

# Capstone Mining Achieves 2018 Production Guidance and Provides 2019 Guidance

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(All amounts in US\$ unless otherwise specified)

VANCOUVER, Jan. 10, 2019 - [Capstone Mining Corp.](#) ("Capstone" or the "Company") (TSX:CS) releases preliminary quarter and full year copper production results for 2018 and provides 2019 operating and capital expenditure guidance continuing operations.

## 2018 Production Results

Total production from continuing operations totalled 19,200 tonnes (42.3 Mlbs) and 70,400 tonnes (155.2 Mlbs) of copper fourth quarter and full year 2018, respectively, in line with the Company's guidance of between 67,450 to 74,550 tonnes production.

2018 Production Results	Q1	Q2	Q3	Q4	2018
Pinto Valley (tonnes)*	11,400	13,400	14,200	15,000	54,000
Cozamin (tonnes)	4,300	3,500	4,400	4,200	16,400
Total copper production from continuing operations**					
Tonnes	15,700	16,900	18,600	19,200	70,400
Pounds (millions)	34.6	37.3	40.9	42.3	155.2

\*Pinto Valley production includes copper in concentrate and cathode production.

\*\*Total production from continuing operations excludes the results of Minto as the mine continues to be classified as a discontinued operation held for sale; Minto was placed on care and maintenance in Q4 2018. Detailed operating results, including by-products of zinc, molybdenum, lead, silver and gold, can be found towards the end of this news release.

Capstone will provide additional discussion and analysis regarding 2018 fourth quarter and year end production results. Company reports its quarterly financial results on February 12, 2019, followed by a conference call on February 13, 2019 at 10:00 am ET.

## 2019 Operating and Capital Guidance

In 2019, Capstone expects to produce between 145 million and 160 million pounds of copper at a C1 cash cost<sup>(1),(2)</sup> of US\$1.80 and US\$2.00 per pound payable copper produced.

2019 Guidance	Pinto Valley	Cozamin	Santo Domingo	Total
<b>Production and Cost (US\$)</b>				
Copper production (million pounds)	115 - 125	30 - 35	-	145 - 160
C1 Cash Cost <sup>(1),(2)</sup>	\$2.10 - \$2.25	\$0.90 - \$1.05	-	\$1.80 - \$2.00
<b>Capital Expenditure (US\$ millions, rounded)</b>				
Sustaining	26.5	29.0	-	55.5
Capitalized Stripping	13.5	-	-	13.5
Expansionary	6.0	4.0	10.5 <sup>(3)</sup>	20.5
Total Capital Expenditure	46.0	33.0	10.5	89.5
<b>Exploration (US\$ millions, rounded)</b>				
Brownfield	-	6.0	-	6.0
Greenfield	-	-	-	6.0
Total Exploration	-	6.0	-	12.0

2019 Guidance Notes:

(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) On a 100% basis, the total is approximately \$15 million; ownership is 70% Capstone and 30% Korea Resources Company.

Pinto Valley

- Complete a scoping level study examining the potential economics of the overall reserve and resource base. As at 31, 2017<sup>(4)</sup>, Pinto Valley had a Measured and Indicated Resource Estimate of over 1.35 billion tonnes grading 0.30% copper and a total Reserve Estimate of 430 million tonnes grading at 0.30% copper.
- Quarterly copper production will fluctuate throughout the year given anticipated grade variability. The average copper grade in 2019 is expected to be approximately 0.32%, with grades at 0.28% during Q2.

Cozamin

- In Q1 2019, publish an updated Technical Report with mine plan and cost estimates to reflect the increased Reserve announced on December 10, 2018<sup>(5)</sup>.
- Begin developing the underground haulage network from a two-way single ramp to a one-way ramp, to eliminate production bottleneck and fill the mill to nameplate capacity. This is expected to result in an approximate 30% increase in expected throughput, to 3,780 tonnes per day by the end of 2020, increasing annual production to between 40 to 50 million pounds of copper.
- Continue greenfield exploration drilling on the Mala Noche Footwall Zone (MNFWZ) to assess open, up dip areas within MNFWZ, northwest of the Portree Claim.

