Capstone Mining Corp. Beats 2020 Production and Cost Guidance

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Capstone Mining Corp. ("Capstone" or the "Company") (TSX:CS) announces its production and financial results for the three months ("Q4 2020") and year ended December 31, 2020 ("YTD 2020"). Copper production totaled 156.9 million pounds of copper at consolidated C1 cash costs[1] of $1.84 per payable pound produced. Link HERE for Capstone's Q4 2020 management's discussion and analysis ("MD&A") and financial statements and HERE for the webcast presentation.

This press release features multimedia. View the full release here:
https://www.businesswire.com/news/home/20210224005371/en/

Figure 1 - Cozamin One-way Ramp Ready for Higher Mining Rates. Ramp-up of mill processing to 3,780 tpd by the end of Q1 2021 is on track. (Graphic: Business Wire)

"Last quarter we saw outperformance at both operations delivering operating cash flow of $67 million, which marks the beginning of very strong financial metrics across the business, moving forward in this current $4.00 copper price environment," said Darren Pylot, President and CEO of Capstone. "Now that the silver stream is closed, we are in a net cash position and are on track to be debt free in 2021, allowing cash flow to be deployed to high-impact, high-return projects like paste backfill at Cozamin and Eriez HydroFloat coarse particle flotation at Pinto Valley. The pathway to financing Santo Domingo is progressing well with advanced discussions on a port deal, a gold stream and a strategic partnership."

HIGHLIGHTS AND SIGNIFICANT ITEMS

Results Exceed 2020 Production and Cost Guidance

Capstone exceeded both production and cost guidance for 2020; finishing the year at 156.9 million pounds of copper production above the guidance range of 140 to 155 million pounds, at consolidated C1 cash costs[1] of $1.84 per payable pound of copper, below the guidance range of $1.85 to $2.00 per pound.

Cozamin 50% Silver Stream Results in Net Cash[1] Position

In December 2020, the Company announced a Cozamin Silver Stream Agreement with Wheaton Precious Metals Corp. ("Wheaton"), effective December 1, 2020. On February 19, 2021, the Company announced all conditions to complete the Stream Agreement have been fulfilled and Capstone has received $150 million from Wheaton for 50% of the silver production until 10 million ounces have been delivered, thereafter dropping to 33% of silver production, for the life of mine. On closing, the Company was in a net cash[1] position of $25 million, based on the year end net debt[1] balance of $124.9 million.

PV3 Optimization Phase 1 Delivers 10% Sustainable Throughput Improvement Compared to 2019

PV3 Optimization kicked off in 2020 with Phase 1 work completed in 2020. Phase 1 work included improved blast fragmentation processes, installation of a new secondary crushers and screen decks as well as a new mill shell. Pinto Valley achieved throughput of 57,168 tonnes per day ("tpd") in Q4 2020, showing a 10% sustainable improvement compared to annual 2019 (averaged 51,137 tpd). December 2020 mill throughput achieved 60,717 tpd which represents a new monthly record in the mine's operating history.

Phase 2 of the PV3 Optimization is expected to be completed in H2 2021, upon completion of upgrades to a conveyor, mill auto controls, cyclone packs and retrofits to the thickeners.

Eriez HydroFloat Coarse Particle Flotation Technology

During the month of December, a pilot plant test of Eriez HydroFloat coarse particle technology at Pinto Valley surpassed expectations of a 6% improvement target to overall copper recovery, showing a 6 to 8% increase in overall copper recovery is achievable, which when combined with expected higher throughput rates could result in an additional 9 to 12 million pounds of copper production per year. Additional benefits to the technology include allowing the operation increased throughput by operating at a coarser grind size, which is expected to lower power costs, improve water consumption and lead to improved stability in the tailings storage facility. The estimated $70 million expansionary capital, which includes the installation of Eriez HydroFloat and related equipment, if approved by the Board of Directors, is expected to be spread over H2 2021 and early 2022, with start-up expected in Q2 2022.

The Company expects to release an updated NI 43-101 Technical Report that encompasses PV3 Optimization Phase 1 and Phase 2 projects and improvements in H2 2021.

PV4 Study

Feasibility work on scenarios to take advantage of approximately one billion tonnes of Mineral Resource, not currently in the Mineral Reserve mine plan, which is at similar grade to the current Mineral Reserves will be conducted for Pinto Valley. The PV4 study is expected to be released in late 2022 and will contemplate utilizing existing mill infrastructure rather than building new, with higher mining rates, higher cut-off grades to the mill and increased tonnage available for leaching. Extensive column leach test work in collaboration with Jetti Resources LLC will take place over 2021. Jetti's novel patented catalytic technology allows for the efficient and effective heap and stockpile leach extraction of copper and has been a success at Pinto Valley's leaching operation, where we expect to recover up to 350 million pounds of cathode copper over the next two decades from historic and new mineralized waste piles. Capstone is a pioneer in the application of this leach technology and we intend to use it to enhance the economics of a future expansion at Pinto Valley.

