

September 16, 2020

Capstone Enters into MOU with Puerto Ventanas S.A. for Rail and Port Facilities at Santo Domingo

(All amounts in US\$ unless otherwise specified and reflect 100% of the project)

Vancouver, British Columbia - Capstone Mining Corp. (“Capstone” or the “Company”) (TSX:CS) announces its 70% owned subsidiary Minera Santo Domingo (“MSD”) has entered into 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 Capstone’s Santo Domingo project in Region III, Chile (“Santo Domingo” or 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 Santo Domingo Project, Puerto Santo Domingo (the “Port”). The Port is fully permitted and located 100 kms from the Santo Domingo project site (see Figure 1). It 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.

MOU DETAILS

MSD will allow PASA to study, at its own cost, during a term of 90 days, the Project engineering and conduct a market study. PASA is looking to potentially acquire, construct, operate and maintain the deep-water Port, including financing its development. Once in operation, Santo Domingo will receive preferred service as its volumes will represent a baseload of business for the Port. 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 CAPEX 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
- Ship loading and support facilities.

“Over the past three months we have seen a surge in interest in our fully permitted Santo Domingo project,” said Darren Pylot, President and CEO of Capstone. “I believe this relationship with Puerto Ventanas will serve as a major catalyst for our Santo Domingo Project. Our path forward includes successful culmination of the strategic sales process, executing a gold stream agreement and arranging project debt financing.”

“A partnership with PASA would simplify the Santo Domingo project as we would focus on construction and operational ramp-up of the mine site only, lowering our upfront capital requirements and allow each company to focus on their core business,” said Dr. Albert Garcia, VP, Projects at Capstone. “This, coupled with the fixed cost, turn-key proposal from POSCO E&C, an internationally recognized, reputable EPC contractor for the mine site, significantly de-risks the overall Project.”

“The signing of this MOU is a great opportunity for Puerto Ventanas to work with Capstone and to contribute our expertise providing port services and railway cargo solutions. Our track record is internationally recognized in the logistic services and we are confident that we can contribute to the success of the development of Minera Santo Domingo,” said Juan Eduardo Errázuriz, Chairman at Puerto Ventanas.

“We are looking forward to working with Capstone to offer them the best technical and economical solution for MSD logistics needs,” said Jorge Oyarce, CEO at Puerto Ventanas.

FIGURE 1: The District has enormous potential for copper and iron ore mine development



ABOUT PUERTO ABIERTO S.A.

PASA is a part of the Chilean conglomerate Sigdo Koppers S.A., who has operations in five continents and its business activities are organized into three business areas: mining; industrial construction, transportation and logistics; and machinery and car distribution. <https://puertoventanas.cl/en/>

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 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. 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.

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COMPLIANCE WITH NI 43-101

Unless otherwise indicated, Capstone has prepared the technical information in this news release based on information contained in the technical reports 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" or "QP") as defined



in National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators (“NI 43-101”). For readers to fully understand the information in this news release, they should read the Technical Reports (available on www.sedar.com) in their entirety, including all qualifications, assumptions and exclusions that relate to the information set out in this presentation 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. For further details refer to the Company’s NI 43-101 Technical Report Santo Domingo Project, Region III, Chile, Feasibility Study Update, published March 24, 2020, effective February 19, 2020. The Technical Information in this news release has been prepared in accordance with NI 43-101 and reviewed and approved by Albert Garcia III, PE, Vice President, Projects, a Qualified Person as defined in NI 43-101.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release, and the documents incorporated by reference herein, contains “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 cost of capital expenditures for the Santo Domingo Project, our ability to separate any permits required for the Port if necessary, the success of our mining operations, the estimation of increased cathode production, the ability to obtain required permits for the intended expanded leaching activity, the estimation of the expected economics of the expanded leaching activities, 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, permitting risks related to the Port, 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, potential delays in exploration or interruption of production directly or indirectly related to COVID-19 or governmental action, future prices of copper and other metals, compliance with financial covenants, surety bonding requirements, our ability to raise capital or fund explorations, 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, risks associated with hedging strategies, 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, 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.