

# Capstone Reports Strong Second Quarter 2020 Results – Growth on Schedule

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(All amounts in US\$ unless otherwise specified)

[Capstone Mining Corp.](#) (or the Company) (TSX:CS) announces its production and financial results for the three (Q2 2020) and six months ended June 30, 2020. Strong copper production totaled 38.5 million pounds of copper despite COVID-19 related production limitations at Cozamin, at consolidated C1 cash costs<sup>1</sup> of \$1.87 per payable pound produced, 9% lower than Q1 2020. Link [HERE](#) for Capstone's Q2 2020 management's discussion and analysis (MD&A) and financial statements and [HERE](#) for the Q2 webcast presentation.

Q2 results were outstanding and I am proud of everyone for working safely, achieving our planned operational targets and advancing our growth initiatives, despite pandemic-related restrictions; said Darren Pylot, President and CEO of Capstone. Our commitment to growth is evident on multiple fronts, which all comes at an opportune time in line with rising copper and silver prices. Helped by a balance sheet that remains strong, we were able to keep the expansion at Cozamin on track for Q4 2020 completion, and at Pinto Valley the first of two new secondary crushers and ball mill shells were installed last week. Also, we just announced exciting news that we are ramping up cathode operations at Pinto Valley, which will add approximately 300-350 million pounds of low-cost copper cathode production over the next two decades from historic waste dumps and ongoing high-grade waste.

During Q2, we took a number of actions and capitalized on attractive foreign exchange, diesel prices and interest rates to strengthen our balance sheet and improve the Company's liquidity; said Raman Randhawa, SVP and CFO of Capstone. I am happy with Capstone's financial position as we are ready to reap the rewards of 20% production growth and 10% lower costs next year, with improving copper and silver prices serving as upside.

## HIGHLIGHTS AND SIGNIFICANT ITEMS

### Coronavirus (COVID-19) Update

- We continue to enforce rigorous control and prevention measures at all our operations to ensure the health and safety of our workers.
- Cozamin ramped back up to full capacity at the end of May, following a temporary ramp down to comply with a government decree. During the six-week ramp down period, mining and milling safely continued at reduced rates, which allowed for an efficient and quick ramp up to full operating levels as at June 1, 2020.
- Corporate Social Responsibility - Pinto Valley and Cozamin have supported their local communities by donating masks to medical and public sector workers, and Santo Domingo has donated food boxes to local communities and families. Cozamin also made donations to the government in efforts to support local businesses and hospitals in the state of Zacatecas.

### 2020 Production and Cost Guidance Reinstated

Capstone is reinstating its original 2020 production and cost guidance as COVID-19 has not to date significantly adversely affected production and costs at our operations. We caution that the global effects and risks of COVID-19 are still evolving. Given the uncertainty of the duration and magnitude of the impact, our production and cash cost estimates are subject to a higher than normal degree of uncertainty. The guidance below does not reflect any potential for additional suspensions or other significant disruption to operations or increased costs due to COVID-19. Refer to the Risk section of the MD&A for further details on COVID-19 related risks.

2020 Guidance	Total	2020 Year-to-date (YTD)
Copper production (million pounds)	140 - 155	74.0
C1 cash costs <sup>1</sup>	\$1.85 - \$2.00	\$1.96

Capstone's capital expenditures are forecasted to be \$70 to \$80 million and exploration costs to be \$7 million for 2020, which positions the Company for expected improvements of 20% production growth and 10% lower costs in 2021.

#### Balance Sheet & Position of Strength

The Company's available liquidity<sup>1</sup> improved from \$112 million at March 31, 2020 to \$136.3 million at June 30, 2020, with cash and short-term investments of \$86.2 million and a net debt balance of \$163.7 million, and \$50.1 million undrawn on the revolving credit facility. Capstone's net debt/EBITDA improved during the quarter to 2.54x.

During the quarter amidst COVID-19, Capstone undertook a series of management actions to further strengthen liquidity and manage compliance with banking covenants including the following:

- Maximizing sales volumes and advances;
- Locking in opportunistic hedges/supply contracts on input costs including foreign exchange, interest rates and diesel, which provide savings of \$18 million compared to budget for 2020 and 2021;
- Securing a \$20 million concentrate off-take arrangement with a major customer. Under the terms of the arrangement, Capstone received a \$20 million advance which is expected to be repaid via delivery of concentrate produced by Pinto Valley. The arrangement provides full copper price optionality as the price is not fixed and will be determined at time of delivery;
- Securing a \$6.7 million sales advance at Pinto Valley from another major customer related to concentrate inventory held at the port warehouse and sold in July 2020; and
- Managing working capital and inventory at sites.