Cozamin On Track for Ramp-Up to 3,780 Tonnes Per Day by End of Q1 2021

Ramp-up of mill processing to 3,780 tpd by the end of Q1 2021 is on track. The Calicanto ramp to open the one-way traffic circuit to debottleneck the mine was completed ahead of schedule in early December 2020, without any safety incidents and on budget.

Cozamin Updated Life of Mine Plan ("LOMP") and Updated Resources

The results of an updated NI 43-101 Technical Report for the Cozamin mine were announced on January 27, 2021, including an updated life of mine plan to 2031. Full operating years (2021-2030) and the highest copper grade years (2021-2027) are summarized below:

	2021-2030 (10 yrs)	2021-2027 (7 years)
Average annual copper production (million pounds)	51.2	58.8
Average annual silver production (million ounces) - 100% basis	1.6	1.7
Average annual C1 cash costs[1] (including the impact of the 50% silver stream) (per payable pound)	$1.02	$0.96

The results announced in January 2021 also included an increase to estimated Mineral Reserves (at October 31, 2020 effective date) of 39% to 14.1 million tonnes, relative to April 30, 2020 Mineral Reserves; contained copper and silver increased by 37% and 49%, respectively. Approximately half of this increase is due to recovery of high-grade pillars using paste backfill. The Technical Report included a pre-feasibility study for an underground paste backfill system, indicating a capital cost estimate ranging from $41 million to $45 million which includes capital for the filtered (dry stack) tailings facility noted below. The plant is expected to be commissioned in Q4 2022 with full ramp up by Q1 2023, with $13 million included in 2021 capital guidance.

Cozamin intends to convert from the current slurry tailings facility that has been safely operated for over 15 years to a filtered (dry stack) tailings facility. Feasibility-level design of the filtered tailings facility is expected to be completed in Q1 2021, and preparations are being made to submit the required permit applications. It is expected that this conversion to filtered tailings will significantly decrease the mine's socio-environmental, geotechnical and water supply risks, while decreasing water consumption and make-up water costs. The planned paste backfill system will use tailings for paste production, greatly decreasing the volume of tailings requiring an above ground storage impoundment.

Cozamin Exploration

Exploration expansion potential at the Mala Noche Footwall Zone ("MNFWZ") remains open in both the West and the East. 2021 brownfield exploration guidance of $5 million for 40,000 meters of surface drilling will primarily target expansion drilling in the newly recognized West target area, see Figures 1 and 2. Additional infill drilling to upgrade resources in the down-dip southeast area of Vein 20, and initial testing of new brownfield targets on adjacent vein systems, many with historical production, all within the Cozamin claim block will also be completed.

The MNFWZ West target is an extension of Vein 20 recently identified by an extensive review of historical drilling data and confirmed by initial drill testing of the concept in 2020. The West target is supported by a reinterpretation of the geology in this area and has easy access from both the Mala Noche Vein ("MNV") and MNFWZ infrastructure. Development capacity in 2021 is limited to driving one non-production drift and therefore the East exploration drift has been delayed to 2022. Development of the new West exploration crosscuts will commence in Q1 2021, in tandem with the surface drilling program, with an estimated cost of $1.8 million additional to the drilling program. Once completed, future drilling will shift to underground starting in 2022.

Figure 1 - Cozamin One-way Ramp Ready for Higher Mining Rates

Figure 2 - MNFWZ West Drilling Targets

Santo Domingo - Exclusive Discussions with Puerto Ventanas for the Port and Rail

In September 2020, Capstone announced it had entered into a memorandum of understanding ("MOU") with Puerto Abierto S.A. ("PASA"), a wholly owned subsidiary of Puerto Ventanas S.A. ("Puerto Ventanas") (subsidiary of Sigdo Koppers S.A.), for PASA to evaluate acquiring, constructing and operating the proposed port component of the Santo Domingo project and to evaluate replacement of the proposed 110 km magnetite pipeline with a railway. Exclusive negotiations around a proposed economic offer and framework agreement have been extended and are ongoing and we expect to provide an update later in Q1 2021. In addition to a port and rail deal with Puerto Ventanas, a gold stream and a strategic partnership are key deliverables for Capstone during 2021.

Health and Safety Update

We continue to enforce rigorous COVID-19 control and prevention measures at all our operations to ensure the health and safety of our workers. Zero Harm continues to be a priority at Capstone and our 2020 safety performance is summarized below.

