

January 10, 2018

Capstone Mining 2017 Production Results and 2018 Operating and Capital Guidance

Vancouver, British Columbia - Capstone Mining Corp. (“Capstone”) (TSX: CS) today announced production results for the three and twelve months ended December 31, 2017 and provided its operating and capital expenditure guidance for 2018 along with a three-year outlook.

“We ended the year with solid copper production for the fourth quarter,” said Darren Pylot, President and CEO of Capstone. “Our operations continue to run well in 2018, positioning us to take advantage of strong copper prices, with our entire copper hedge program now completed.”

“We are guiding production for 2018 consistent with our 2017 production. Planned capital expenditures in 2018 of \$100 million reflect scheduled haul truck maintenance at Pinto Valley, the continuation of operations at Minto and an increased allocation for exploration at Cozamin, following up on 2017’s significant exploration success,” continued Mr. Pylot.

2017 Production Results

Combined production totalled 23,400 and 90,300 tonnes of copper in the fourth quarter and full year, respectively, with additional by-products of zinc, molybdenum, lead, silver and gold.

2017 Copper Production (tonnes)

	Q1	Q2	Q3	Q4	2017
Pinto Valley	11,300	15,500	14,400	16,100	57,300
Cozamin	4,100	4,100	4,200	4,300	16,700
Minto	5,500	4,400	3,400	3,000	16,300
Total copper production ⁽¹⁾	20,900	24,000	22,000	23,400	90,300

(1) Total production includes copper in concentrate and cathode production.

Operational Highlights

- Pinto Valley had a good fourth quarter, with production ahead of plan on higher grade and recoveries.
- At Cozamin, production for the fourth quarter and full year was well ahead of plan, largely on higher mining and processing rates as the mine achieved development rates that allowed for increased flexibility.
- At Minto, underground production continued to lag planned rates, resulting in higher utilization of partially oxidized surface ore stockpiles. The lower proportion of sulfide ore in the mill feed negatively impacted grade and recovery.

Q4 and Full Year 2017 Operating Details

	Pinto Valley		Cozamin		Minto	
	Q4	2017	Q4	2017	Q4	2017
Contained Production ⁽¹⁾						
- Copper (tonnes)	16,160	57,331	4,254	16,732	3,003	16,332
- Zinc (tonnes)	-	-	1,015	4,232	-	-
- Molybdenum (Mo tonnes)	25	32	-	-	-	-
- Lead (tonnes)	-	-	3	50	-	-
- Silver (ounces)	88,692	315,810	263,285	1,000,313	29,994	170,809
- Gold (ounces) ⁽²⁾	188	3,687	-	-	3,112	25,205
Payable Copper Production ⁽¹⁾ (tonnes) (in concentrate and cathode)	15,611	55,392	4,084	16,076	2,905	15,800
Mine						
- Ore (tonnes) – open pit	5,346,957	20,605,344	-	-	140,777	941,123
- Waste (tonnes)	6,556,346	26,164,913	-	-	2,382,430	7,889,701
- Ore (tonnes) – underground	-	-	219,930	912,000	106,542	327,890
Mill						
- Tonnes processed	5,164,865	19,654,904	223,532	912,000	349,897	1,439,374
- Tonnes processed per day	56,140	53,849	2,430	2,499	3,803	3,943
- Copper grade (%)	0.32 ⁽³⁾	0.32 ⁽³⁾	1.98	1.91	1.06	1.37
- Zinc grade (%)	-	-	0.71	0.71	-	-
- Molybdenum grade (%)	0.0054	0.0050	-	-	-	-
- Lead grade (%)	-	-	0.06	0.07	-	-
- Silver grade (g/t)	*	*	46.0	43.4	3.7	4.76
- Gold grade (g/t)	*	*	-	-	0.41	0.79
Recoveries						
- Copper (%)	95.1 ⁽³⁾	89.2 ⁽³⁾	96.2	96.1	81.1	82.6
- Zinc (%)	-	-	64.2	65.5	-	-
- Lead (%)	-	-	0.9	8.0	-	-
- Silver (%)	*	*	79.7	78.7	71.9	77.6
- Gold (%)	*	*	-	-	64.3	59.3
Concentrates						
- Copper concentrate (dmt)	55,204	196,583	15,881	61,473	7,643	37,372
Copper (%)	28.4	28.2	26.8	27.2	39.3	43.7
Silver (g/t)	*	*	515	502.2	122	142.2
Gold (g/t)	*	*	-	-	12.1	18.0
- Zinc concentrate (dmt)	-	-	2,200	8,919	-	-
Zinc (%)	-	-	46.1	47.5	-	-
- Molybdenum concentrate (dmt)	50	64	-	-	-	-
- Lead concentrate (dmt)	-	-	2	81	-	-
Lead (%)	-	-	58.5	61.7	-	-
Silver (g/t)	-	-	2,532	2,996	-	-
Payable Copper Shipped (tonnes)	14,662	54,196	3,911	15,933	4,004	17,788

