

November 5, 2019

Capstone Q3 2019 Results, Near-Term Organic Growth

(All amounts in US\$ unless otherwise specified)

Vancouver, British Columbia - Capstone Mining Corp. (“Capstone” or the “Company”) (TSX:CS) announced its production and financial results for the three and nine months ended September 30, 2019 (“Q3 2019”). Total copper production from continuing operations for Q3 2019 totaled 39 million pounds of copper at consolidated C1 cash costs¹ of \$1.85 per pound. For full financial and operational results, refer to Capstone’s [Q3 2019](#) Management’s Discussion and Analysis and Unaudited Condensed Interim Consolidated Financial Statements (“MD&A and Financial Statements”).

Q3 2019 HIGHLIGHTS AND SIGNIFICANT ITEMS

- **Q3 2019 copper production of 39 million pounds and C1 cash costs¹ of \$1.85 per payable pound produced. Copper sales were lower at 31 million pounds due to timing of the last shipment of the quarter at Pinto Valley.**
- **Cozamin expansion project remains on track for the end of 2020 with the objective to debottleneck the mine with a one-way ramp system. The project is now expected to increase production to between 50 to 55 million pounds of copper and 1.4 to 1.5 million ounces of silver.**
- **The Company achieved cost reductions of \$25 million on its target of \$25 million to \$30 million in annualized savings.**
 - The Company has now removed \$25 million of annualized costs out of the business with the \$12.5 million in savings at Pinto Valley plus \$3.5 million on new revolver terms and improved cash management, \$4 million from corporate administration and \$5 million from the disposition of Minto.
 - Pinto Valley delivered an additional \$2.5 million in sustainable annualized cost savings in Q3 2019, bringing the year-to-date total to \$12.5 million. Pinto Valley is targeting to achieve a total of \$15 to \$20 million in annualized cost savings.
- **Q3 2019 net loss of \$(10.7) million** (Q3 2018 - net income of \$1.3 million), which was impacted by lower realized copper prices and negative provisional pricing adjustments in the quarter of \$3.4 million, as well as lower sales volumes due to the timing of shipments for Pinto Valley concentrate and resulting build-up of concentrate inventory. This resulted in a loss per share of \$(0.03) for the quarter (Q3 2018 - \$0.00).
- **Q3 2019 adjusted net loss of \$(8.7) million** (Q3 2018 – adjusted net income of \$1.0 million) and adjusted loss per share of \$(0.02), (Q3 2018 – \$0.00). Adjustments for 2019 relate to inventory write-down and change in fair value on the Minto contingent receivable.
- **2019 production and C1 cash costs¹ guidance.** Capstone expects to achieve consolidated production guidance of 145-160 million pounds and consolidated C1 cash costs¹ guidance of \$1.80-\$2.00 per payable pound produced.
- Capstone announced high grade copper and silver results drill results at Cozamin, see news release dated November 5, 2019.

“Never have I been this excited about Capstone’s future as both Cozamin and Pinto Valley have clear organic growth strategies in place and we are focused on execution to deliver increased stakeholder benefits,” said Darren Pylot, President and CEO of Capstone. “Cozamin will leverage incredible growth from expansionary capital of less than \$5 million, expanding copper and silver production by 50% in 2021 and beyond. The continued exploration success achieved by our team is a paradigm shift for an already low cost and highly profitable mine. Cozamin has already delivered over \$400 million in cumulative free cash flow for Capstone and it appears the best is yet to come in the decade ahead of us.”

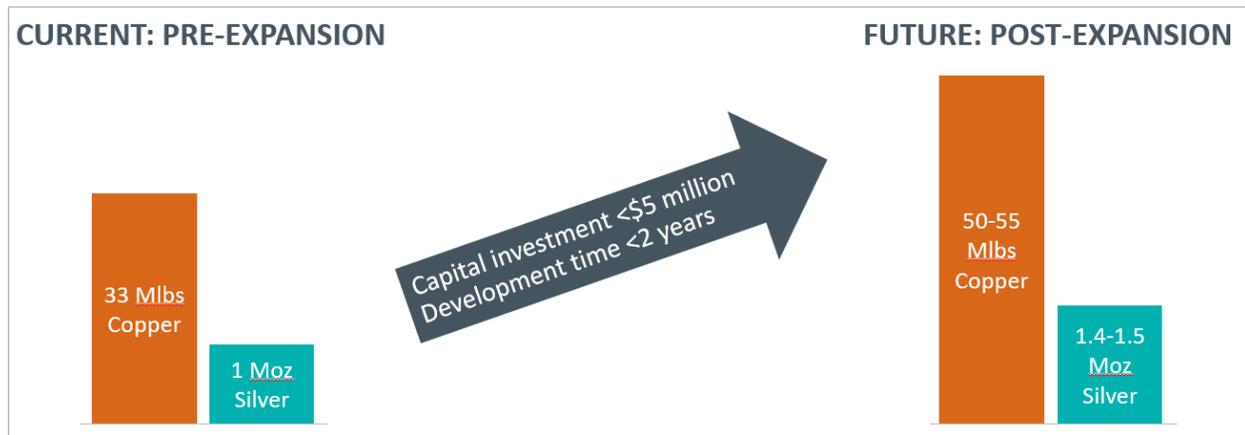
Mr. Pylot continued, “As Pinto Valley’s operating momentum continues, we are concurrently focused on preparing the mine for higher copper prices with low cost, quick payback improvements to the mill, plus looking to expand the mine into a multi-generational asset. We have identified optimal PV4 expansion scenarios to capitalize on the roughly one billion tonnes of resources currently not in reserves.”

