

January 22, 2020

Capstone Outlines Capital Investment Plans to Achieve 20% Production Growth by 2021

(All amounts in US\$ unless otherwise specified)

Vancouver, British Columbia - Capstone Mining Corp. (“Capstone” or the “Company”) (TSX:CS) provides 2020 production, cost and capital guidance. Capstone’s 2019 actual production was above the mid-point range of 145 to 160 million pounds of copper and actual costs were below the bottom end of the guidance range of \$1.80 to \$2.00 per pound payable copper. The Company will further expand on 2019 results when it releases its 2019 fourth quarter results on Tuesday, February 11, 2020 after market close, followed by an investor webcast and conference call on Wednesday, February 12, 2020 at 11:30 am Eastern Time.

2020 PRODUCTION, COST AND CAPITAL GUIDANCE

In 2020, Capstone expects to produce between 140 and 155 million pounds of copper at C1 cash costs¹ of between \$1.85 and \$2.00 per pound payable copper produced.

“Capstone has redefined itself as we enter this new decade. Our business is supported by an expansion at our high grade and high margin Cozamin mine, while Pinto Valley is positioning to amplify best in class leverage to copper,” said Darren Pylot, President and CEO. “We are making small, high return and quick payback investments to ensure both operations are optimized to maximize cash flow in this improving copper market. We have made substantial and sustainable reductions to our cost base, achieving our goal of ~\$30 million per year. This coupled with a strong balance sheet gives us confidence we can invest in our organic growth opportunities without hesitation. I’m proud to say that Capstone is positioned for 20% production growth with a 10% decrease in costs by 2021 and beyond.”

Mr. Pylot continued, “For 2020, Capstone is anticipating a similar year as 2019, with a slight decrease at Pinto Valley (~5 million pounds lower) to account for the installation of new secondary crushers. The less than one-year payback is expected to deliver higher throughput, lower costs and improved recovery. At Cozamin, the one-way ramp project is proceeding on schedule, allowing for confidence in the expected increased annual production rates of 50 to 55 million pounds of copper and 1.5 million ounces of silver for 2021 and beyond. The capital investments included in our expansionary spend for 2020 at Pinto Valley and Cozamin will increase throughput rates enabling growth to a sustainable run rate of approximately 180 million pounds of copper per year by 2021, and for several years after supported by a steady grade profile at both mines.”

2020 Guidance	Pinto Valley	Cozamin	Santo Domingo	Total
Production and Cost (US\$)				
Copper production (million pounds)	110 – 120	30 – 35	-	140 – 155
C1 Cash Cost¹	\$2.10 - \$2.25	\$0.95 - \$1.10	-	\$1.85 - \$2.00
Capital Expenditure (US\$ millions, rounded)				
Sustaining	\$28	\$24	-	\$52
Capitalized Stripping	\$8	-	-	\$8
Expansionary	\$19	\$2	\$9 ²	\$30
Total Capital Expenditure	\$55	\$26	\$9	\$90
Exploration (US\$ millions, rounded)				
Brownfield	-	\$6	-	\$6
Greenfield	-	-	-	\$4
Total Exploration	-	\$6	-	\$10



Guidance Notes:

1. This is an alternative performance measure; please see "Alternative Performance Measures" at the end of this release. C1 cash cost per pound of payable copper produced net of by-product credits and selling costs.
2. On a 100% basis the figure is \$12 million; ownership is 70% Capstone and 30% Korea Resources Corporation.

2020 CAPITAL INVESTMENTS AND FUTURE GROWTH

Cozamin: Near-Term Production Expansion

Development work on the one-way ramp system at Cozamin continues to be on budget and on schedule for completion by the end of 2020. The concurrent development of the raisebore to improve ventilation is two months ahead of schedule and is expected to be completed in early 2020. Phase 1 of the raisebore finished ahead of schedule when the reaming head broke through to surface in December 2019, and immediately improved ventilation to the upper section of the one-way ramp. Once these two underground expansion projects are completed, Cozamin's annual production for 2021 and beyond is expected to increase to between 50 and 55 million pounds of copper and 1.5 million ounces of silver.

