

April 25, 2017

Capstone Mining First Quarter 2017 Financial Results

(All amounts in US\$ unless otherwise specified)

Vancouver, British Columbia - Capstone Mining Corp. ("Capstone" or the "Company") (TSX: CS) today announced its financial results for the quarter ended March 31, 2017. Cash flow from operating activities was \$22.0 million or \$0.06 per share. The net loss for the period was \$7.4 million or \$0.02 per share and the adjusted net loss was \$2.0 million or \$0.01 per share after adjusting for certain non-cash and non-recurring charges. Copper production for the quarter totalled 20,950 tonnes (20,230 tonnes of payable copper) at a C1 cash cost¹ of \$1.98 per payable pound produced with copper sales for the quarter of 21,582 tonnes at a C1 cash cost¹ of \$1.69 per payable pound sold.

Capstone will hold a conference call and webcast on Wednesday, April 26, 2017 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 at the end of this release. This release should be read in conjunction with Capstone's consolidated financial statements and management's discussion and analysis ("MD&A") for the quarter ended March 31, 2017, which are available on Capstone's website at <http://capstonemining.com/investors/financial-reporting/default.aspx> and on SEDAR. An updated corporate presentation, including results to March 31, 2017, in addition to the Q1 2017 year-end webcast slides, will also be available at <http://capstonemining.com/investors/events-and-presentations/default.aspx>.

Overview

	Q1 2017	Q1 2016
Revenue (\$ millions)	128.0	126.2
Copper produced (tonnes)	20,950	24,547
Payable copper produced (tonnes)	20,230	23,694
<i>C1 cash cost per payable pound produced¹ (\$/lb)</i>	<i>1.98</i>	<i>1.72</i>
<i>All-in cost per payable pound produced¹ (\$/lb)</i>	<i>2.64</i>	<i>2.23</i>
<i>Fully-loaded all-in cost per payable pound produced¹ (\$/lb)</i>	<i>2.80</i>	<i>2.36</i>
Copper sold (tonnes)	21,582	27,985
<i>Realized copper price per pound sold (\$/lb)*</i>	<i>2.68</i>	<i>2.19</i>
<i>Adjusted realized copper price per pound sold (\$/lb) **</i>	<i>2.44</i>	<i>2.35</i>
<i>C1 cash cost per payable pound sold¹ (\$/lb)</i>	<i>1.69</i>	<i>1.77</i>
<i>All-in cost per payable pound sold¹ (\$/lb)</i>	<i>2.31</i>	<i>2.22</i>
<i>Fully-loaded all-in cost per payable pound sold¹ (\$/lb)</i>	<i>2.46</i>	<i>2.33</i>
Net loss (\$ millions)	(7.4)	(12.8)
Net loss attributable to shareholders (\$ millions)	(7.5)	(12.7)
<i>Net loss per common share (\$)</i>	<i>(0.02)</i>	<i>(0.03)</i>
Adjusted net loss¹ (\$ millions)	(2.0)	(1.5)
Adjusted net loss¹ attributable to shareholders (\$ millions)	(2.1)	(1.5)
<i>Adjusted net loss¹ per common share (\$)</i>	<i>(0.01)</i>	<i>(0.00)</i>
Cash flow from operating activities	\$22.0	\$32.2
<i>Cash flow from operating activities per common share (\$)</i>	<i>0.06</i>	<i>0.08</i>
Operating cash flow before changes in working capital¹ (\$ millions)	24.2	18.9
<i>Operating cash flow before changes in working capital per common share¹ (\$)</i>	<i>0.06</i>	<i>0.05</i>
Cash and cash equivalents (\$ millions)	109.4	121.1
Net debt¹ (\$ millions)	199.5	228.2

* Q1 2017 includes a provisional pricing adjustment of \$5.2 million (2016 – negative \$5.6 million) related to prior shipments, equivalent to \$0.11 per pound (2016 – \$(0.09) per pound) of copper sold during the quarter. ** Q1 2017 adjusted realized copper price includes the provisional pricing adjustments noted above and realized loss of \$13.9 million (2016 gain – \$9.6 million) equivalent to \$(0.29) per pound (2016 gain – \$0.16 per pound) related to copper derivative contracts exercised during the quarter.

“In the first quarter of 2017 we generated \$22 million of operating cash flow despite challenging operating conditions at Pinto Valley,” said Darren Pylot, President and CEO of Capstone. “All three of our mines generated positive net earnings for the quarter, supported by higher realized metal prices.”