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

CORPORATE UPDATE

Cozamin: Expansion Update

During Q3 2019, development work on the one-way ramp system continued and is on-track for completion by the end of 2020. Concurrently, development of the raisebore to improve ventilation is also on track for completion in the first half of 2020. Once both development projects are completed, Cozamin’s annual production is now expected to increase to between 50 and 55 million pounds of copper and 1.4 to 1.5 million ounces of silver. Expected production targets have increased due to the results of the additional 103 drill holes, to date, pointing to higher grades and thickness than in the current reserve.



Cozamin: Mine Life Growth

During Q3 2019, Cozamin acquired the Portree claimblock that laid within the Mala Noche Footwall Zone (“MNFWZ”) area. The claimblock is surrounded by high grade Inferred Mineral Resources and provides access so we can now continuously infill drill and eventually mine the Portree area as well. A 2019/2020 infill drilling program was initiated earlier this year to move Inferred Mineral Resources to the Mineral Reserve category with the expectation of adding additional Mineral Resources to support doubling the mine life and we are now targeting to update both Mineral Resources and Mineral Reserves before the end of 2020.

Cost Reduction Program

Capstone has achieved its cost reduction target range of \$25 million to \$30 million, using 2018 as a baseline. The Company has now removed \$25 million of costs out of the business with \$12.5 million in savings at Pinto Valley plus \$3.5 million related to the new revolver terms and improved cash management, lower corporate administration costs (\$4 million) and holding cost savings due to the disposition of Minto (\$5 million). A total of approximately \$15 million to \$20 million of savings is expected to come from Pinto Valley, of which \$12.5 million has been achieved to date, primarily from manpower and contractor savings as a result of the new collective bargaining agreement and improved power pricing.

Pinto Valley Phase 4 Expansion Study (“PV4”)

Preliminary work on the PV4 study continued in the quarter to evaluate potential expansion scenarios to take advantage of nearly one billion tonnes of Mineral Resources not currently scheduled in the PV3 pit shell. For the remainder of 2019, PV4 study activities will be focused on further evaluating alternative infrastructure options.

Pinto Valley: Crushing Plant Modernization

Pinto Valley has identified small capital project to modernize the crushing equipment and other front-end upgrades to improve mill reliability and overall performance. The capital investment is estimated to be approximately \$10 to \$15 million, with double digit rate of return. The return on investment is calculated based on increasing throughput from current levels to targeted production levels between 56,000 to 57,000 tonnes per day in 2021 and beyond, and reduced maintenance and power costs. These capital costs are subject to Board of Directors approval in the fourth quarter 2019.

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

Santo Domingo Project Progress

The Santo Domingo project is now “shovel-ready” as Capstone has obtained all permits and approvals for the start of construction from the Chilean authorities. During Q3 2019, work to improve Santo Domingo’s project economics continued to advance and we are targeting to release an updated NI 43-101 report early next year, which we expect will include infrastructure sharing resulting in significantly reduced capital cost estimate, increased gold recoveries and a preliminary business case for producing battery-grade cobalt. The strategic process, which was launched in early 2019, is on-going and is aimed at evaluating alternatives regarding the project which may include the sale of a majority portion of the project.

Management Appointment

In September 2019, Jerrold Annett joined Capstone as Vice President, Strategy and Capital Markets. Jerrold has 24 years of global mining and capital markets experience, with the last three years providing strategic direction and executive oversight for several junior exploration and development companies. His mining career started at Teck Resources and Falconbridge as a metallurgist and within their commercial metals sales groups, followed by 10 years in capital markets, most recently with Scotiabank where he was Head of Mining Institutional Sales. He is a professional Engineer and has a Bachelor of Applied Science in Mining and Mineral Engineering from Queen's University in Canada.

PRODUCTION RESULTS

Refer to Capstone’s [Q3 2019 MD&A and Financial Statements](#) for detailed operating results.

	Q3 2019	Q3 2018	2019 YTD	2018 YTD
Copper production (million pounds)				
Pinto Valley	29.9	31.3	91.6	86.1
Cozamin	9.1	9.6	26.5	26.8
Total from continuing operations²	39.0	40.9	118.1	112.9
Copper sales				
Total from continuing operations ² (million pounds)	31.2	41.5	112.1	108.4
Realized copper price ² (\$/lb.)	\$2.52	\$2.72	\$2.68	\$2.93
C1 cash costs¹ (\$/lb.) produced				
Pinto Valley	2.13	2.15	1.97	2.23
Cozamin	0.94	0.87	0.90	0.76
Consolidated from continuing operations²	1.85	1.85	1.73	1.88

² The Minto mine was placed on care and maintenance in Q4 2018 and was considered a discontinued operation under IFRS 5 up until the date of sale (June 3, 2019).