#### Resilient Growth on Track

##### Pinto Valley PV3 Optimization & Phase 1 and Phase 2 Update

Phase 1 is focused on achieving reliable capacity at 57k tonnes per day (tpd) without major investments in new comminution equipment. In mid-July, Pinto Valley successfully completed over half of Phase 1 work by installing the first of two secondary crushers, three secondary screen decks, as well as the first of two new ball mill shells. The balance of work is on track for completion in Q4 2020 and Q1 2021 with the second secondary crusher and six tertiary screen decks scheduled to arrive later this year and the second ball mill shell scheduled for early 2021.

Phase 2 looks to identify additional opportunities to debottleneck throughput while optimizing flotation plant performance. The target is to secure daily rates of up to 70k tpd along with 85% or higher copper recovery. Some of the scope for Flotation Plant performance will be implemented across the second half of 2020. This includes flotation bank controls, flotation operator training and right-sized rougher concentrate pumps. Additional studies include enhancements to regrind capacity, concentrate dewatering and handling and at the tailings thickener area.

The PV3 Optimization Study is scheduled for release in Q4 2020.

##### Pinto Valley to Expand Copper Cathode Production

As an extension to the PV3 Optimization strategy, the Company announced on July 27, 2020, that Pinto Valley has successfully demonstrated positive economics from increased dump leach performance using a novel patented catalytic technology developed by Jeti Resources, LLC. In 2019, Jeti started deploying its technology at Pinto Valley's leach operation, and one year later, cathode production per area

irrigated has doubled. A plan to increase cathode production is being implemented, with the goal of generating high margin from material that would have been waste at Pinto Valley's underutilized 25 million pound per year electrowinning plant, currently operating at only ~20% of capacity. The plan is to increase cathode production to 300-350 million pounds from residual and high-grade waste over the next two decades, creating 30 new jobs. An updated NI 43-101 Technical Report is expected in 2021.

#### Cozamin Expansion: 50% Increase to Copper and Silver Production in 2021+

The temporary COVID-19 related ramp down in Q2 2020 did not delay the development of Cozamin's one-way ramp, which continues to be on schedule and on budget, expected to be completed in December 2020 and ready for 2021. Production in 2021 and beyond, is expected to increase to a new life of mine annual run rate of approximately 50-55 million pounds of copper and 1.5 million ounces of silver.

During the temporary six-week ramp down, minimal operations safely continued and mining was focused on copper-rich areas, rather than the San Rafael zinc zone, which proved to be a successful trial for our 2021+ production profile. The ore mined during this period is the same type of feed we expect to transition to in 2021. The mill averaged 3,800-3,900 tpd during the days it operated and realized copper recoveries of approximately 96% and silver recoveries of 83%.

#### Cozamin Expands Resource Estimate by 66%

In June 2020, the Company announced the results of an updated Mineral Resource estimate for Cozamin. The total Measured & Indicated (M&I) Mineral Resource Estimate tonnes increased by 66%, with an 83% increase to contained copper metal to 949 million pounds and a 71% increase to contained silver metal to 39 million ounces of silver. M&I Mineral Resource for Vein 20, the principal zone in the Mala Noche Footwall Zone (MNFWZ), increased by 118% to 13,086 kt at 2.35% Cu and 52 g/t Ag. The Company is currently updating Mineral Reserves and the results of an updated technical report is expected to be announced in Q3 2020.

#### Cozamin Resumes Exploration Drilling

Exploration drilling at Cozamin was suspended during the six-week ramp down period and has since resumed to execute on an exciting catalogue of exploration targets. Three drills are currently working to infill high grade areas of future reserve target within the new Mineral Resource and trim up open areas immediately on the periphery of the Mineral Resource, to step out up-dip from the high grade Mineral Resource into untested territory and to step out to the southeast across an inferred fault testing a transition from zinc to copper-silver at depth.

