

June 15, 2017

Capstone Mining Reaches Agreement to Sell Kutcho Project

Vancouver, British Columbia - Capstone Mining Corp. (“Capstone” or the “Company”) (TSX: CS) has entered into a definitive share purchase agreement (the “Agreement”) pursuant to which it has agreed to sell its Kutcho development project to Desert Star Resources Ltd. (TSX-V: DSR) (the “Transaction”). Under the terms of the Agreement, Capstone will receive C\$28.8 million in cash, common shares of Desert Star representing 9.9% of the issued and outstanding shares upon completion of the Transaction, and will have the right to nominate one representative to the Desert Star board of directors under certain circumstances.

“The divestiture of Kutcho is consistent with our strategy to focus on our core assets,” said Darren Pylot, President and Chief Executive Officer of Capstone. “This agreement allows us to retain exposure to the Kutcho project, while strengthening our balance sheet. We look forward to seeing the Kutcho project advance under Desert Star’s ownership.”

The Transaction is subject to financing and other customary closing conditions and is expected to close in the third quarter of 2017. Capstone intends to use net proceeds from the sale primarily to reduce outstanding borrowings under its revolving credit facility.

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 three producing mines are the Pinto Valley copper mine located in Arizona, US, the Cozamin polymetallic mine in Zacatecas State, Mexico and the Minto copper mine in Yukon, Canada. In addition, Capstone has two development projects; the large scale 70% owned copper-iron Santo Domingo project in Region III, Chile, in partnership with Korea Resources Corporation, and the 100% owned Kutcho copper-zinc project in British Columbia, Canada, as well as exploration properties in Chile and US. 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.

For further information please contact:

Cindy Burnett, VP, Investor Relations and Communications
604-637-8157
cburnett@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 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 ability of Desert Star to raise the necessary financing to complete the Transaction, the completion of the closing conditions and the Company’s use of proceeds for the sale. 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 “subject”, “expected” and “intend”. 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 projects, future prices of copper and other metals, changes in general economic conditions, 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 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.