	2020 Actuals	2020 Target
Lost Time Injury (LTI)	2	0
Total Reportable Incident (TRI)	5	0
YTD 2020 LTI Frequency Rate (LTIFR)	0.12	0.25
YTD 2020 TRI Frequency Rate (TRIFR)		

0.40

1.00

Rolling 12-month LTIFR	0.12	0.25
Rolling 12-month TRIFR	0.40	1.00

Executive Announcements

In 2021, Brad Mercer was promoted to Chief Operating Officer. His role is now Senior Vice President and Chief Operating Officer, Jerrold Annett was promoted to Senior Vice President, Strategy and Capital Markets and Wendy King has an expanded role that will include her senior executive oversight on environment, social and governance ("ESG"). Her position is now Senior Vice President, Risk, ESG, General Counsel and Corporate Secretary.

OPERATIONAL AND FINANCIAL OVERVIEW

- Strong fourth quarter 2020 ("Q4 2020") copper production of 44.4 million pounds at C1 cash costs[1] of $1.68 per payable pound of copper produced. Copper sales were 39.3 million pounds at a realized copper price of $3.64 per pound.
- $150 million streaming agreement with Wheaton Precious Metals for 50% of silver at Cozamin to strengthen the balance sheet announced in December 2020 and closed February 19, 2021.
- Q4 2020 net income of $27.6 million, or $0.07 per share and Q4 2020 adjusted net income[1] of $35.6 million or $0.09 per share. Adjusted net income[1] includes positive adjustment of $10.8 million for stock based compensation expense net of tax.
- Q4 2020 adjusted EBITDA[1] of $63.5 million which is 287% higher than Q4 2019 adjusted EBITDA[1] of $16.4 million. The adjusted EBITDA[1] is reflective of strong operational performance and the leverage of the Company's EBITDA[1] in a higher copper price environment.
- Q4 2020 operating cash flow before changes in working capital[1] of $65.3 million or $0.16 per share compared to $20.3 million or $0.05 per share in Q4 2019.

Operational Overview

Refer to Capstone's Q4 2020 MD&A and Financial Statements for detailed operating results.

	Q4 2020	Q4 2019	2020	2019
Copper production (million pounds)				
Pinto Valley	34.1	26.0	119.0	117.6
Cozamin	10.3	9.4	37.9	35.8
Total	44.4	35.4	156.9	153.4
Copper sales				
Copper sold (from continuing operations)[2] (million pounds)	39.3	40.3	147.4	152.4
Realized copper price ($/lb.)	3.64	2.77	2.99	2.71
C1 cash costs[1] ($/lb.) produced				
Pinto Valley	2.00	2.35	2.21	2.05
Cozamin	0.63	0.91	0.69	0.90
Consolidated	1.68	1.97	1.84	1.78

[2] 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

Q4 2020 production was 25% higher than Q4 2019 primarily due to significantly higher production at Pinto Valley, due to higher throughput as a result of the PV3 Optimization Phase 1 projects completed in Q3 2020, and also due to an increase in production at Cozamin as a result of higher head grades. The increase in production was the primary driver for the 15% or ~$0.30/lb reduction in C1 cash costs[1].

Pinto Valley Mine

Q4 2020 production increased by 31% compared to the same period last year. PV3 Optimization Phase 1 projects completed in Q3 2020, including the implementation of improved blast fragmentation processes, installation of a new secondary crusher and screen decks as well as a new mill shell, resulted in higher throughput (Q4 2020 - 57,168 tpd, and December 2020 of 60,717 tpd), which represented the highest quarterly figure since 2017 and highest monthly figure in the mine's operating history. Mine sequencing also contributed to higher planned head grades for Q4 2020 (0.33% versus 0.30% in Q4 2019). The higher than planned production in the month of December 2020 resulted in a build-up of inventory at December 31, 2020 and is the primary driver for why sales were lower than production for Q4 2020 and 2020 YTD.

Cozamin Mine

Production in Q4 2020 was 10% higher than the same period last year. This was primarily due to an increase in copper grade (1.72% versus 1.53%) as a result of increased mining activity from the copper rich San Jose and Calicanto zones in Q4 2020 (during Q4 2019 more material was mined from the San Rafael zinc zone which resulted in lowered blended copper grades).

Financial Overview

Refer to Capstone's Q4 2020 MD&A and Financial Statements for detailed financial results.