The exploration team is currently evaluating a step-out target list for 2021 beyond the MNFWZ system to test our large land package surrounding the current mine. An easy target in 2021 will be Vein 10, located in the hanging wall to the main ore zone, Vein 20. Every hole targeting Vein 20 must first cut Vein 10 in areas of Pb-Zn-Ag-Au mineralization.

#### Santo Domingo Fulfills Environmental Permit Early Works Requirements

During Q2 2020, Santo Domingo started a limited series of early works, including flora and fauna rescue and site entrance and access roads, in order to preserve the existing Environmental Impact Permit (RCA). These opening works are included in our 2020 budget and are prescribed in the environmental permit and serve to maintain the validity of the permit and are scheduled for completion in Q4 2020.

Activity and interest in participating in the project via the strategic sales process have increased in Q2 2020. In addition, we have received substantial interest in sharing or mutually developing off-site infrastructure that is delineated in the NI 43-101 Technical Report and valued at approximately \$500 million. Ongoing discussions and negotiations are progressing with the objective of substantially reducing the project capital costs and operational risk, while maintaining the Life of Mine profitability.

## OPERATIONAL AND FINANCIAL OVERVIEW

- Strong second quarter 2020 (Q2 2020) copper production of 38.5 million pounds despite COVID-19 related production limitations at Cozamin. C1 cash costs<sup>1</sup> of \$1.87 per payable pound of copper produced are 9% lower than Q1 2020.
- Q2 2020 net income of \$4.3 million or \$0.01 per share, benefiting from positive non-cash provisional pricing adjustments of \$13.6 million.
- Q2 2020 operating cash flow of \$45.1 million (Q2 2019 - \$30.3 million). Operating cash flow was positively impacted by managing working capital, including \$26.7 million of customer advances on future off-take. Operating cash flow increased 38% to \$0.11 per share (Q2 2019 - \$0.08 per share).

## Operational Overview

Refer to Capstone's Q2 2020 MD&A and Financial Statements for detailed operating results.

	Q2 2020	Q2 2019	2020 YTD	2019 YTD
Copper production (million pounds)				
Pinto Valley	30.2	29.0	57.0	61.7
Cozamin	8.3	8.7	17.0	17.4
Total copper production (million pounds)	38.5	37.7	74.0	79.1
Copper sales				
Total copper sales (from continuing operations) <sup>2</sup> (million pounds)	37.8	45.5	68.3	80.9
Realized copper price (\$/lb.)	2.72	2.56	2.53	2.75
C1 cash costs <sup>1</sup> (\$/lb.) produced				
Pinto Valley	2.12	2.00	2.25	1.89
Cozamin	0.98	1.06	0.97	0.88
Consolidated C1 cash costs <sup>1</sup> (\$/lb.) produced	1.87	1.78	1.96	1.67

<sup>2</sup> Sales from continuing operations has been utilized due to the Minto mine being classified as a discontinued operation in the comparative period until the point of its sale on June 3, 2019.

## Consolidated

When compared to the same period last year, Q2 2020 production of 38.5 million pounds was 2% higher primarily due to increased production at Pinto Valley as a result of the increased focus on maximizing mill throughput in 2020 (53,864 tpd vs. 49,121 tpd in H1 2019). This increase was slightly offset by a decrease in production at Cozamin due to a temporary reduction of operations to comply with a Mexican government decree in response to COVID-19.

2020 YTD total production is lower than the same period last year primarily due to a lower planned head grade (0.30% vs. 0.34%) at Pinto Valley.

In Q2 2019 and 2019 YTD, sales were higher than production due to a drawdown of inventory at Pinto Valley. Inventory levels were higher in early 2019 to benefit from improved expected sales terms.

## Pinto Valley Mine

C1 cash costs<sup>1</sup> of \$2.12 per pound in Q2 2020 were higher than Q2 2019, primarily due to lower capitalized

stripping (\$0.7 million vs. \$6.7 million in 2019), partially offset by higher copper production.

Property cost per tonne milled<sup>1</sup> of \$10.86 in Q2 2020 was \$0.31/tonne lower (-3%) versus the average cost per tonne milled in 2019 and \$0.77/tonne (-6%) lower than in 2018.

#### Cozamin Mine

C1 cash costs<sup>1</sup> were lower in Q2 2020 vs. Q2 2019. Costs were lower from reduced operating development meters and utility cost savings realized during the ramp down of operations in Q2 2020. The mine safely ramped up to full production levels by June 1st after the Mexican government declared mining as an essential service.

