

March 25, 2020

Capstone Provides Update on COVID-19; No Impact to Operations to Date

(All amounts in US\$ unless otherwise specified)

Vancouver, British Columbia – Capstone Mining Corp. (“Capstone” or the “Company”) (TSX:CS) has taken a strong stance with regards to the Coronavirus (COVID-19) and is following the requirements and advice of government authorities and the World Health Organization. Capstone’s priority is to ensure the health and safety of our people and the communities in which we operate. We have a dedicated response team in place and are assessing any potential health and business impacts across all our operations. In addition, due to current copper prices, the Company updated its 2020 guidance on discretionary capital and exploration expenditures, reducing the total by \$32 million.

To date, COVID-19 has not impacted production or concentrate shipments at Pinto Valley or Cozamin, nor has there been any significant impact on, or disruption of, the Company’s supply chain.

2020 Capital and Exploration Expenditure Guidance Update

Due to the recent drop in copper prices, Capstone has taken prudent financial measures to defer discretionary capital and exploration expenditures of \$32 million in 2020, as shown in the table below. Importantly, the Company does not expect this will impact production and operating cost guidance for 2020, nor will it materially impact its growth plans for 2021 and beyond. The first of two secondary crushers and screen decks have arrived at Pinto Valley and are now scheduled to be installed in July. The Cozamin one-way ramp project, expected to result in 50% production growth of copper and silver in 2021, remains on schedule.

2020 Expenditure Guidance	Original Guidance	Revised Guidance
Pinto Valley		
Sustaining	\$28	\$18
Capitalized Stripping	\$8	\$3
Expansionary	\$19	\$12
Total Pinto Valley Capital	\$55	\$33
Cozamin	\$26	\$24
Santo Domingo	\$9 ¹	\$6 ²
Total Capital	\$90	\$63
Total Exploration	\$10	\$5

1. On a 100% basis, the figure is \$12 million; ownership is 70% Capstone and 30% Korea Resources Corporation.

2. On a 100% basis, the figure is \$9 million; ownership is 70% Capstone and 30% Korea Resources Corporation.

In terms of operating costs, the recent drop in oil prices and the depreciation of the Mexican Peso will be material on an annualized basis. Diesel costs are currently ~40% lower than budget at Pinto Valley at spot prices, which could translate to ~\$8 million in annual savings, while the current Mexican Peso would yield ~\$8 million in lower costs at Cozamin. Other input costs at both operations, like grinding media, mill liners and reagents, are also expected to track lower than budget.

“Capstone is in a solid position to weather the storm presented by the COVID-19 crisis. Over the past two years, we have cut nearly \$30 million of costs from our business and our debt is manageable,” said Darren Pylot, President and CEO. “We have the flexibility to defer over \$30 million of capital and exploration expenditures without



impacting our future company-wide growth of 20% higher production and 10% lower costs by 2021, while preserving the optionality of our fully-permitted Santo Domingo project in Chile”.

“Above all, the health and safety of our employees and the communities in which we operate is our principle focus, as well as focusing on the health and long-term sustainability of our exceptional copper business,” added Mr. Pylot.

We have focused our actions within four key principles aimed at supporting the health of our employees and the health of our business:

1. **PREVENT** the workplace from becoming a vector for the COVID-19 virus to spread.
2. **SUPPORT** our employees who are ill or who are tending to family members affected by COVID-19.
3. **ENABLE** full value chain capacity by enlisting the support of our vendors and employees.
4. **STOP** all non-essential spending and focus on cash today without jeopardizing our future growth.

Capstone has implemented rigorous control and prevention measures in order to ensure the health of our workers. Following are some examples:

- Those who do not need to be onsite to support copper production are working from home.
- Onsite clinic staff are using a thermal scanner to assess the body temperature of everyone coming to our sites, as a way to be more accurate in our monitoring of “flu-like” symptoms. Anyone displaying “flu-like” symptoms or having an elevated temperature is sent home. We will follow CDC guidelines as they evolve for personnel who have elevated risk.
- Medical checks for any employee who has been absent from work due to displaying “flu-like” symptoms or because of a self-initiated request for sick leave.
- All visits to any of our mine sites are cancelled. Only direct employees and pre-approved contractors have permission to access our operations.
- Janitorial services have expanded to focus on common areas and at our operations, sanitation duties have been incorporated into routine safety checks prior to each shift commencing. Sanitizing supplies are provided to mobile equipment operators so they can perform a full wipe down of the cab environment at the beginning of each shift.
- At the operations, we have implemented an outdoor crew lineout process to allow for maximum space between people.
- Strong focus on education for social distancing outside of the workplace, to keep our employees, their families and communities safe.

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:

Jerrold Annett, VP, Strategy & Capital Markets
416-572-2272
jannett@capstonemining.com

Virginia Morgan, Manager, IR & Communications
604-674-2268
vmorgan@capstonemining.com

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 impact of COVID-19, 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”, “aiming”, “approximately”, “guidance”, “scheduled”, “target”, “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, 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; 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, 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.