's operations and projects, the corporate and Pinto Valley senior management teams have been strengthened with the recruitment of three key individuals.

Mike Wickersham has joined Pinto Valley as Mine General Manager. Mike is a Chemical Engineer with over

35 years of experience in the mining and mineral processing industry. Previously, Mike held a series of roles at Rio Tinto's Iron Ore Company of Canada (IOCC) as Vice President, Future Operations; Vice President, Northern Operations; and General Manager, Integration. Prior to that, he held mine and production management positions at Rio Tinto's Boron Operations and held technical and production roles across the production chain at Kennecott Utah Copper for 12 years.

In addition, Albert Garcia has been appointed as Vice President, Projects. Albert is a Professional Engineer with leadership experience in engineering, construction, mining and executive project management in large capital-intensive projects in challenging locations. Previously he was Senior Vice President and COO of Latin American Operations at AECOM and was the consultant Engineering Director on Capstone's Santo Domingo project in 2014. He has a PhD in Engineering from the University of Missouri-Columbia and a MS in Civil Engineering from San Jose State University. His immediate priority is to update the 2014 Santo Domingo Feasibility Study to reflect current economic and operational inputs.

As previously reported, Raman Randhawa will assume the CFO role effective January 1, 2019. Raman is a Canadian Chartered Professional Accountant (CPA, CA) with over 17 years of financial and leadership experience in the mining sector. Before joining Capstone, Raman spent 13 years at Goldcorp in a series of senior management roles and brings with him a unique mix of finance and operational experience in mining, finance, capital markets and business planning. Raman's transition is on track and James Slattery, Senior Vice-President and CFO, is expected to retire December 31, 2018 as planned.

#### Outlook - 2018 Production and Cost Guidance

Capstone's 2018 consolidated production guidance from continuing operations of 71,000 tonnes ( $\pm 5\%$ ) of copper, consolidated C1 cash cost<sup>1</sup> guidance from continuing operations of \$1.75-\$1.85 and all-in sustaining cost<sup>1</sup> guidance from continuing operations of \$2.50-\$2.60 per payable pound produced remains unchanged. Pinto Valley's costs are expected to be slightly higher than guided, offset by lower than guided costs at Cozamin.

Consolidated capital expenditure guidance of \$90.0 million and total exploration guidance of \$12.4 million remain unchanged.

Minto has been excluded from consolidated production and cost guidance.

#### Conference Call and Webcast Details

Capstone will hold a conference call and webcast on Wednesday, October 31, 2018 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 below. This release is not suitable on a standalone basis for readers unfamiliar with Capstone and should be read in conjunction with Capstone's consolidated financial statements and management's discussion and analysis ("MD&A") for the quarter ended September 30, 2018, which are available on Capstone's website at <https://capstonemining.com/investors/financial-reporting/default.aspx> and on SEDAR, all of which have been reviewed and approved by Capstone's Board of Directors. An updated corporate presentation, including results to September 30, 2018, in addition to the Q3 2018 webcast slides, will also be available at <https://capstonemining.com/investors/events-and-presentations/default.aspx>.

Date: Wednesday, October 31, 2018

Time: 11:30 am Eastern Time (8:30 am Pacific Time)

Dial in: North America: 1-888-390-0546, International: +416-764-8688

Webcast: <https://event.on24.com/wcc/r/1809407/E53474A5946C34AFFB94F9A1F3BF60B4>

Replay: North America: 1-888-390-0541, International: +416-764-8677

Replay Passcode: 808789#

The conference call replay will be available until Wednesday, November 7, 2018. The conference call audio

and transcript will be available on Capstone's website within 48 hours of the call at <https://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 two producing mines are the Pinto Valley copper mine located in Arizona, US and the Cozamin polymetallic mine in Zacatecas State, Mexico. In addition, Capstone has the large scale 70% owned copper-iron Santo Domingo development project in Region III, Chile in partnership with Korea Resources Corporation, the Minto copper mine in Yukon, Canada currently on care and maintenance, as well as a portfolio of exploration properties. 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](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 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 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 "anticipation", "guidance", "plan" 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 and closure of mining projects, future prices of copper and other metals, compliance with financial covenants, surety bonding, our ability to raise capital, Capstone's ability to acquire properties for growth, 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 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, maintaining ongoing social license to operate, 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, legal proceedings, 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 MD&A 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 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](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.

#### Contact

Alternative Performance Measures

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The items marked with a "1" are alternative performance measures and readers should refer to Alternative Performance Measures in the Company's Management's Discussion and Analysis for the quarter ended September 30, 2018 as filed on SEDAR and as available on the Company's website.

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/311961--Capstone-Mining-Third-Quarter-2018-Financial-Results.html>

#### Cautionary Note to United States Investors

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~~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.~~

<sup>1</sup> These are alternative performance measures; please see "Alternative Performance Measures" at the end of this release.

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