#### Financial Overview

Refer to Capstone's Q2 2020 MD&A and Financial Statements for detailed financial results.

	Q2 2020	Q2 2019	2020 YTD	2019 YTD
Revenue <sup>2</sup> (\$ millions)	104.7	113.3	175.1	222.1
Net income (loss) (\$ millions)	4.3	(27.2)	(17.6)	(18.9)
Adjusted net income (loss) <sup>1</sup> (\$ millions) <sup>3</sup>	(0.6)	(4.7)	(18.3)	8.6
Adjusted EBITDA <sup>1,4</sup> from continuing operations <sup>2,3</sup> (\$ millions)	12.9	29.7	24.2	65.3
Cash flow from operating activities <sup>2</sup> (\$ millions)	45.1	30.3	52.1	59.0
Operating cash flow before changes in working capital <sup>1,2</sup> (\$ millions)	24.0	19.2	20.7	50.0

	June 30, 2020	December 31, 2019
Total assets (\$ millions)	1,377.0	1,331.4
Long term debt (excluding financing fees) (\$ millions)	249.9	209.9
Total non-current financial liabilities (\$ millions)	247.7	207.1
Total non-current liabilities (\$ millions)	439.0	404.6
Cash and cash equivalents and short-term investments	86.2	44.5
Net debt <sup>1</sup> (\$ millions)	163.7	165.5

<sup>2</sup> In accordance with IFRS 5, Minto's results are excluded from revenue but included within cash flow amounts in the comparative period. The Minto mine was sold on June 3, 2019.

<sup>3</sup> Certain prior period amounts have been restated to conform with current period classification.

<sup>4</sup> EBITDA is earnings before interest, taxes, depletion and amortization.

#### CONFERENCE CALL AND WEBCAST DETAILS

Date: Thursday, July 30, 2020

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

Dial in number: North America: 1-833-714-0890

International: +778-560-2658

Conference ID: 9098385

Webcast link: <https://event.on24.com/wcc/r/2405833/EF33D8DD9329553C276F93EAFBA6B18A>

A replay of the conference call will be available until August 13, 2020.

Replay dial in: North America: 1-800-585-8367

International: +416-621-4642

Passcode: 9098385

Following the replay, an audio file will be available on Capstone's website at <https://capstonemining.com/investors/events-and-presentations/default.aspx>.

This release is not suitable on a standalone basis for readers unfamiliar with Capstone and should be read in conjunction with the Company's MD&A and Financial Statements for the three months ended March 31, 2020, which are available on Capstone's website and on SEDAR, all of which have been reviewed and approved by Capstone's Board of Directors.

<sup>1</sup> This is an alternative performance measure; please see "Alternative Performance Measures" at the end of this release.

#### 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 copper-silver mine in Zacatecas State, Mexico. In addition, Capstone owns 70% of Santo Domingo, a large scale, fully-permitted, copper-iron-gold project in Region III, Chile, in partnership with Korea Resources Corporation, 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 and the impacts of the ongoing and evolving COVID-19 pandemic. 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 continuing success of mineral exploration, Capstone's ability to fund future exploration activities, environmental risks, unanticipated reclamation expenses and title disputes. The potential effects of the COVID-19 pandemic on our business and operations are unknown at this time, including Capstone's ability to manage challenges and restrictions arising from COVID-19 in the communities in which Capstone operates and our ability to continue to safely operate and to safely return our business to normal operations. The impact of COVID-19 to Capstone is dependent on a number of factors outside of our control and knowledge, including the effectiveness of the measures taken by public health and governmental authorities to combat the spread of the disease, global economic uncertainties and outlook

due to the disease, and the evolving restrictions relating to mining activities and to travel in certain jurisdictions in which we operate.

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 anticipated, 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, market access restrictions or tariffs, 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, licenses and permits from governmental authorities, acting as Indemnitor for Minto Exploration Ltd.'s surety bond obligations post divestiture, impact of climatic conditions on our Pinto Valley and Cozamin operations, aboriginal title claims and rights to consultation and accommodation, land reclamation and mine closure obligations, risks relating to widespread epidemics or pandemic outbreak including the COVID-19 pandemic; the impact of COVID-19 on our workforce, suppliers and other essential resources and what effect those impacts, if they occur, would have on our business, including our ability to access goods and supplies, the ability to transport our products and impacts on employee productivity, the risks in connection with the operations, cash flow and results of Capstone relating to the unknown duration and impact of the COVID-19 pandemic, 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, Annual Information Form and news releases (collectively the Disclosure Documents;) available under [Capstone Mining Corp.](http://www.sedar.com)'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.