(1) Adjustments based on final settlements will be made in future periods. (2) Pinto Valley gold production reaches payable levels from time to time. Any payable gold production will be reported in the period revenue is received. At Minto, final gold production is not available since assaying is conducted off-site, but is estimated above. (3) Grade and recoveries were estimated based on concentrate production. *Silver and gold have not been estimated in the Pinto Valley resource model. Only recovered silver and payable gold is reported for this mine.

2018 Operating and Capital Guidance

In 2018, Capstone expects to produce 90,000 tonnes ($\pm 5\%$) of copper at a C1 cash cost ^(1,2) of \$1.85 to \$1.95 per pound of payable copper produced. Capital expenditures for 2018, including \$24 million of capitalized stripping and \$7 million of brownfield exploration, are expected to be \$100 million or \$0.50 per pound of payable copper produced. Consolidated all-in sustaining cost guidance is \$2.50 to \$2.60 per pound of payable copper produced. The subsequent two-year outlook is included to illustrate the overall trend of our existing operations, excluding any further growth through project development or acquisition.

2018 Copper Production and Cost Guidance

	Pinto Valley	Cozamin	Minto	Total
Copper Production (tonnes $\pm 5\%$)	56,000	15,000	19,000	90,000
C1 Cash Cost ^(1,2)	\$1.90-\$2.00	\$1.00-\$1.10	\$2.35-\$2.45	\$1.85-\$1.95
All-In Sustaining Cost ^(1,3)	\$2.50-\$2.60	\$1.75-\$1.85	\$2.55-\$2.65	\$2.50-\$2.60

(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) All-In sustaining cost per pound of payable copper produced is C1 cash cost plus NSR and production royalties, non-cash deferred revenue, all sustaining capital expenditures (including cash portion of production-phase capitalized stripping), accretion of reclamation obligations, amortization of reclamation assets, corporate G&A and cash portion of pre-production capitalized stripping.

Pinto Valley: In 2018, focus will continue to shift from maximizing throughput to overall plant optimization. Throughput is targeted at, or above, the level contemplated in the PV3 pre-feasibility study. Operating costs are expected to remain relatively flat from 2017; however, unit costs on a per pound basis are expected to be higher as a result of lower grade and a higher strip ratio than 2017 in accordance with the PV3 mine plan. The lowest grade material for the year will be milled in the first quarter, with higher head grade for the remainder of the year.

Cozamin: Milled tonnes are expected to be similar to 2017 with grade down slightly. The majority of ore will continue to come from the Mala Noche Footwall. The 2018 guidance does not include any additional zinc production from the San Rafael Zinc zone. Metallurgical work is continuing with positive results to date and, if confirmed in the first half of the year, we could take advantage of underutilized mill capacity for additional zinc production in the second half of 2018 and beyond.

Minto: Open pit mining in 2018 will comprise the Area 2 extension and the Ridgetop North Pit. Underground mining will take place in the Area 2 Lower Lens, Minto East Underground and Copper Keel. Copper grade is expected to be relatively consistent at plus 1.5% throughout the year with throughput maintained at above 3,900 tonnes per day. Costs however, will fluctuate significantly as stripping and development will be expensed as incurred with the most significant impact expected in the second and third quarters. The current mine plan continues through mid-2021, with production gradually falling starting in 2019, reaching approximately 75% of the 2018 production level by 2021.

