

October 28, 2020

Capstone Reports Third Quarter 2020 Results; Lowest Quarterly Costs on Record for Cozamin Mine

(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 ("Q3 2020") and nine months ("YTD 2020") ended September 30, 2020. Strong copper production totaled 38.5 million pounds of copper, despite planned downtime at Pinto Valley to complete the majority of PV3 Optimization Phase 1 upgrades, at consolidated C1 cash costs¹ of \$1.82 per payable pound produced. Link [HERE](#) for Capstone's Q3 2020 management's discussion and analysis ("MD&A") and financial statements and [HERE](#) for the Q3 webcast presentation.

"We are two months away from the start of a high growth phase for the Company, enhanced by innovation that will see us delivering 40% more production at 20% lower costs by 2023," said Darren Pylot, President and CEO of Capstone. "I'm proud of the strong safety and operating results we delivered in Q3 2020, with Pinto Valley carrying out Phase 1 PV3 Optimization installations and Cozamin achieving the lowest quarterly unit costs it has ever realized in its history."

"We are seeing a pick-up of interest in Santo Domingo since we announced the MOU for rail and port facilities last month. With an increasingly positive outlook for copper, iron and cobalt, it is not surprising to see momentum like this for a fully permitted, large scale project in a mining-friendly jurisdiction," continued Mr. Pylot.

HIGHLIGHTS AND SIGNIFICANT ITEMS

Full Year Production Guidance on Target

Year to date consolidated production of 112.5 million pounds and consolidated C1 cash cost¹ of \$1.91 per pound is on track with the Company's full year guidance of 140-155 million pounds, at C1 cash costs of \$1.85-\$2.00 per pound.

With improvements to copper markets during the quarter, full year 2020 capital expenditures and exploration cost estimates have been returned to levels originally guided for 2020. Full year capital and exploration costs are expected to be \$90 million and \$10 million respectively, which positions the Company for 20% production growth and 10% lower costs in 2021.

Cozamin Records Lowest Quarterly C1 Cash Cost¹ in Operating History

C1 cash costs¹ of \$0.36 per pound produced at Cozamin is the mine's lowest cost quarter in its operating history. During Q3 2020, the mine benefited from an optimized mine plan focused on higher copper grades (1.77%) and higher throughput (3,090 tonnes per day ("tpd")), resulting in higher production (10.6 million pounds), higher by-product credits on strong silver prices in addition to higher silver grades (46.5 grams per tonne) and recoveries (79%), as well as lower costs from reduced operating development metres.

Strengthened Balance Sheet in Q3

Available liquidity¹ at September 30, 2020 was \$136.9 million, with net debt of \$163.1 million and EBITDA of \$51.6 million, resulting in a net debt to EBITDA ratio of 1.62x. During the quarter, repayments of \$30.0 million were made on the revolving credit facility ("RCF") and the \$26.7 million of cash advances from customers received in Q2 2020, presented as contract liabilities at June 30, 2020, were settled by delivery of copper concentrate during Q3 2020 at market prices.

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

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. Our operations were not materially affected by COVID-19 during Q3 2020. Full year consolidated guidance does not reflect any potential for additional suspensions or other significant disruption to operations or increased costs due to COVID-19. Refer to the Risk section of the MD&A for further details on COVID-19 related risks.

Zero Harm continues to be a priority at Capstone and our Q3 2020 and YTD 2020 safety performance is summarized below.

	Q3 2020	YTD 2020	2020 Target
Lost Time Injury (LTI)	0	2	0
Total Reportable Incident (TRI)	3	6	0
YTD 2020 LTI Frequency Rate (LTIFR)	-	0.16	0.25
YTD 2020 TRI Frequency Rate (TRIFR)	-	0.47	1.00
Rolling 12-month LTIFR	-	0.11	0.25
Rolling 12-month TRIFR	-	0.40	1.00

Our rolling 12-month LTIFR and TRIFR targets for 2020 are both below 2019 actual rates. In 2019, both LTIFR and TRIFR decreased from 2018 by 80% and 50%, respectively.

