

December 10, 2018

Capstone Mining Significantly Increases Reserves by 89% and Planned Production by 30% at Cozamin

(All amounts in US\$ unless otherwise specified)

Vancouver, British Columbia - Capstone Mining Corp. ("Capstone") (TSX:CS) releases positive results of an updated Technical Report for its Cozamin Mine in Zacatecas, Mexico.

Highlights

- Proven and Probable Mineral Reserves increased by 89%, over the Reserves as at December 31, 2017, to 6.2 million tonnes grading 1.60% copper.
- Results of the Materials Handling Study shows an approximate 30% increase in expected throughput to 3,780 tonnes per day ("tpd") by the end of 2020, with an estimated investment of less than \$5 million. The anticipated result is an increase in annual production to between 40 to 45 million pounds of copper.
- Inferred Mineral Resources have increased to 17 million tonnes at a copper grade of 1.11%; including 9.5 million tonnes at a copper grade of 1.61% in the Mala Noche Footwall Zone ("MNFWZ"). This area of the MNFWZ is a shallower and thicker zone of mineralization than the current Indicated Mineral Resources, and the target for a multi-year infill drill program with the goal of converting more resources to reserves.

"The Cozamin mine continues to be a valuable asset for Capstone and formed the foundation upon which we built our company," said Darren Pylot, President and CEO of Capstone. "Since commencing production at 1,000 tpd in 2006, Cozamin has demonstrated a remarkable ability to continue to discover and define new reserves. Today, more than 12 years and approximately 12 million milled tonnes later, we announce the next step in Cozamin's evolution. The combination of the new Reserves as well as the significantly increased Inferred Resources give us the confidence to make additional investment to increase Cozamin's production profile. We look forward to continued exploration success and the further delineation of reserves at Cozamin as the mine continues to operate well into the future."

Mineral Reserve Estimate

The following Mineral Reserve estimate incorporates all resource drilling to October 24, 2018. This estimate formed the basis for the Materials Handling Study that prioritized options to increase production.

Cozamin Mineral Reserve Estimate as at October 24, 2018 at a US\$50 Net Smelter Return Cut-off									
Category	Tonnes (kt)	Cu (%)	Ag (g/t)	Zn (%)	Pb (%)	Copper Metal (kt)	Silver Metal Troy (koz)	Zinc Metal (kt)	Lead Metal (kt)
Proven	-	-	-	-	-	-	-	-	-
Probable	6,195	1.60	42.89	0.71	0.14	99	8,543	44	8
Proven + Probable	6,195	1.60	42.89	0.71	0.14	99	8,543	44	8

1. Tucker Jensen, P.Eng., Senior Mining Engineer at Capstone Mining Corp., is the Qualified Person for this Cozamin Mineral Reserve update. Disclosure of the Cozamin Mine Mineral Reserves as of October 24, 2018 was completed using fully diluted mineable stope shapes generated by the Maptek Vulcan Mine Stope Optimizer software and estimated using the 2016 MNV resource block model created by J. Vincent, P.Geo., formerly of Capstone Mining Corp and the 2018 MNFWZ resource block model created by Garth Kirkham, P.Geo., FGC.

2. Mineral Reserves are reported at a US\$50/t net smelter return ("NSR") cut-off using the NSR275 formula: $(\$50.707 * \%Cu + 0.366 * Ag \text{ ppm} + 7.276 * \%Zn) * (1 - NSRRoyalty\%)$ based on metal price assumptions (in US\$) of Cu = \$2.75/lb, Ag = \$16.00/oz, Zn = \$1.10/lb and metal recoveries of 96.5% Cu, 81% Ag, 44% Zn. Note that zero value was attributed to Pb due to low concentrations. Tonnage and grade estimates include dilution and recovery allowances. The NSR royalty rate applied varies between 1% and 3% depending on the mining concession. All metals are reported as contained. Figures may not sum exactly due to rounding.

Processing Rates

Cozamin's mill throughput is currently constrained by the mine's ability to deliver ore to surface. The Materials Handling Study identified congestion on the main haulage ramp as the mine production bottleneck and compared several alternative solutions

to sustainably raise production to match the nameplate mill capacity. For a total investment of less than \$5 million, Cozamin will be able to transform its haulage network from a two-way single ramp to a one-way ramp loop by connecting an existing main ramp to a planned ramp with a short (~1 km) drift. The future one-way haulage loop (including the aforementioned planned ramp) is expected to be completed by the end of 2020 and raise production by approximately 30%, when compared to current mine production rates.

