

# Capstone Mining Completes Acquisition of Pinto Valley Mining Operations

Written by Australian Business

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VANCOUVER, British Columbia, October 11, 2013 /PRNewswire/ --

Capstone Mining Corp. ("Capstone") (TSX: CS) has completed the previously announced acquisition of the Pinto Valley copper mine and the associated San Manuel Arizona Railroad Company from BHP Copper Inc., a subsidiary of BHP Billiton Ltd. ("BHP Billiton").

"The closing of the Pinto Valley acquisition advances us as one of the leading intermediate copper producers, with a focus in the Americas," said Darren Pylot, President and CEO of Capstone. "Following the closing of the transaction, we have retained considerable financial flexibility with a very conservative capital structure."

The purchase price of US\$650 million was funded from cash and Capstone's credit facilities.

## Operations

The restart of the Pinto Valley Mine, which commenced in December 2012, is continuing with a targeted run-rate of 50,800 tonnes per day by the end of 2013 with annualized production of 130 million to 150 million pounds of copper per year.

Capstone will commence reporting full operating and production information for Pinto Valley with its fourth quarter report.

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An experienced workforce remains in place, with 98% of Pinto Valley's 650 employees accepting Capstone's offer of employment, including all key positions. Steve Winkelmann, formerly Capstone's VP of North American Operations, has been appointed Pinto Valley's Mine General Manager and has been on site shadowing his BHP Billiton counterpart since early September. Steve has 40 years of mining experience including large mining operations, primarily in the US and most recently in Arizona

## Next Steps

The Capstone Pinto Valley team will initially focus on continuing to ramp up production levels and the integration of the operations to achieve our targets. At the same time leadership will identify opportunities for cost reduction, reliability enhancement and throughput maximization.

Capstone believes that considerable potential exists to upgrade the existing 968 million tonnes of Measured and Indicated ("M&I") Mineral Resources (grading 0.35% copper at a 0.25% cut-off grade) into reserves, potentially extending the operation beyond the current reserve life as reported by BHP Billiton. A Preliminary Feasibility Study ("PFS") is underway that will target the M&I Mineral Resources for potential conversion to reserves, with expected completion in late 2013 or early 2014. The PFS will consider the potential to extend operations within the currently permitted boundaries. In addition, Capstone plans to commission engineering and economic studies to consider all remaining current mineral resources and their potential for development.

## About Capstone Mining Corp.

Capstone Mining Corp. is a Canadian base metals mining company, committed to the responsible development of our assets and the environments in which we operate. We are focused on copper, with three producing copper mines; the newly acquired Pinto Valley copper-molybdenum-silver mine in Arizona, US, the Cozamin copper-silver-zinc-lead mine located in Zacatecas State, Mexico and the Minto copper-gold-silver mine in Yukon, Canada

. In addition, Capstone has two development projects, the 70% owned

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Santo Domingo

copper-iron-gold project in Region III,  
Chile

in partnership with Korea Resources Corporation and the 100% owned Kutcho  
copper-zinc-gold-silver project in  
British Columbia, Canada

, as well as exploration properties in  
Canada

,  
Chile

and

Mexico

. Using our cash flow and strong balance sheet as a platform, Capstone's strategy is to continue to grow with continued mineral resource and reserve expansions, exploration, and through acquisitions in politically stable, mining-friendly regions. We will pace our growth with our financial capacity, ensuring we retain, as a priority, sufficient financial flexibility to meet the requirements of our existing operations and our committed development projects, while maintaining an adequate cushion to deal with market volatility and operating risks inherent in the mining industry. Our headquarters are in Vancouver, Canada

and we are listed on the TSX. Further information is available at

<http://www.capstonemining.com>

### Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this document and Capstone Mining Corp. (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 Company management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the conversion of mineral resources to mineral reserves, the timing of completing the PFS and follow-on engineering and economic studies for Pinto Valley, the anticipated production from the Pinto Valley Mine, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining

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operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "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 "scheduled", "guidance", "plan", "planned", "estimated", "projections", "projected" and "expected". Forward-looking statements are based on a number of assumptions which may prove incorrect, including, but not limited to, the exploration and development potential of the project, current and future commodity prices and exchange rates and continued daily operation of the Pinto Valley Mine. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents; dependence on key personnel; labour pool constraints; labour disputes; availability of infrastructure required for the development of mining projects; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; 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 on SEDAR at <http://www.sedar.com>. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.

### Quality Assurance and NI 43-101 Compliance

The technical information in this news release has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101") and reviewed by Brad Skeeles

, P. Eng., Vice President, North American Operations (Technical Information related to mining and production), a "Qualified Person" under NI 43-101. The mineral resource estimate reported herein for the Pinto Valley property is set out in the NI 43-101 technical report "Pinto Valley Property Mineral Resource Estimate" with an effective date of

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February 28, 2013

, prepared by

Garth Kirkham

, P. Geo, Kirkham Geosystems Ltd., an independent Qualified Person, based on information provided by BHP Billiton is available on SEDAR. BHP Billiton's mineral reserve estimate has been publicly reported in the BHP Billiton 2012 Annual Report.

In addition, Gregg Bush, Senior Vice President and Chief Operating Officer for Capstone Mining Corp. reviewed and approved this news 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 U.S. securities laws. Without limiting the foregoing, this news release refers to a technical report that uses the terms "indicated" and "inferred" resources. U.S. investors are cautioned that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under U.S. 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. U.S. investors are cautioned not to assume that all or any part of indicated resources will ever be converted into reserves. U.S. 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, U.S. 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 U.S. companies subject to the reporting and disclosure requirements of the SEC.

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