At Cozamin, since the completion of the 818 meter raisebore in April 2020, which was safely completed 52 days ahead of schedule and is a major component to the mine’s expansion development, air flow in the mine has increased by 22% and the overall underground temperature has dropped an average of 3.3 degrees Celsius.

Cozamin Increased Proven and Probable Mineral Reserves and Life of Mine Plan

In September 2020, the Company released the results of an updated positive technical report for Cozamin mine with updated Proven and Probable Mineral Reserves and life of mine plan (“LOMP”). Proven and Probable Mineral Reserves increased by 97% relative to December 31, 2019, to 10.2 million tonnes grading 1.79% copper. The LOMP should be considered interim as it is subject to change should the pillar extraction pre-feasibility study (“PFS”) prove positive (see Corporate Update below for more details). Refer to the National Instrument (“NI”) 43-101-compliant Technical Report filed on SEDAR on October 23, 2020 for more information.

Santo Domingo MOU with Puerto Ventanas S.A. for Rail and Port Facilities

In September 2020, Capstone announced its 70% owned subsidiary Minera Santo Domingo (“MSD”) entered 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 the Santo Domingo project (the “Project”). During a 90 day period, both MSD and PASA will together explore mutual synergies and regional benefits for the proposed port component of the Project, Puerto Santo Domingo (the “Port”). The Port is fully permitted and located 100 kms from the Project site. The Port will be one of only two Cape-size vessel ports in the region, making it an attractive site for bulk shipments and a key asset allowing for broad resource development in Region III of Chile. The MOU also gives PASA 90 days to evaluate the replacement of the 110 km magnetite concentrate pipeline with a railway as part of its rail business, Ferrocarril del Pacifico S.A. (FEPASA).

The Santo Domingo project infrastructure that is under consideration in this MOU represents approximately \$400 million of the capital expenditure identified in the most recent NI 43-101 Technical Report and includes marine works including pier, iron concentrate pipeline from Santo Domingo Mine to Port, magnetite filter plant and stockpile building, copper storage building and ship loading and support facilities. For full details, please refer to the Company’s news release of September 16, 2020.

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

CORPORATE UPDATE

Capstone Relaunches Sustainability Reporting

Capstone recently published an interim sustainability performance data report for specific material topics, including Governance, Health and Safety, Climate Change and Energy Emissions, Air Emissions, Water, Waste and Hazardous Materials and Employment, Diversity & Inclusion and Education, for the period January 1, 2018 to June 30, 2020. On a going-forward basis, the Company will resume publishing an annual sustainability report, with the first update expected in H1 2021 for the period January 1-December 31, 2020.

PV3 Optimization Update

In Q4 2019, Pinto Valley commenced a PV3 Optimization project designed to achieve safer, more reliable and higher capacity without major investments in new comminution equipment. A goal was set to achieve increased reliability, and higher throughput at maximized copper recovery with lower costs by leveraging new inexpensive technologies. The investment decision criteria are return-on-investment, improved safety performance and environmental stewardship.