Cozamin: Doubling the Mine Life

The Cozamin 2019/2020 infill drilling program to move Inferred Mineral Resources to the Mineral Reserve category, with the expectation of adding additional Mineral Resources to support doubling the mine life, is more than two months ahead of schedule, allowing us flexibility to add more holes than originally planned, for a new mineral resource and mineral reserve estimate before the end of 2020. Positive drill results pointing to higher grades and wider intercepts than in the current reserve were released on November 5, 2019, December 2, 2019 and January 16, 2020.

Pinto Valley: Modernization

Pinto Valley's 2020 guidance of between 110 to 120 million pounds of copper production accounts for scheduled downtime for secondary crusher and screen installations. In Q4 2019, the Board approved the \$15 million capital project to improve mill reliability and overall performance at Pinto Valley. The expected result is for throughput to reliably achieve between 56,000 to 57,000 tonnes per day in 2021 and beyond. The one-year payback is calculated based on higher throughput, reduced maintenance and power costs, as well as increased copper recovery associated with improved copper mineral liberation prior to flotation.

Pinto Valley: Future Expansion Study

Preliminary work on the Pinto Valley future expansion study (PV4) continues, with an update expected mid-2020. The study is focused on evaluating potential scenarios to take advantage of the nearly one billion tonnes of mineral resources not currently scheduled in the current mine plan pit shell (PV3).

Santo Domingo

Capital expenditures for the fully permitted Santo Domingo project will be kept to a minimum in 2020 to preserve the optionality of the project, as we continue the strategic process in an improving copper market to right size or monetize Capstone's ownership. Work on the updated study is being finalized and the results will be released soon.

Cost Reduction Program

Capstone has achieved its cost reduction target of ~\$30 million in annualized savings. More details will be provided when the Company releases its fourth quarter results on February 11, 2020.

2020 TD CONFERENCE

Capstone management will be attending the TD Securities Mining Conference in Toronto, Ontario. Raman Randhawa, CFO will be presenting on Thursday, January 23, 2020. An updated Capstone corporate presentation



will be available on January 22, 2020 at <http://capstonemining.com/investors/events-and-presentations/default.aspx>.

Q4 2019 RESULTS AND CONFERENCE CALL AND WEBCAST DETAILS

Capstone will release its 2019 fourth quarter results on Tuesday, February 11, 2020 after market close, followed by an investor webcast and conference call on Wednesday, February 12, 2020 at 11:30 am ET, details below.

Date: Wednesday, February 12, 2020
Time: 11:30 am Eastern Time (8:30 am Pacific Time)
Dial in: North America: (877) 823-8676, International: +(825) 312-2240
Webcast: <https://event.on24.com/wcc/r/2171294/F77AA7266B25430ED323CFD920385B1B>

The conference call replay will be available until February 26, 2020.

Replay: North America: (800) 585-8367, International: +(416) 621-4642
Passcode: 3664037

Following the replay, an audio file will be available on Capstone's website at <https://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. 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 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 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. We are committed to the responsible development of our assets and the environments in which we operate. 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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ALTERNATIVE PERFORMANCE MEASURES

"C1 cash cost", "cash cost", "adjusted EBITDA", "operating cash flow before changes in working capital" and "net debt" are 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, to plan and to 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. For full information, please refer to the Company's latest Management Discussion and Analysis dated September 30, 2019 published on its Financial Reporting webpage or on SEDAR.

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.

The disclosure of Technical Information related to mineral exploration activities and to mineral resources at Cozamin in this news release was reviewed and approved by Brad Mercer, P. Geol., Senior Vice President, Operations and Exploration.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release, and the documents incorporated by reference herein, 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. (“Capstone” or 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. Forward-looking statements include, but are not limited to, statements with respect to the continuing success of mineral exploration, Capstone’s ability to fund future exploration activities, 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, the estimations for potential quantities and grade of inferred resources and exploration targets, 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”, “aiming”, “approximately”, “guidance”, “scheduled”, “target”, “targeting”, “estimates”, “forecasts”, “extends”, “convert”, “potential”, “intends”, “anticipates”, “believes” or variations of such words and phrases, or statements that certain actions, events or results “may”, “could”, “should”, “would”, “will”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. 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, the inherent uncertainty of mineral exploration and estimations of exploration targets, 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, 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 operations, impact of trade policies of governments, 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 Cozamin 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, 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.