“We also recently announced a two year extension of our credit facility, to 2021, giving Capstone significant financial flexibility to meet our current and anticipated operating requirements,” continued Mr. Pylot. “In addition, at current copper prices, we anticipate the continuation of operations at Minto until mid-2020 with a potential mine life extension beyond 2020.”

Financial and Operational Highlights for the Quarter Ended March 31, 2017

- Net loss of \$7.4 million included:
 - Earnings from mining operations of \$27.0 million,
 - Realized copper price of \$2.68 per pound
 - Production costs included a \$1.1 million non-cash charge related to the write-down of inventory at the Pinto Valley mine
 - A commodity derivative loss of \$13.9 million, comprising a realized loss of \$11.6 million combined with an unrealized loss of \$2.3 million,
 - An income tax expense of \$3.9 million.
- Operating cash flow before changes in working capital¹ of \$24.2 million or \$0.06 per common share.
- Working capital decreased \$22.8 million to \$148.3 million at March 31, 2017 from \$171.1 million at December 31, 2016. Cash decreased to \$109.4 million at March 31, 2017 from \$130.4 million at December 31, 2016 largely as a result of a \$20.0 million debt repayment made in January, 2017.
- Production of 20,230 tonnes of payable copper at a C1 cash cost¹ of \$1.98 per pound of payable copper produced and fully-loaded all-in cost¹ of \$2.80 per pound of payable pound copper produced.
- Revenue of \$128.0 million generated primarily from the sale of 21,582 tonnes of copper.

Production and Additional Highlights for the Quarter Ended March 31, 2017

Pinto Valley Mine:

- Produced 11,300 tonnes of copper during Q1 2017 at a C1 cash cost¹ of \$2.18 per pound of payable copper produced and all-in cost¹ of \$2.77 per pound of payable copper produced.
- Copper production at Pinto Valley was lower quarter over quarter for a number of reasons. First, it was affected by a 7-day planned shutdown in January to complete repairs in the fine ore bins and the tailing thickener distribution system and then by considerable rain in the first quarter. Pinto Valley received five inches of rain over a two day period in late January, followed by additional rainfall in the following weeks. This rain reduced mining productivity and slowed the primary crusher intake, delaying the return to full operations from the planned shutdown. Mine plan sequencing also had to be changed to address high moisture in the bottom of the pit. Following this shutdown, the saturated fine ore placed additional stress on the primary crusher mainframe. As a result, the lower frame replacement, originally deferred from Q2 2016, was done over 11 days in late February and early March. Temporary primary crushing units allowed for production at reduced rates. Full production resumed on March 9, 2017 and since then throughput has averaged above 59,000 tonnes per day as of April 24.

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

Cozamin Mine:

- Produced 4,130 tonnes of copper during Q1 2017 at a C1 cash cost¹ of \$1.33 per pound of payable copper produced and all-in cost¹ of \$1.94 per pound of payable copper produced.
- During Q1 2017, grade and throughput both improved for the quarter, with recovery comparable to Q1 2016. This is in part due to the significant progress made in development rates since the process and contractor changes which were made in 2016.
- Subsequent to quarter end, on April 4, 2017, the precious metal streaming arrangement with Silver Wheaton Corp. expired. After this date, the full silver by-product credit is earned by Cozamin. As included in our guidance, this is expected to increase our by-product credits by approximately \$0.40 per pound.

Minto Mine:

- Produced 5,520 tonnes of copper during Q1 2017 at a C1 cash cost¹ of \$2.05 per pound of payable copper produced and all-in cost¹ of \$2.10 per payable pound of copper produced.
- During Q1 2017, grade for the quarter was lower than originally planned due to mine plan sequencing changes. These were made to optimize the mine plan in anticipation of the extension of operations at Minto beyond 2017 and to reduce re-handling costs. As a result, more low grade, partially oxidized ore was directed to the mill causing recoveries to be slightly behind plan. This was partially offset by higher throughput.
- At current copper prices, Capstone anticipates the continuation of operations at Minto until mid-2020, subject to permitting and regulatory approvals. Capstone is also evaluating further deposits for re-inclusion into reserves, which may support additional mine life beyond 2020.

