March 7, 2013

Capstone Upgrades Copper Mineral Resource Classification in Footwall Zone at Cozamin Mine

Moves 92 million pounds of copper from Inferred to Indicated Resource Classification

Vancouver, British Columbia - Capstone Mining Corp. (“Capstone”) (TSX: CS) today announced the results of an updated National Instrument 43-101 (“NI 43-101”) compliant mineral resource estimate for the Mala Noche Footwall Zone (“MNFWZ”) at the Cozamin Mine in Zacatecas, Mexico. Drilling in the MNFWZ since the last resource update in February of 2012 has converted 92 million pounds of copper from the Inferred category to the Indicated category. This reflects drilling that was completed in the latter half of 2011 and most of 2012 that was not included in the last estimate. At a US$35 net smelter return (“NSR”) cut-off grade (“COG”), the Cozamin Mine’s total Measured and Indicated (“M&I”) mineral resources at December 31, 2012, including adjustments for mining, were 430 million pounds of copper.

“We are pleased to report another successful year of drilling at Cozamin, which targeted the MNFWZ Inferred resource for classification upgrade,” said Brad Mercer, Capstone’s Vice President of Exploration. “The M&I copper resource at the MNFWZ now stands at 189 million pounds, 87 million pounds of which have already been converted into a mineral reserve. This additional 92 million pounds of mineral resource now in the M&I class will be targeted by mine engineering for potential conversion into mineral reserves during 2013. Both the Mala Noche Vein and MNFWZ remain open and are the target of 20,000 metres of drilling from underground this year in a US$4.5 million exploration program.”

Mineral Resource Estimate by Class for the MNFWZ, Dec. 31, 2012, at a US$35 NSR COG*

<table>
<thead>
<tr>
<th>Class</th>
<th>Tonnes (000's)</th>
<th>Copper (%)</th>
<th>Silver (g/t)</th>
<th>Zinc (%)</th>
<th>Contained Copper (M lbs)</th>
<th>Contained Silver (M oz)</th>
<th>Contained Zinc (M lbs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured (M)</td>
<td>400</td>
<td>2.09</td>
<td>44.9</td>
<td>0.43</td>
<td>18.4</td>
<td>0.6</td>
<td>3.8</td>
</tr>
<tr>
<td>Indicated (I)</td>
<td>4,400</td>
<td>1.75</td>
<td>33.7</td>
<td>0.25</td>
<td>169.8</td>
<td>4.8</td>
<td>24.1</td>
</tr>
<tr>
<td>Total M&amp;I</td>
<td>4,810</td>
<td>1.78</td>
<td>34.7</td>
<td>0.26</td>
<td>188.6</td>
<td>5.4</td>
<td>27.9</td>
</tr>
<tr>
<td>Inferred</td>
<td>1,410</td>
<td>1.80</td>
<td>29.7</td>
<td>0.21</td>
<td>56.0</td>
<td>1.3</td>
<td>6.6</td>
</tr>
</tbody>
</table>

* Metal Price assumptions (in USD) used to calculate the NSR COG for all deposits are: Cu=$2.50; Zn=$0.80; Ag=$20.00. Processing recoveries used to calculate the NSR COG for the MNFWZ Resource are: Cu=92%; Zn=69%; Ag=72%. Totals may not sum exactly due to rounding.

Mineral Resource Estimate by Class for all Copper Deposits, Dec. 31, 2012, at a US$35 NSR COG*

<table>
<thead>
<tr>
<th>Class</th>
<th>Tonnes (000's)</th>
<th>Copper (%)</th>
<th>Silver (g/t)</th>
<th>Zinc (%)</th>
<th>Contained Copper (M lbs)</th>
<th>Contained Silver (M oz)</th>
<th>Contained Zinc (M lbs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured (M)</td>
<td>3,780</td>
<td>1.63</td>
<td>65.4</td>
<td>1.42</td>
<td>135.6</td>
<td>8.0</td>
<td>118.6</td>
</tr>
<tr>
<td>Indicated (I)</td>
<td>9,120</td>
<td>1.42</td>
<td>43.2</td>
<td>1.07</td>
<td>285.1</td>
<td>12.7</td>
<td>216.0</td>
</tr>
<tr>
<td>Total M&amp;I</td>
<td>12,910</td>
<td>1.48</td>
<td>49.7</td>
<td>1.18</td>
<td>421.1</td>
<td>20.6</td>
<td>334.7</td>
</tr>
<tr>
<td>Inferred</td>
<td>3,360</td>
<td>1.39</td>
<td>35.7</td>
<td>0.90</td>
<td>102.8</td>
<td>3.9</td>
<td>67.0</td>
</tr>
</tbody>
</table>