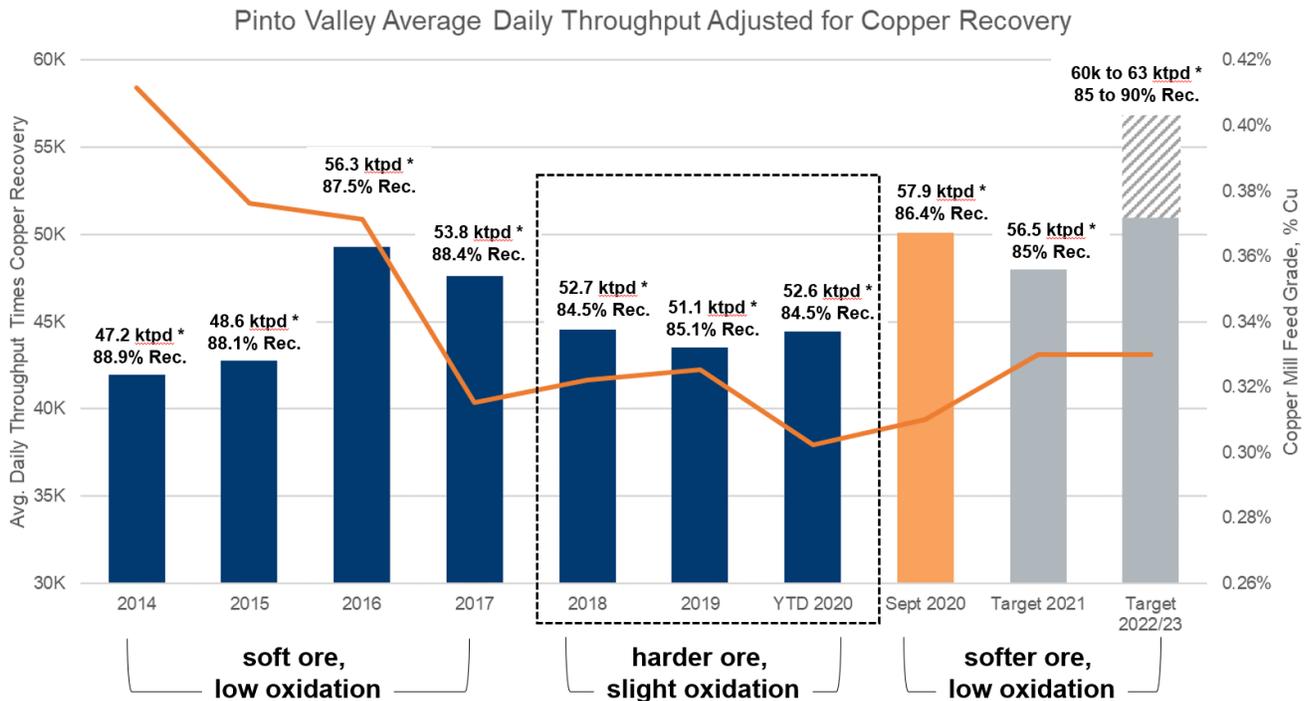
Following is an update on the various PV3 Optimization phases and initiatives as of October 27, 2020:

- **Phase 1:** \$17 million in crushing and mill equipment replacements which is 60% completed, with full completion expected by July 2021.
- **Phase 2:** \$10 million in conveyor, mill auto controls, cyclone packs and tailings thickener upgrades planned to be completed by Q3 2021.
- **Mine Innovation:**
 - Blast fragmentation optimization to target 30% fines (minus ½”) in run of mine feed – completed Q2 2020.
 - \$0.3 million Tele-remote D10 Dozer to increase worker safety for high risk applications – completed Q2 2020.
 - \$6 million in new mine equipment to increase efficiency while lowering diesel consumption, GHG emissions and other operating costs by \$0.8 million per year – completed Q3 2020.
- **Metallurgical Innovation:**
 - Pioneering novel catalytic technology developed by Jetti Resources that is expected to deliver 300 to 350 million pounds of copper cathode over the next twenty years from high grade mine waste and historic stockpiles at all-in costs under \$2.00 per pound. Details will be provided in an updated NI 43-101 Technical Report expected in 2021 – commenced Q3 2020.
 - Molybdenum plant re-start: New reagents will be used to improve worker safety and improve overall metallurgical performance. Minimal capital – expected completion by Q1 2021.

Targeting higher throughput and higher copper recovery: Figure 1 shows Pinto Valley’s average daily throughput adjusted for copper recovery (i.e. throughput times recovery) over the past six years and a target by 2022-2023 to 60k to 63k tpd at 85% to 90% recovery. This is 17% to 30% higher than 2019 performance and is subject to further test work and studies to be completed in H1 2021, including tailings management.