Additional highlights:

- Effective April 19, 2017, the Company amended its Senior Secured Corporate Revolving Credit Facility ("RCF") to provide for an extension to April 19, 2021 and a reduction in the credit available under the facility. The amendment:
 - Extends the maturity of the Third Amended and Restated Credit Agreement from January 16, 2019 to April 19, 2021;
 - Reduces the credit limit to \$350 million on April 19, 2017 and requires an annual \$25 million reduction on each anniversary of the facility to \$275 million on April 19, 2020;
 - Maintains the current pricing grid (starting at LIBOR + 2.5% and increasing to LIBOR + 3.5% based on the total leverage ratio) until March 31, 2019, after which date pricing increases to LIBOR + 3.0% (adjustable to LIBOR + 4.5% depending on the total leverage ratio); and
 - Cancels the accordion feature of \$60 million.

All other material terms and conditions of the existing RCF remain in place.

In addition to the amendment described above, Capstone repaid \$10 million on April 19, 2017, reducing drawn debt to \$298.9 million.

Operating Outlook

Capstone's 2017 production guidance for 94,000 tonnes ($\pm 5\%$) of copper at C1 cash cost¹ of \$1.60 to \$1.70 per pound of payable copper produced and All-in cost¹ of \$2.15 to \$2.25 per pound of payable copper produced remains unchanged. Minto and Cozamin are expected to complete the year on, or slightly above, plan and Pinto

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



Valley is expected to attain higher run rates for the remainder of 2017 since the major planned maintenance activity was completed in the first quarter.

Conference Call and Webcast Details

Date: Wednesday, April 26, 2017
Time: 11:30 am Eastern Time (8:30 am Pacific Time)
Dial in: North America: 1-888-390-0546, International: +416-764-8688
Webcast: <http://event.on24.com/r.htm?e=1383293&s=1&k=8C2CB279A9CAA1477A4D9A6573F75350>
Replay: North America: 1-888-390-0541, International: +416-764-8677
Replay Passcode: 472544#

The conference call replay will be available until Wednesday, May 3, 2017. The conference call audio and transcript will be available on Capstone's website within approximately 48 hours of the call at <http://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 three producing mines are the Pinto Valley copper mine located in Arizona, US, the Cozamin polymetallic mine in Zacatecas State, Mexico and the Minto copper mine in Yukon, Canada. In addition, Capstone has two development projects; the large scale 70% owned copper-iron Santo Domingo project in Region III, Chile, in partnership with Korea Resources Corporation, and the 100% owned Kutcho copper-zinc project in British Columbia, Canada, as well as exploration properties in Chile and US. Capstone's strategy is to focus on the optimization of operations and assets in politically stable, mining-friendly regions, centred in the Americas. Our headquarters are in Vancouver, Canada and we are listed on the Toronto Stock Exchange (TSX). Further information is available at www.capstonemining.com.

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Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this document and Capstone does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect our expectations or beliefs regarding future events. Forward-looking statements include, but are not limited to, statements with respect to the estimation of mineral resources and mineral reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production and capital expenditures, the success of our mining operations, environmental risks, unanticipated reclamation expenses and title disputes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would",



“might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including “anticipate”, “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, 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 Pinto Valley, Cozamin and Minto operations, aboriginal title claims and rights to consultation and accommodation, land reclamation and mine closure obligations, uncertainties and risks related to the potential development of the Santo Domingo Project, increased operating and capital costs, challenges to title to our mineral properties, 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 management’s discussion and analysis of those statements, all of which are filed and available for review under the Company’s profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause our actual results, performance or achievements to differ materially from those described in our forward-looking statements, there may be other factors that cause our results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that our forward-looking statements will prove to be accurate, as our actual results, performance or achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on our forward-looking statements.

National Instrument 43-101 Compliance

Unless otherwise indicated, Capstone has prepared the technical information in this news release (“Technical Information”) based on information contained in the technical reports, news releases and MD&A’s (collectively the “Disclosure Documents”) available under Capstone Mining Corp.’s company profile on SEDAR at www.sedar.com. Each Disclosure Document was prepared by, or under the supervision of, a qualified person (a “Qualified Person”) as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators (“NI 43-101”). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The technical information in this news release (“Technical Information”) was prepared by, or under the supervision of, a qualified person (a “Qualified Person”) as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators (“NI 43-101”). The disclosure of the Technical Information contained in this news release has been reviewed and approved by Gregg Bush, P. Eng., 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.

Alternative Performance Measures

The items marked with a “¹” are alternative performance measures and readers should refer to Alternative Performance Measures in the Company’s Consolidated Management’s Discussion and Analysis for the quarter ended March 31, 2017 as filed on SEDAR and as available on the Company’s website.

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



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.