Disclosure Documents include the National Instrument 43-101 compliant technical reports titled "NI 43-101

Technical Report on the Cozamin Mine, Zacatecas, Mexico" effective October 24, 2018, Pinto Valley Mine Life Extension Phase 3 (PV3) Pre-Feasibility Study; effective January 1, 2016 and Santo Domingo Project, Region III, Chile, NI 43-101 Technical Report; effective February 19, 2020.

The disclosure of scientific and Technical Information in this News Release was reviewed and approved by Brad Mercer, P. Geol., Senior Vice President, Operations and Exploration (technical information related to mineral exploration activities and to Mineral Resources at Cozamin), Clay Craig, P.Eng, Superintendent Mine Technical Services; Pinto Valley Mine (technical information related to Mineral Reserves and Mineral Resources at Pinto Valley), Tucker Jensen, Senior Technical Advisor; Cozamin Mine, P.Eng (technical information related to Mineral Reserves at Cozamin) and Albert Garcia III, PE, Vice President, Projects (technical information related to project updates at Santo Domingo) all Qualified Persons under NI 43-101.

## ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are furnished to provide additional information. These non-GAAP performance measures are included in this News Release because these statistics are key performance measures that management uses to monitor performance, to assess how the Company is performing, and to plan and assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a standard meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

These alternative performance measures are presented in Highlights and discussed further in other sections of the Q1 2020 MD&A for the three months ended March 31, 2020. These measures provide meaningful supplemental information regarding operating results because they exclude certain significant items that are not considered indicative of future financial trends either by nature or amount. As a result, these items are excluded for management assessment of operational performance and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets, share based compensation, unrealized gains or losses, and certain items outside the control of management. These items may not be non-recurring. However, excluding these items from GAAP or Non-GAAP results allows for a consistent understanding of the Company's consolidated financial performance when performing a multi-period assessment including assessing the likelihood of future results. Accordingly, these Non-GAAP financial measures may provide insight to investors and other external users of the Company's consolidated financial information.

### C1 Cash Costs Per Payable Pound of Copper Produced

C1 cash costs per payable pound of copper produced is a key performance measure that management uses to monitor performance. Management uses this measure to assess how well the Company's producing mines are performing and to assess overall efficiency and effectiveness of the mining operations.

### All-in Sustaining Costs Per Payable Pound of Copper Produced

All-in sustaining costs per payable pound of copper produced is an extension of C1 cash costs measure discussed above and is also a key performance measure that management uses to monitor performance. Management uses this measure to analyze margins achieved on existing assets while sustaining and maintaining production at current levels. Consolidated All-in sustaining costs includes Corporate general and administrative costs.

### Net Debt

Net debt is a performance measure used by the Company to assess its financial position.

### Operating Cash Flow before Working Capital Changes per Common Share

Operating Cash Flow before working capital changes per common share is a performance measure used by the Company to assess its ability to generate cash from its operations, while also taking into consideration changes in the number of outstanding shares of the Company.

#### Adjusted Net Income (Loss)

Adjusted net income (loss) is net income (loss) attributable to shareholders as reported, adjusted for certain types of transactions that in our judgment are not indicative of our normal operating activities or do not necessarily occur on a regular basis.

#### EBITDA

EBITDA is net income (loss) attributable to shareholders before net finance expense, tax expense, and depletion and amortization.

#### Adjusted EBITDA

Adjusted EBITDA is EBITDA before the pre-tax effect of the adjustments made to adjusted net income (above) as well as certain other adjustments required under the Company's RCF agreement in the determination of EBITDA for covenant calculation purposes.

The adjustments made to Adjusted net income (loss) and adjusted EBITDA allow management and readers to analyze our results more clearly and understand the cash generating potential of the Company.

#### Property Cost per Tonne Milled

Property cost per tonne milled is a key performance measure that management uses to monitor performance. Management uses this measure to assess how well the Company's producing mines are performing and to monitor costs and assess overall efficiency and effectiveness of the mining operations.

#### 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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