($ millions)	Q4 2020	Q4 2019	2020	2019	2018[5]
Revenue[2]	148.1	113.6	453.8	418.7	415.9
Net income (loss)	27.6	13.4	12.4	(16.2)	(23.6)
Net income (loss) attributable to shareholders	27.6	13.4	12.6	(16.0)	(22.7)
Adjusted net income (loss)[1,3]	35.6	(7.8)	26.4	(6.0)	13.4
Adjusted EBITDA[1,4] from continuing operations[2,3]	63.5	16.4	139.2	96.4	131.9
Cash flow from operating activities[2]	67.4	22.1	147.2	92.9	131.1
Operating cash flow before changes in working capital[1,2]	65.3	20.3	131.2	79.8	97.5

($ millions)	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018[5]
Total assets	1,391.6	1,331.4	1,336.1
Long term debt (excluding financing fees)	184.9	209.9	219.9
Total non-current financial liabilities	183.6	207.1	217.0
Total non-current liabilities	408.5	404.6	380.5
Cash and cash equivalents and short-term investments	60.0	44.4	66.0
Net debt[1]	124.9	165.5	150.1

[2] 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.
[3] Certain prior period amounts have been restated to conform with current period classification.
[4] EBITDA[1] is earnings before interest, taxes, depletion and amortization.
[5] Effective January 1, 2019 the Company adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective method which applies the standard prospectively, and as such, figures above related to 2018 have not been restated to conform to IFRS 16. Refer to the Accounting Changes section of the MD&A for more information.

[1] This is an alternative performance measure; please see "Alternative Performance Measures" at the end of this release.

CONFERENCE CALL AND WEBCAST DETAILS

Capstone will host a conference call and webcast on Wednesday, February 24, 2021 at 11:30 am ET (8:30 am PT).

Link to the webcast and audio:
https://produceredition.webcasts.com/starthere.jsp?ei=1420420&tp_key=d986555c4e

Dial-in numbers for the audio-only portion of the conference call are below. Due to an increase in call volume, please dial-in at least five minutes prior to 11:30 am ET to ensure placement into the conference line on time.

Toronto: (+1) 416-764-8650
Vancouver: (+1) 778-383-7413
North America toll free: 888-664-6383
Confirmation #59411728

A replay of the conference call will be available until March 3, 2021. Dial-in numbers for Toronto: (+1) 416-764-8677 and North American toll free: 888-390-0541. The replay code is 411728#. 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 and year ended December 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.

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.

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 expected success of the underground paste backfill system study and tailings filtration project at Cozamin, the PV HydroFloat project, the outcome and timing of the PV4 study, the potential for completion of a Santo Domingo stream agreement with Wheaton Precious Metals Corp., the successful completion of a rail and/ or port agreement with Puerto Ventanas, the success of our strategic process for the Santo Domingo project, the timing and success of the PV3 Optimization project, the realization of Mineral Reserve estimates, the timing and amount of estimated future production, costs of production and capital expenditures and reclamation, the success of our mining operations, the continuing success of mineral exploration, the estimations for potential quantities and grade of inferred resources and exploration targets, 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 "anticipates", "approximately", "believes", "budget", "estimates", expects", "forecasts", "guidance", intends", "plans", "scheduled", "target", or variations of such words and phrases, or statements that certain actions, events or results "be achieved", "could", "may", "might", "occur", "should", "will be taken" or "would" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "anticipated", "expected", "guidance" and "plan". 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, availability of water, 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 and potential legal challenges to permit applications, contractual risks including but not limited to, our ability to meet the completion test requirements under the Cozamin Silver Stream Agreement with Wheaton Precious Metals, acting as Indemnitor for Minto Exploration Ltd.'s surety bond obligations post divestiture, impact of climate change and changes to climatic conditions at our Pinto Valley and Cozamin operations, changes in regulatory requirements and policy related to climate change and GHG emissions, 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, increased cost of reclamation, challenges to title to our mineral properties, increased taxes in jurisdictions the Company operates or is subject to tax, changes in tax regimes we are subject to and any changes in law or interpretation of law may be difficult to react to in an efficient manner, 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 including but not limited to competition for skilled labour, risks associated with joint venture partners, our ability to integrate new acquisitions and new technology 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 and Annual Information Form, 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, Annual Information Form and news releases (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.

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 23, 2020, "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 and Chief Operating Officer (technical information related to mineral exploration activities and to Mineral Resources at Cozamin), Clay Craig, P.Eng, Manager, Mining & Evaluations (technical information related to Mineral Reserves and Mineral Resources at Pinto Valley), Tucker Jensen, Superintendent Mine Operations, 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.

Some of these alternative performance measures are presented in Highlights and discussed further in other sections of this document. 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 net of by-product credits and 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 and assumes that realized by-product prices are consistent with those prevailing during the reporting period.

Net debt/Net cash

Net debt/Net cash 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.

(All amounts in US$ unless otherwise specified)

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