Consolidated:

For the nine months ended September 30, 2019, production from continuing operations increased 5% and C1 cash costs¹ decreased 8% compared with 2018.

Q3 2019 realized price of \$2.52 per pound was impacted by \$3.4 million negative provisional pricing adjustments recorded on previous quarter sales. 2019 year-to-date realized copper price was \$2.68 per pound as compared to the LME average for the same period of \$2.74 per pound.

Pinto Valley Mine:

For the nine months ended September 30, 2019, production increased by 6% compared with 2018 while C1 cash costs¹ decreased by 12%. Production increased primarily due to an increase in copper grade (2019 year-to-date – 0.34% vs. 2018

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



year-to-date – 0.31%). C1 cash costs¹ were \$0.26/lb lower than 2018 as a result of the cost reduction program initiated in 2019, as well as higher production.

Cozamin Mine:

Copper production decreased by 0.5 million pounds in Q3 2019 vs. Q3 2018, primarily as a result of a decrease in grade (Q3 2019 – 1.48% vs Q3 2018 – 1.70%) and slightly lower recoveries which was partially offset by higher throughput (3,204 tonnes per day vs 2,939 tonnes per day).

From a year-to-date perspective, copper production was consistent year over year. The lower blended head grade (2019 – 1.49% vs. 2018 – 1.80%) was offset by significantly higher mill throughput (2019 - 3,121 tonnes per day vs 2018 - 2,591 tonnes per day).

C1 cash costs¹ increased in Q3 2019 and 2019 year-to-date compared with the same period last year. This increase was primarily driven by lower production and an increase in development as the mine builds the areas available for longhole stoping (building the prepared mineral inventory) to support increased mining rates planned for 2021.

CONFERENCE CALL AND WEBCAST DETAILS

Capstone will hold a conference call on Wednesday, November 6, 2019, at 10:30 a.m. Eastern time (7:30 a.m. Pacific time) to discuss these results. The webcast presentation will also be available at <https://capstonemining.com/investors/events-and-presentations/default.aspx>.

Date: Wednesday, November 6, 2019
Time: 10:30 am Eastern Time (7:30 am Pacific Time)
Dial in: North America: 1-888-390-0546, International: +416-764-8688
Webcast: <https://event.on24.com/wcc/r/2110021/22F1E92F94A522B0BF4CD321053FFFC3>
Replay: North America: 1-888-390-0541, International: +416-764-8677
Passcode: 447854#

The conference call replay will be available until November 13, 2019. 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, 2019, 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 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. Our headquarters are in Vancouver, Canada and we are listed on the Toronto Stock Exchange (TSX). Further information is available at www.capstonemining.com.

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



For further information please contact:

Jerrold Annett, VP, Strategy and Capital Markets
647-273-7251
jannett@capstonemining.com

Virginia Morgan, Manager, IR and Communications
604-674-2268
vmorgan@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 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 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 continuing success of mineral exploration, Capstone’s ability to fund future exploration activities, 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”, “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”, “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”, “expanding” 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, 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, 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 MD&A (“Technical Information”) based on information contained in the technical reports, Annual Information Form and news releases (collectively the “Disclosure

¹ This is an alternative performance measure; please see “Alternative Performance Measures¹” at the end of this release.

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 in this MD&A 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, Superintendent Mine Technical Services – Pinto Valley Mine (Technical information related to mineral reserves and mineral resources at Pinto Valley), Tucker Jensen, Senior Technical Advisor – Cozamin Mine, P.Eng (Technical information related to mineral reserves at Cozamin), all Qualified Persons under NI 43-101, and Albert Garcia III, PE, Vice President, Projects (Technical Information related to project updates at Santo Domingo).

ALTERNATIVE PERFORMANCE MEASURES

The items marked with a “¹” are alternative performance measures and readers should refer to Alternative Performance Measures in the Company's Management's Discussion and Analysis for the three months and nine months ended September 30, 2019 as filed on SEDAR and as available on the Company's website.

CAUTIONARY NOTE TO UNITED STATES INVESTORS

This news release contains disclosure that has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of US securities laws. Without limiting the foregoing, this news release may refer to technical reports that use the terms “indicated” and “inferred” resources. US investors are cautioned that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under US standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. US investors are cautioned not to assume that all or any part of indicated resources will ever be converted into reserves. US investors should also understand that “inferred resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of “inferred resources” will ever be upgraded to a higher category. Therefore, US investors are also cautioned not to assume that all or any part of inferred resources exist, or that they can be mined legally or economically. Accordingly, information concerning descriptions of mineralization and resources contained in this news release may not be comparable to information made public by US companies subject to the reporting and disclosure requirements of the SEC.

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