Copper Production and Costs 2019 and 2020: Consolidated production for 2019 and 2020 is expected to average 86,000 tonnes of copper annually at a consolidated C1 cash cost of approximately \$1.95 per pound of copper.

2018 Capital Expenditure Guidance – Operating Mines (US\$M)

	Pinto Valley	Cozamin	Minto	Total
Sustaining	\$44	\$19	\$6	\$69
Capitalized Stripping *	24	-	-	24
Total Capital	\$68	\$19	\$6	\$93



* Capitalized stripping is included as an operating cost in the PV3 PFS, however, under IFRS accounting guidelines stripping costs are capitalized when the strip ratio is higher than the life-of-mine strip ratio.

Pinto Valley: The largest category of sustaining capital in 2018 is \$18 million for mining fleet component replacements, which includes scheduled haul truck maintenance driven by operating hours on the existing fleet in accordance with the preventative maintenance plan. Other key sustaining costs include replacing the current rougher flotation cells (\$7 million), and SX/EW repurposing initiatives (\$4 million), crushing improvements (\$3 million), pit dewatering (\$2 million) the advancement of PV3 permitting (\$2 million) and replacement of underground power lines with overhead lines (\$2 million).

Cozamin: The majority of 2018 sustaining capital expenditures is for mine development, with additional sustaining capital for ventilation and production equipment capitalized maintenance.

Minto: As a result of mine life extension beyond 2017, capital will be required for increased underground ventilation, dewatering and electrical infrastructure. Additional delineation drilling will take place along with minor replacement of equipment that has reached the end of its useful life.

Capital Expenditures 2019 and 2020: In 2019 and 2020, total sustaining capital expenditures at our operating mines are expected to average \$55 million annually (excluding capitalized stripping). Capitalized stripping at Pinto Valley for 2019 and 2020 is expected to average \$12 million annually.

2018 Exploration Program (US\$M)

	Brownfield	Greenfield *	Total
Cozamin	\$7	-	\$7
Mexico	-	\$1	1
Chile	-	2	2
Total Budgeted Exploration Expenditures	\$7	\$3	\$10

* Greenfield exploration will be expensed.

Brownfield Exploration: The 2018 brownfield exploration program will include 45,000 metres of step-out and infill drilling aimed at extending the mine life at Cozamin. The majority of drilling will focus on the Mala Noche Footwall Zone to follow up on the significant 2017 drilling success, including testing on newly acquired property contiguous to Cozamin.

Greenfield Exploration: Capstone has exited Project Providencia in Chile, however will allocate funds for additional greenfield exploration opportunities in both Mexico and Chile. Four technical discoveries were made at Providencia, including two deposits, however, data suggests they are not of a size meaningful to Capstone.



Financial Results Timing

Capstone will report Q4 2017 financial results on Wednesday, February 14, 2018 after market close, followed by a conference call and webcast for investors and analysts on Thursday, February 15, 2018 at 11:30 am Eastern Time (8:30 am Pacific Time).

Conference Call and Webcast Details

Date: Thursday, February 15, 2018
Time: 11:30 am Eastern Time (8:30 am Pacific Time)
Dial in: North America: 1-888-390-0546, International: +416-764-8688
Webcast: <http://event.on24.com/r.htm?e=1559280&s=1&k=9E417F05C934E98FC1A5B362C357B8ED>
Replay: North America: 1-888-390-0541, International: +416-764-8677
Replay Passcode: 894303#

The conference call replay will be available until Thursday, February 22, 2018. The conference call audio and transcript will be available on Capstone's website within 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 the large scale 70% owned copper-iron Santo Domingo development project in Region III, Chile, in partnership with Korea Resources Corporation as well as exploration properties in Chile. 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”, “expected”, “potentially”, “guidance” 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”, “planned” and “expects”. 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, assumptions related to geotechnical condition of tailings facilities, future prices of copper and other metals, compliance with financial covenants, surety bonding, our ability to raise capital, 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, 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 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., Capstone Senior Vice President and Chief Operating Officer, a Qualified Person under NI 43-101.



Alternative Performance Measures

The items marked with a "(1), (2), (3), (4) " are alternative performance measures and readers should refer to Alternative Performance Measures in the Company's Consolidated Interim Management's Discussion and Analysis for the quarter ended September 30, 2017 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.