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

Figure 1 – Pinto Valley Average Daily Throughput Adjusted for Copper Recovery

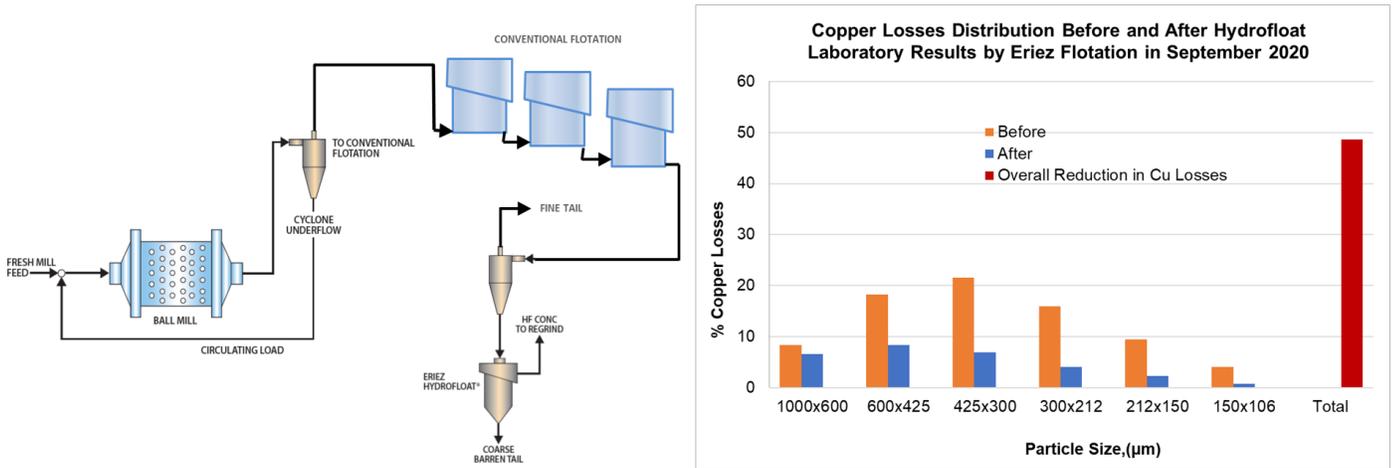


Pilot plant testing of new coarse particle flotation technology: Eriez Flotation Division, a wholly owned business unit of Eriez Manufacturing Co., the world leader in innovative flotation technology, has developed a fluidized bed assisted flotation cell called the HydroFloat, proven effective at floating coarse ore particles, up to two to three times the size limit of conventional flotation cells. This technology was first introduced at a commercial scale for base metal sulfides at Newcrest’s Cadia Valley operation in Australia, and very recently Newcrest has announced they are expanding the application of HydroFloat.

Following positive laboratory results on Pinto Valley flotation circuit samples, Eriez has reported an opportunity to reduce copper losses by up to 50%, thereby boosting overall recovery by up to 6%. Furthermore, the ability to recover coarse particles could allow for higher mill throughput while achieving high copper recovery. Other benefits could be lower grinding costs, lower water and energy consumption and increased tailings stability via coarser tailings. Pilot plant testing will commence in November 2020 with results expected in Q1 2021. Figure 2 below illustrates how Eriez HydroFloat could fit into Pinto Valley’s current flotation circuit and Pinto Valley’s September 2020 laboratory results.

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

Figure 2 – A Typical Eriez Flotation Circuit and Pinto Valley’s September 2020 Lab Results



PV4 Expansion Study Update

Work on PV4 expansion scenarios to take advantage of approximately one billion tonnes of Measured and Indicated Resources at 0.30% copper continued during Q3 2020. Given management’s confidence in PV3 Optimization progress to date, including the successful implementation of the novel catalytic technology from Jetti Resources to enhance leaching performance, Capstone has decided to evaluate expansion scenarios using existing assets rather than building new mill infrastructure. The study is assessing higher mining rates, higher cut-off grades to the mill, and an increased tonnage available for leaching. While a significant mill expansion is not currently being contemplated, an expansion of Pinto Valley’s SX-EW capacity of 25 million pounds per year may be necessary. Extensive column leach test work will be conducted over 2021, with the overall PV4 expansion study expected to be released in 2022.

Cozamin On Track for Ramp-Up to 1.35 Mtpa by Q2 2021

The development of Cozamin’s one-way ramp continues to be on schedule and on budget, expected to be completed in December 2020. Cozamin is expected to ramp-up to 1.35 million tonnes milled per annum (“tpa”) rate by Q2 2021. For the three years post-expansion (2021-2023) when compared to the three years pre-expansion (2018-2020), average annual copper and silver production increases by 70% to 61.4 million pounds and 43% to 1.75 million ounces, respectively, as described in the NI 43-101 Technical Report. Additionally, average annual C1 costs¹ (net of by-products) are expected to move 23% lower to \$0.67 per payable pound of copper.