* Metal Price assumptions (in USD) used to calculate the NSR COG for all deposits are: Cu=$2.50; Zn=$0.80; Ag=$20.00. Processing recoveries used to calculate the NSR COG for the MNFWZ Resource are: Cu=92%; Zn=69%; Ag=72%. Processing recoveries used to calculate the NSR COG for the San Roberto Resource are: Cu=92%; Zn=69%; Ag=62%. Totals may not sum exactly due to rounding.
The foregoing tables represent the Mala Noche Vein and MNFWZ copper zones only, and do not include the San Rafael zone, which is predominately a zinc zone.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. Even though mining has been undertaken in areas of the MNFWZ with Proven and Probable class mineral reserves there is no certainty that Inferred mineral resources will be converted to Measured and Indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

Mineral Resource Estimate Methodology

The mineral resource estimate for the MNFWZ reported herein was prepared by independent consultant Ali Shahkar P.Eng., Principal Consultant with Lions Gate Geological Consulting Inc. (“LGGC”) located in Sechelt, BC, Canada. The estimate was completed using GEMS© software using a three dimensional block model (10 metre by 5 metre by 3 metre block size). The MNFWZ model is comprised of three interpreted three-dimensional wireframes, a background domain which encompasses the overall MNFWZ structure and two veins which occur close to the hanging-wall and foot-wall of the background domain. The two vein wireframes were used as hard boundaries to constrain the interpolation of grades into the block model. Interpolation parameters have been derived based on geostatistical analysis conducted on 0.5 metre composited drill hole and channel sample data. Block grades have been estimated using Ordinary Kriging (OK) method and the mineral resources have been classified based on proximity to sample data and the continuity of mineralization in accordance with CIM best practices. The MNFWZ resource has been estimated using a total of 173 diamond drill holes (2324 composites) and 3277 channel sample composites.

About Capstone Mining Corp.

Capstone Mining Corp. is a Canadian base metals mining company, committed to the responsible development of our assets and the environments in which we operate. We are preferentially focused on copper, with two producing copper mines, the Cozamin copper-silver-zinc-lead mine located in Zacatecas State, Mexico and the Minto copper-gold-silver mine in Yukon, Canada. In addition, Capstone has two development projects, the large scale 70% owned Santo Domingo copper-iron-gold project in Chile in partnership with Korea Resources Corporation and the 100% owned Kutcho copper-zinc-gold-silver project in British Columbia, as well as exploration at properties in Canada, Chile, Mexico and Australia. Using our cash flow and strong balance sheet as a springboard, Capstone’s growth aims to come from continued mineral resource and reserve expansions, exploration, and through acquisitions in politically stable, mining-friendly regions. Our headquarters are in Vancouver, Canada and we are listed on the 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
Quality Assurance

The technical information in this news release has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators (“NI 43-101”) and supervised and reviewed by Brad Mercer, P. Geol., Capstone’s Vice President, Exploration, a "Qualified Person" as defined in National Instrument 43-101 and the person who oversees exploration activities on the Cozamin Mine property. In addition, Gregg Bush, Capstone’s Senior Vice President and Chief Operating Officer, reviewed and approved this news release.

The mineral resource estimate reported herein for the MNFWZ has been produced by independent consultant Ali Shahkar P.Eng, of Lions Gate Geological Consulting Inc. Mr. Shahkar is the Independent Qualified Person under NI 43-101 responsible for the MNFWZ mineral resource estimate and has reviewed the information in this release in respect of the MNFWZ mineral resource estimate. The mineral resources presented herein have been estimated in conformity with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines and are reported in accordance with Canadian Securities Administrators’ National Instrument 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Analyses for copper, zinc, lead, silver and gold were completed by ALS Chemex using the following method. The entire sample is crushed to a minimum of 70% minus 10 mesh. A 250g subsample of the crushed material is then pulverized to 85% minus 200 mesh. Gold and silver grades are determined by gravimetric fire assay using a 50g charge taken from the pulverized material. Copper, zinc and lead are determined by ICP analysis after 4 acid digestion of a 0.4g subsample of the pulverized material. Blank, standard and duplicate samples are used for quality assurance and quality control.

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 Mining Corp. 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 Company management’s expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “outlook”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “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 “scheduled”, “guidance”, “plan”, “planned”, “estimated”, “projections”, “projected” and “expected”. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents; dependence on key personnel; labour pool constraints; labour disputes; availability of infrastructure required for the development of mining projects; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; 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 on SEDAR at www.sedar.com. Although the
Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.

**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 U.S. securities laws. Without limiting the foregoing, this news release uses the terms "indicated" and "inferred" resources. U.S. investors are cautioned that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under U.S. 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. U.S. investors are cautioned not to assume that all or any part of indicated resources will ever be converted into reserves. U.S. 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, U.S. 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 U.S. companies subject to the reporting and disclosure requirements of the SEC.