

April 27, 2021

Capstone Achieved Record Operating Cash Flow of \$95 million in Q1 2021 and is Now Debt Free

(All amounts in US\$ unless otherwise specified)

Vancouver, British Columbia - Capstone Mining Corp. ("Capstone" or the "Company") (TSX:CS) announces its production and financial results for the three months ("Q1 2021") ended March 31, 2021. Copper production totaled 47.8 million pounds of copper at consolidated C1 cash costs¹ of \$1.70 per payable pound produced. Link [HERE](#) for Capstone's Q1 2021 management's discussion and analysis ("MD&A") and financial statements and [HERE](#) for the webcast presentation.

"Q1 2021 operating cash flow² of \$95 million was the strongest in our fifteen-year history as a producer. Excellent operating performance and cost containment in a higher copper price environment surpassed our expectations" said Darren Pylot, President and CEO of Capstone. "We are now debt free³ and generating cash flow as a mid-cap company with a peer-leading 100% growth plan over the next three years."

Raman Randhawa, SVP & CFO, added "Capstone's robust balance sheet position plus strong operating cash flow generation enable us to advance multiple high return projects like Eriez HydroFloat at Pinto Valley, paste backfill and dry stack tailings at Cozamin, and our transformational, fully permitted, greenfield project at Santo Domingo in Chile. We are on track to announce the Santo Domingo ownership structure and finance plan by mid-year."

OPERATIONAL AND FINANCIAL OVERVIEW

- **Q1 2021 net income of \$127.0 million, or \$0.25 per share and Q1 2021 adjusted net income¹ of \$64.4 million or \$0.16 per share.** Net income includes \$92.4 million impairment reversal on mineral properties related to Santo Domingo which is excluded from adjusted net income¹.
- **Capstone reports record operating cash flow before changes in working capital¹, with zero long-term debt and in a net cash¹ position as at March 31, 2021.** Q1 2021 operating cash flow before working capital¹ of \$245.0 million, which includes \$150 million received from Wheaton Precious Metals Corp. ("Wheaton") as part of the Cozamin Silver Streaming Agreement. Operating cash flow before working capital¹ excluding the \$150 million payment from Wheaton of \$95 million was the highest in Capstone's history, driven by strong first quarter sales of 49.2 million pounds of copper at a realized copper price of \$4.12 per pound and C1 cash costs¹ of \$1.70 per pound.
- **Record Adjusted EBITDA¹ for Q1 2021 of \$118.7 million.** Q1 2021 adjusted EBITDA¹ is reflective of Capstone's strong operational performance and financial leverage of the Company's EBITDA¹ in a robust copper price environment, as well as lower C1 cash costs¹. For context, Q1 2021 adjusted EBITDA¹ of \$118.7 million is within 18% of the full year 2020 adjusted EBITDA¹ of \$139.2 million and higher than 2019 annual adjusted EBITDA of \$96.4 million. This further demonstrates the growth in production at Capstone as a result of our 2020 capital reinvestments.
- **Strong Q1 2021 copper production of 47.8 million pounds at C1 cash costs¹ of \$1.70 per payable pound of copper produced.** Production has started the year at a level which exceeds the high-end range of our 2021 guidance (175-190 million pounds on an annual basis), and C1 cash costs¹ were below the low end of annual guidance of \$1.75-\$1.90 per payable pound produced.

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

² Operating cash flow before change in working capital of \$245 million minus stream proceeds of \$150 million.

³ Debt Free is in reference to zero long term debt balance on the financial statements ending March 31, 2021.

Operational Overview

Refer to Capstone's Q1 2021 MD&A and Financial Statements for detailed operating results.

	Q1 2021	Q1 2020
Copper production (million pounds)		
Pinto Valley	36.4	26.8
Cozamin	11.4	8.7
Total	47.8	35.5
Copper sales		
Copper sold (million pounds)	49.2	30.4
Realized copper price (\$/lb.)	4.12	2.29
C1 cash costs¹ (\$/lb.) produced		
Pinto Valley	1.94	2.41
Cozamin	0.91	0.95
Consolidated	1.70	2.05

Consolidated

Q1 2021 production was 35% higher than Q1 2020 delivering the planned growth as a result of PV3 Optimization Phase 1 projects and Cozamin one-way ramp completion. Higher production at both mines was primarily a result of higher throughput, higher grades and higher recoveries. The increase in production was the main driver for the \$0.35 per payable pound decrease in C1 cash costs¹.

Pinto Valley Mine

Q1 2021 production increased by 36% compared to the same period last year underpinned by the investments in PV3 Optimization Phase 1 projects which were completed in 2020. The PV3 Optimization Phase 1 projects resulted in higher mill throughput (58,095 tonnes per day ("tpd") in Q1 2021 versus 54,899 tpd in Q1 2020). Mine sequencing also contributed to higher planned head grades for Q1 2021 (0.36% versus 0.28% in Q1 2020).