Cozamin Paste Backfill System Study

A PFS of an underground paste backfill system at Cozamin is underway to assess the potential for increasing the extraction ratio from Vein 20 in the Mala Noche Footwall Zone (“MNFWZ”). The updated LOMP currently excludes these pillars and assumes an extraction ratio of 74%, leaving 3.5 million tonnes of Indicated Mineral Resources grading 1.89% copper and 42 g/t silver in unmined pillars that will be the subject of the PFS. The 3.5 million tonnes represents over 2 years of additional mine life at 1.35 million tonnes milled per year. The pillar extraction PFS is targeted for completion in Q4 2020 with release in early Q1 2021 and assuming positive economics, it will include updated capital and net present value estimates and changes to the current LOMP.

Cozamin Announces New Step-Out Drill Program

A new step-out drill program totalling 80 holes targeting the down dip extension to the southeast of both Vein 10 and Vein 20 of the MNFWZ at Cozamin is underway. Hole S499 and S503 intersected high grade polymetallic copper, zinc, lead and silver in a 650-meter step-out from the current mineral resource. A 1 km exploration drift is being considered to provide a drilling platform to target this new area.

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

For full details on the above Cozamin updates, please refer to the Company's news release of September 9, 2020.

OPERATIONAL AND FINANCIAL OVERVIEW

- **Third quarter 2020 (Q3 2020) copper production of 38.5 million pounds at C1 cash costs¹ of \$1.82 per payable pound of copper produced.**
- **Q3 2020 net income of \$2.3 million, or \$0.01 per share, and Q3 2020 adjusted net income¹ of \$9.5 million or \$0.02 per share.** Adjusted net income¹ was adjusted for the non-cash share-based compensation expense of \$7.5 million or \$0.02 per share, driven by the mark to market adjustment for the increasing share price.
- **Revenue of \$130.5 million for the quarter** benefited from higher sales due to a drawdown of inventory at Pinto Valley and a higher realized copper price of \$3.13 per pound.
- **Q3 2020 operating cash flow before changes in working capital¹ of \$44.9 million or \$0.11 per share.**
- **Q3 2020 adjusted EBITDA¹ of \$51.6 million and reduction in net debt to EBITDA ratio from 2.54x to 1.62x at the end of the quarter,** which results in a reduction in our interest pricing in the fourth quarter of 2020 to LIBOR plus 2.75% (from LIBOR plus 3.5%). This decrease of 75 basis points results in approximately \$2 million per year in annualized savings on interest expense at current debt levels.

Operational Overview

Refer to Capstone's Q3 2020 MD&A and Financial Statements for detailed operating results.

	Q3 2020	Q3 2019	2020 YTD	2019 YTD
Copper production (million pounds)				
Pinto Valley	27.9	29.9	84.9	91.6
Cozamin	10.6	9.1	27.6	26.5
Total	38.5	39.0	112.5	118.1
Copper sales				
Copper sold (from continuing operations) ² (million pounds)	39.8	31.2	108.1	112.1
Realized copper price (\$/lb.)	\$3.13	\$2.52	\$2.75	\$2.68
C1 cash costs¹ (\$/lb.) produced				
Pinto Valley	\$2.38	\$2.13	\$2.30	\$1.97
Cozamin	\$0.36	\$0.94	\$0.71	\$0.90
Consolidated	\$1.82	\$1.85	\$1.91	\$1.73

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

Consolidated production of 38.5 and 112.5 million pounds respectively for Q3 2020 and 2020 YTD, which were slightly lower than their comparable periods of 2019 primarily due to planned downtime in July 2020 at Pinto Valley, to complete the majority of Phase 1 upgrades for PV3 Optimization and planned lower head grade. This reduction at Pinto Valley was offset by a 16% increase in production at Cozamin as a result of increased head grade, due to increased mining activities in the San Jose and Calicanto copper-rich zones.