Mineral Resource Estimate

Cozamin Mineral Resource Estimate as at October 24, 2018 at a US\$50 Net Smelter Return Cut-off										
Category	Tonnes (kt)	NSR (US\$)	Cu (%)	Ag (g/t)	Zn (%)	Pb (%)	Copper Metal (kt)	Silver Metal Troy (koz)	Zinc Metal (kt)	Lead Metal (kt)
Measured (M)	407	120	1.24	53	1.23	0.40	5	694	5	2
Indicated (I)	16,881	133	1.50	45	1.25	0.28	254	24,162	210	46
Total M + I	17,288	132	1.50	45	1.25	0.28	259	24,855	215	48
Inferred	16,951	111	1.11	44	1.65	0.29	188	23,939	279	49

1. Garth Kirkham, P.Geo., FGC, is the independent Qualified Person responsible for the disclosure of Cozamin Mineral Resources. Mineral Resources are reported at a US\$50/t NSR cut-off using the NSR350 formula: $Cu*65.024 + Ag*0.438 + Zn*10.755 + Pb*6.981$ based on metal price assumptions (in US\$) of Cu = \$3.50/lb, Ag = \$18.00/oz, Zn = \$1.20/lb, Pb = \$1.00/lb and metal recoveries of 95% Cu, 78% Ag, 58% Zn, 40% Pb. Cozamin Mineral Resources include copper zones (MNFWZ and San Roberto-Cu) and zinc zones (San Rafael-Zn and San Roberto-Zn). All contained metals are reported at 100%. Totals may not sum exactly due to rounding.
2. The cut-off date for mining activities and drillhole sample results is October 24, 2018.
3. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
4. Mineral Resources are reported inclusive of the Mineral Reserves.

Mineral Resource Estimate Methodology

The Mineral Resource estimate reported herein was prepared by Garth Kirkham, P.Geo., FGC, of Kirkham Geosystems Ltd. of Burnaby, BC, Canada, an Independent Qualified Person under Canadian Securities Administrators' National Instrument 43-101 ("NI 43-101"). 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 NI 43-101. The estimate was completed using MineSight™ software using a three-dimensional block model (12 metre by 2 metre by 10 metre block size with 4 metre by 0.5 metre by 2 metre sub-blocks). The MNFWZ model is comprised of eight interpreted three-dimensional wireframes which were the primary estimation domain and hard boundaries were used to constrain the interpolation of grades into the block model. Interpolation parameters have been derived based on geostatistical analysis conducted on one metre composited drill hole. Block grades have been estimated using Ordinary Kriging ("OK") methodology and the Mineral Resources have been classified based on proximity to sample data and the continuity of mineralization in accordance with CIM Definition Standards and Estimation Best Practices. The MNFWZ resource has been estimated using a total of 931 diamond drill holes with 3,221 sample composites.

Mala Noche Vein ("MNV") Resources were updated with the same NSR formula used for MNFWZ and depleted for mining activities until October 24, 2018. No drilling was completed at MNV since 2017. Capstone believes the parameters and methodology are sufficient to consider the MNV Mineral Resources as current for reporting purposes.

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 polymetallic 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, the Minto copper mine in Yukon, Canada currently on care and maintenance, 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.



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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 Senior Vice President, Exploration and Operations, a "Qualified Person" as defined in National Instrument 43-101 and the person who oversees the Cozamin Mine property. In addition, Gregg Bush, Capstone's Senior Vice President and Chief Operating Officer, reviewed and approved this news release.

A National Instrument 43-101 ("NI 43-101") Technical Report will be prepared by the Qualified Persons and will be filed on SEDAR within 45 days of this news release. Readers are cautioned that the conclusions, projections and estimates set out in this news release are subject to important qualifications, assumptions and exclusions, all of which will be detailed in Technical Report. To fully understand the summary information set out above, the Technical Report that will be filed on SEDAR at www.sedar.com should be read in its entirety.

Analyses for copper, zinc, lead, and silver were completed by ALS Minerals laboratory using the following method. The entire sample is crushed to a minimum of 70% passing a 2mm screen. A 250g subsample of the crushed material is then pulverized to 85% passing 75 micron. Copper, zinc, lead and silver are determined by ICP analysis after 4 acid digestion of a 0.25g subsample of the pulverized material. Cozamin Mine Laboratory analyzed 7.5% of the samples since 2012. The entire sample was crushed to a minimum of 80% passing 9.5mm. A 200g subsample is then pulverized to 100% passing 74 micron. Copper, zinc, lead and silver are determined by ICP analysis after 3 acid digestion of a 0.2g subsample of pulverized material. Blank, standard and duplicate samples are used for quality assurance and quality control for samples submitted to both laboratories.

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. (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, 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", "expected" and "converting". 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 actual results of current exploration activities, inherent hazards associated with mining operations, 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, licences and permits from governmental authorities, impact of climatic conditions, aboriginal title claims and rights to consultation and accommodation, land reclamation and mine closure obligations, 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, 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 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.

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 refers to a technical report that 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.