Cozamin Mine

Production in Q1 2021 was 31% higher than the same period last year. This was primarily due to the completion of the Calicanto one-way ramp which has debottlenecked the mine haulage system that has facilitated an increase in underground mining rates from 3,052 tpd in Q1 2020 to 3,641 tpd in Q1 2021. The quarter ended at the targeted run rate of 3,780 tpd. In addition, with the optimized technical projects described in the recent Technical Report, the mine plan is delivering significantly higher mine grades (1.79% in Q1 2021 versus 1.51% in Q1 2020) from the copper rich San Jose and Calicanto zones by prioritizing copper ore over zinc ore.

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Financial Overview

Refer to Capstone's Q1 2021 MD&A and Financial Statements for detailed financial results.

(\$ millions)	Q1 2021	Q1 2020
Revenue	204.1	70.4
Net income (loss)	127.0	(21.9)
Net income (loss) attributable to shareholders	101.0	(21.7)
Adjusted net income (loss)¹	64.4	(17.7)
Adjusted EBITDA^{1,4}	118.7	11.1
Cash flow from operating activities	220.3	6.9
Operating cash flow before changes in working capital¹	245.0	(3.5)

(\$ millions)	Mar 31, 2021	Dec 31, 2020
Total assets	1,444.2	1,391.6
Long term debt (excluding financing fees)	-	184.9
Total non-current financial liabilities	78.8	183.6
Total non-current liabilities	457.1	408.5
Cash and cash equivalents and short-term investments	44.8	60.0
Net cash (debt)¹	44.8	(124.9)

⁴ EBITDA is earnings before interest, taxes, depletion and amortization.

CORPORATE UPDATE

Balance sheet strength

During the three months ended March 31, 2021, the Company fully repaid its revolving credit facility ("RCF") balance of \$184.9 million at December 31, 2020 and was in a cash* position of \$44.8 million at March 31, 2021. During the quarter, the Company received \$150 million in proceeds from the Cozamin 50% Silver Stream Agreement which was announced in Q4 2020. The balance sheet was further bolstered by strong operating performance during Q1 2021 in a plus \$4 per pound copper price environment.

* Cash and cash equivalents and short-term investments of \$44.8 million at March 31, 2021

\$30 million Early Deposit received from Gold Stream with Wheaton Precious Metals

On April 21, 2021, Capstone received \$30 million from Wheaton as an early deposit to fund the initial portion of the Share Purchase Agreement with Korea Chile Mining Corporation, a wholly owned subsidiary of Korea Resources Corporation (collectively, "KORES"). The balance of the \$290 million deposit will be accessible during the development and construction of the Santo Domingo Project, subject to sufficient financing having been obtained to cover total expected capital expenditures and other customary conditions.

PV3 Update

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 crusher and screen decks as well as a new mill shell. As a result, Pinto Valley achieved throughput of 58,095 tpd in Q1 2021, showing a significant improvement compared

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to annual 2020 average of 53,755 tpd and 52,620 tpd for the first three quarters of 2020, and higher than Q4 2020 of 57,168 tpd.

Phase 2 of the PV3 Optimization is expected to be completed in the second half of 2021 (“H2 2021”), upon completion of upgrades to a conveyor, mill auto controls, and retrofits to tailings thickeners.

Eriez Hydrofloat

An internal feasibility-level study for Eriez HydroFloat coarse particle flotation was initiated in Q1 2021 for completion by mid-year 2021. This follows a pilot plant test which demonstrated that a 6% to 8% increase in overall copper recovery is possible with the installation of this technology at Pinto Valley. Additional benefits to the technology include allowing the operation to increase throughput by operating at a coarser grind size, which is expected to lower power costs, improve water consumption and additional tailings stability benefits. 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 mid-2022.

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 has commenced at Pinto Valley. The PV4 study is expected to be released in late 2022 and contemplates using 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 (“Jetti”) will take place over 2021 and early 2022. 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.

Pinto Valley Updated Technical Reports (2021 and 2022)

The Company expects to release an updated NI 43-101 Technical Report that encompasses PV3 Optimization Phase 1 and Phase 2 projects and including Eriez HydroFloat in H2 2021. In H2 2022, a separate updated NI 43-101 Technical Report for PV4 which includes the expanded use of Jetti catalytic leach technology, is targeted for release.