In Q3 2020, sales were higher than production due to a drawdown of inventory at Pinto Valley.

Pinto Valley Mine

Pinto Valley's Q3 2020 results reflect a quarter focused on advancing Phase 1 of PV3 Optimization, with planned downtime in July to install the first of two secondary crushers as well as install the first of two new ball mill shells.

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In addition, a planned annual outage scheduled for April was pushed to July due to COVID-19 affecting access to contractor resources. As a result of this, Ball Mill throughput for Q3 2020 was 3% lower than Q3 2019 (49,104 tpd versus 50,630 tpd).

Copper production for the quarter was lower than in Q3 2019. The primary reason for this was due to 6% lower planned grades for Q3 2020 of 0.31% versus 0.33% for Q3 2019.

Cozamin Mine

Q3 2020 C1 cash costs¹ of \$0.36 per pound is the lowest quarterly costs in Cozamin's operating history, driven by higher head grades (1.77% versus 1.48%), higher production, lower costs from reduced operating development meters and higher by-product credits primarily on strong silver prices. In addition, silver production for Q3 2020 benefited from higher grades and higher recoveries.

Financial Overview

Refer to Capstone's Q3 2020 MD&A and Financial Statements for detailed financial results.

(\$ millions)	Q3 2020	Q3 2019	2020 YTD	2019 YTD
Revenue ²	130.5	82.9	305.6	305.1
Net income (loss)	2.3	(10.7)	(15.3)	(29.6)
Adjusted net income (loss) ^{1,3}	9.5	(7.1)	(8.7)	1.1
Adjusted EBITDA ^{1,4} from continuing operations ^{2,3}	51.6	14.6	75.7	80
Cash flow from operating activities ²	27.7	11.8	79.8	70.8
Operating cash flow before changes in working capital ^{1,2}	44.9	9.5	65.6	59.5

(\$ millions)	September 30, 2020	December 31, 2019
Total assets	1,350.2	1,331.4
Long term debt (excluding financing fees)	219.9	209.9
Total non-current financial liabilities	217.9	207.1
Total non-current liabilities	424.4	404.6
Cash and cash equivalents and short-term investments	56.9	44.5
Net debt ¹	163.1	165.5

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 is earnings before interest, taxes, depletion and amortization.

CONFERENCE CALL AND WEBCAST DETAILS

Date and time: Wednesday, October 28, 2020 at 11:30 am ET (8:30 am PT)

Link to the webcast and audio:

https://produceredition.webcasts.com/starthere.jsp?ei=1381418&tp_key=8587deb61f

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 #34334355



A replay of the conference call will be available until November 4, 2020. Dial-in numbers for Toronto: (+1) 416-764-8677 and North American toll free: 888-390-0541. The replay code is 334355#. 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 and nine months ended September 30, 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.

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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 success of the underground paste backfill system study, 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, 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 "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",

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

“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 “anticipated”, “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 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, 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, acting as Indemnitor for Minto Exploration Ltd.’s surety bond obligations post divestiture, impact of climatic conditions on our Pinto Valley and Cozamin operations, aboriginal title claims and rights to consultation and accommodation, 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, 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 MD&A 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, 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.

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

The disclosure of scientific and Technical Information in this news release was reviewed and approved by Brad Mercer, P. Geol., Senior Vice President, Operations and Exploration (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.

These alternative performance measures are presented in Highlights and discussed further in other sections of this news release and the MD&A. 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.

All-in Sustaining Costs Per Payable Pound of Copper Produced

All-in sustaining costs per payable pound of copper produced is an extension of C1 cash costs measure discussed above and is also a key performance measure that management uses to monitor performance. Management uses this measure to analyze margins achieved on existing assets while sustaining and maintaining production at current levels. Consolidated All-in sustaining costs includes Corporate general and administrative costs.

Net Debt

Net debt is a performance measure used by the Company to assess its financial position.

Available liquidity

Available liquidity is a performance measure used by the Company to assess its financial position.

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



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.

Property Cost per Tonne Milled

Property cost per tonne milled 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 monitor costs and assess overall efficiency and effectiveness of the mining operations.

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.

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