Santo Domingo Project

- Completion of the strategic process, announced in the fourth quarter of 2018<sup>(6)</sup>, to evaluate alternatives relating to ownership of the Santo Domingo Project. Alternatives under review include selling a portion of the Project, as well as exploring potential for streaming opportunities given the gold reserve and cobalt resource to help finance the Project.
- Develop the technical and financial feasibility of producing cobalt as a by-product by conducting a preliminary economic assessment for the cobalt opportunity.

- Continue to advance the Project to be construction ready by early 2020; secure the final two long lead permits re construction and advance project engineering to 60% to 65% completion.

(4) See Capstone's Annual Information Form for the year ended December 31, 2017 for full details.

(5) See Capstone news release of December 10, 2018 for full details.

(6) See Capstone news release of November 26, 2018 for full details.

#### Q4 and Full Year 2018 Operating Details

	Pinto Valley		Cozamin	
	Q4	2018	Q4	2018
<b>Contained Production<sup>(1)</sup></b>				
- Copper (pounds)	32,989,745	119,066,852	9,357,948	36,155,196
- Zinc (pounds)	-	-	5,225,485	14,900,012
- Molybdenum (pounds)	40,630	181,147	-	-
- Lead (pounds)	-	-	1,457,396	3,150,487
- Silver <sup>(2)</sup> (ounces)	94,492	324,114	339,254	1,163,838
- Gold <sup>(2).(3)</sup> (ounces)	1,170	1,717	68	68
<b>Mill</b>				
- Tonnes processed	5,025,720	19,245,804	278,757	986,231
- Tonnes processed per day	54,627	52,728	3,030	2,702
- Copper grade <sup>(4)</sup> (%)	0.34	0.32	1.61	1.75
- Zinc grade (%)	-	-	1.29	1.04
- Molybdenum grade (%)	0.008	0.007	-	-
- Lead grade (%)	-	-	0.41	0.28
- Silver grade (g/t)	*	*	50.16	47.53
- Gold grade (g/t)	*	*	-	-
<b>Recoveries</b>				
- Copper (%)	84.3 <sup>(4)</sup>	84.6 <sup>(4)</sup>	94.3	95.0
- Zinc (%)	-	-	65.9	65.6
- Lead (%)	-	-	58.5	51.2
- Silver (%)	*	*	75.5	77.2
- Gold (%)	*	*	-	-

#### Q4 and Full Year 2018 Operating Details Notes:

- (1) Adjustments based on final settlements will be made in future periods.
  - (2) Silver and gold at Pinto Valley are not assayed on site, resulting in a significant lag time in receiving this data. As such, these figures are estimates.
  - (3) Pinto Valley gold production reaches payable levels from time to time. Any payable gold production will be reported in the period revenue is received.
  - (4) Grade and recoveries were estimated based on concentrate production and may be impacted by settlements from prior production periods.
- \*Silver and gold have not been estimated in the Pinto Valley resource model. Only recovered silver and payable gold is reported for this mine.

#### Conference Call and Webcast Details

Date: Wednesday, February 13, 2019  
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/1877147/BCD1389992682067485D8D0C5727099E>  
Replay: North America: 1-888-390-0541, International: +416-764-8677  
Replay Passcode: 521712#

The conference call replay will be available until Wednesday, February 20, 2019. The conference call audio file 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 [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 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, the ability to successfully complete the Santo Domingo strategic review process, the timing of the receipt of permits, 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", "potential", "anticipated", "expected" and "advantage". 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 actual results of current exploration activities, inherent hazards associated with mining operations, 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, increased operating and capital costs, aboriginal title claims and rights to consultation and accommodation, land reclamation and mine closure obligations, 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, 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 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 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 Brad Mercer, P. Geol., Senior Vice President, Operations and Exploration, Clay Craig, P.Eng, Superintendent Mine Technical Services & Pinto Valley Mine and Tucker Jensen, Senior Mining Engineer, P.Eng, all Qualified Persons under NI 43-101.

#### Alternative Performance Measures

Readers should refer to Alternative Performance Measures in the Company's Consolidated Interim Management's Discussion and Analysis for the quarter ended September 30, 2018 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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