Cozamin Updated Life of Mine Plan and Updated Resources

The Technical Report for the Cozamin mine filed on March 11, 2021 includes 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 (<i>million pounds</i>)	51.2	58.8
Average annual silver production (<i>million ounces</i>) – 100% basis	1.6	1.7
Average annual C1 cash costs ¹ (including the impact of the 50% silver stream) (<i>per payable pound</i>)	\$1.02	\$0.96

The Technical Report for the Cozamin mine 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

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capital for the filtered (dry stack) tailings facility. The plant is expected to be commissioned in Q4 2022 with full ramp up by Q1 2023, with \$13 million included in the 2021 capital guidance.

Capstone Advances Santo Domingo Project with Gold Stream, Port Framework Agreement and 100% Project Ownership consolidation

In March 2021, Capstone announced it had entered into three separate agreements to advance the Santo Domingo Project to construction targeted by year-end 2021. The key highlights include:

- **Increased Optionality:** Consolidating 100% ownership in Santo Domingo simplifies ownership and capital structure and streamlines negotiations for partnerships and project financing. The ownership consolidation cancels any off-take obligations with KORES and re-opens the potential for future placement of high-quality copper and iron off-take deals with a new strategic partner.
- **Executing on Reduced Capital Strategy:** The Port Framework Agreement and the potential rail deal could collectively reduce capital requirements by ~\$0.4 billion and the Gold Stream provides additional \$0.3 billion of financing.
- **Gold Stream is a Low Cost of Capital of ~5%:** Pre-stream, gold represented approximately 3% of total revenue and the \$290 million represents 19% of the total initial capital of \$1.51 billion in the Base Case Technical Report.
- **Santo Domingo Maintains First Quartile Cash Costs:** Santo Domingo is expected to remain in the lowest quartile of cash costs even with the Gold Stream, port deal and a future rail deal.
- **Cobalt Opportunity:** Santo Domingo could potentially be one of the largest and lowest cost cobalt projects outside of the Democratic Republic of the Congo ("DRC"). It would be the only refined cobalt project in the Americas not dependent on third party DRC feed. A feasibility level study is currently underway and is expected to be completed H2 2022.

CONFERENCE CALL AND WEBCAST DETAILS

Capstone will host a conference call and webcast on Wednesday, April 28, 2021 at 10:00 am ET (7:00 am PT).

Link to the webcast and audio:

https://produceredition.webcasts.com/starthere.jsp?ei=1442216&tp_key=bb14159f30

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 10:00 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 #11415542

A replay of the conference call will be available until May 5, 2021. Dial-in numbers for Toronto: (+1) 416-764-8677 and North American toll free: 888-390-0541. The replay code is 415542 #. 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 March 31, 2021, 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

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the Pinto Valley copper mine located in Arizona, US and the Cozamin copper-silver mine in Zacatecas State, Mexico. In addition, Capstone owns 100% of Santo Domingo, a large scale, fully permitted, copper-iron-gold project in Region III, Chile, 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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 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 timing and success of the underground paste backfill system study and tailings filtration project at Cozamin, the Pinto Valley HydroFloat project, the outcome and timing of the PV4 study, the success of our use of the Jeti Technology, the expected scope and timing of Pinto Valley updated Technical Report, 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 of an announcement of the ownership structure for Santo Domingo, our ability to finance the Santo Domingo project, the expected reduction in capital requirements for the Santo Domingo Project, the timing and success of the Cobalt Study for Santo Domingo, the timing and success of the PV3 Optimization project including its impact on the reduction of water usage, 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, Capstone’s ability to finance the Santo Domingo project, 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

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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, our ability to meet certain closing conditions under the Santo Domingo Gold 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.

CAUTIONARY NOTE TO UNITED STATES INVESTORS REGARDING PRESENTATION OF MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

As a British Columbia corporation and a "reporting issuer" under Canadian securities laws, we are required to provide disclosure regarding our mineral properties in accordance with Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. In accordance with NI 43-101, we use the terms mineral reserves and resources as they are defined in accordance with the CIM Definition Standards on mineral reserves and resources (the "CIM Definition Standards") adopted by the Canadian Institute of Mining, Metallurgy and Petroleum. In particular, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" used in this news release and the documents incorporated by reference herein and therein, are Canadian mining terms defined in accordance with CIM Definition Standards. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC. Accordingly, information contained in this news release and the

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documents incorporated by reference herein may not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

United States investors are also cautioned that while the SEC will now recognize “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”, investors should not assume that any part or all of the mineralization in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. Mineralization described using these terms has a greater amount of uncertainty as to their existence and feasibility than mineralization that has been characterized as reserves. Accordingly, investors are cautioned not to assume that any “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” that we report are or will be economically or legally mineable. Further, “inferred resources” have a greater amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist. In accordance with Canadian rules, estimates of “inferred mineral resources” cannot form the basis of feasibility or other economic studies, except in limited circumstances where permitted under NI 43-101.

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.

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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 and is comprised of Long term debt (excluding deferred financing costs), Cash and cash equivalents and Short term investments.

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.

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