

Capstone Achieves Upper End of 2021 Production Guidance and Provides 2022 Guidance for Pinto Valley, Cozamin, and Santo Domingo

January 20, 2022

(All amounts in US\$ unless otherwise specified)

VANCOUVER, British Columbia –

Capstone Mining Corp. (“Capstone” or the “Company”) (TSX:CS) is pleased to provide a corporate update including 2022 production, cost and capital guidance, project and exploration work and an update on the combination with Mantos Copper to form Capstone Copper Corp. An update to the 2022 guidance will be provided shortly after completion of the combination with Mantos Copper.

This press release features multimedia. View the full release here:
<https://www.businesswire.com/news/home/20220120005425/en/>

Figure 1 – Major construction has commenced for the Paste Backfill Plant. The picture on right is an artist rendition of the future plant.

Figure 1 – Major construction has commenced for the Paste Backfill Plant. The picture on right is an artist rendition of the future plant expected to be operational by year-end 2022. (Photo: Business Wire)

In 2021, Capstone’s consolidated copper production was 85,000 tonnes which finished at the upper end of the 79,000 to 86,000 tonnes

guidance range at C1 cash costs¹ that were at the mid-point of the \$1.75 to \$1.90 per pound of payable copper.

2021 Copper Production (tonnes)	2021 Guidance	2021 Actual
Pinto Valley	57,500 – 62,000	60,500
Cozamin	21,500 – 24,000	24,500
Total	79,000 – 86,000	85,000

The Company will provide further details on its 2021 results when it releases its 2021 Q4 results on Tuesday, February 15, 2022 after market close, followed by a webcast and conference call on Wednesday, February 16, 2022 at 11:30 am Eastern Time.

2022 PRODUCTION, COST AND CAPITAL GUIDANCE

In 2022, Capstone expects to produce between 82,000 and 90,000 tonnes of copper at C1 cash costs¹ of between \$1.85 and \$2.00 per pound payable copper produced at its Cozamin and Pinto Valley mines.

Darren Pylot, CEO commented, “2021 was another challenging pandemic year and added to this was extreme weather events in Arizona. I’m incredibly proud of our employees for delivering strong operational results despite tough conditions and this speaks to our culture of excellence”.

Cashel Meagher, President and COO added, “I recently joined Capstone because of its platform to build a Canadian mining champion in copper which will be significantly enhanced with the Mantos Copper combination. I look forward to furthering operating efficiencies and delivery of growth initiatives to hedge against the current inflationary cost environment.”

2022 GUIDANCE	Pinto Valley	Cozamin	Santo Domingo	Total
Production and C1 Cash Costs¹ (US\$)				
Copper production (tonnes)	59,000 – 64,000	23,000 – 26,000	–	82,000 – 90,000

C1 Cash Cost (per payable pound)¹	\$2.15 – \$2.30	\$1.10 – \$1.25	–	\$1.85 – \$2.00
Capital Expenditure (US\$ millions, rounded)				
Sustaining ¹	\$65	\$27	–	\$92
Capitalized Stripping – Expansionary ¹	\$5	–	–	\$5
Expansionary ¹	\$20	\$30	\$45	\$95
Total Capital Expenditure	\$90	\$57	\$45	\$192
Exploration (US\$ millions, rounded)				
Brownfield (Cozamin and Santo Domingo)	–	\$3	\$2	\$5
Greenfield (Brazil and Chile)	–	–	–	\$2
Greenfield (Copper Cities, Arizona)	–	–	–	\$7
Total Exploration		\$3	\$2	\$14

Update on the Combination with Mantos Copper to form Capstone Copper Corp.

On November 30, 2021, Capstone announced a combination with Mantos Copper to create a premier copper producer with transformational near-term growth. Capstone's shareholders will vote on the transaction during a Special Meeting of Shareholders (the "Meeting") to be held on February 28, 2022. The record date for the Meeting is January 14, 2022. Please refer to Capstone's website (www.capstonemining.com) to access the Meeting's page that contains the meeting details and materials. The materials will be filed on Sedar and mailed out to shareholders.

GROWTH PROJECTS 2022

Pinto Valley – PV4 Study

The PV4 Study is planned for release in Q4 2022 and is expected to maximize the conversion of approximately one billion tonnes of mineral resources to mineral reserves by extending Pinto Valley's mine life into the 2050s and to increase the mine's copper production profile. The application of the following new technologies and innovation is being considered:

- **Expansion of the use of Jetti Catalytic Leach Technology** which has the potential to increase higher mill cut-off-grades and increase tonnage available for leaching. Column leach testing is ongoing through H1 2022 and results will be included in the PV4 Study.
- **Enhanced Coarse Particle Flotation** was pilot plant tested at Pinto Valley in 2020 and has the potential to increase copper recovery by ~6% while enabling potential to increase mill throughput from the current ~60,000 tonnes per day. A low capital strategy is currently under review to improve coarse particle recovery with some modest investment in the current conventional flotation circuit.
- **Pyrite Agglomeration** has strong ESG implications as it will divert acid-generating minerals including pyrite and chalcopyrite from tailings to the dump leach operation. Additional copper recovery and lower costs via self-generation of free acid are also key economic drivers for this project. The project's implementation is targeted for H2 2022 subject to board approval. The project is expected to require a low capex of less than \$10M with a fast payback of approximately 1.3 years.

Higher Mill Throughput will be considered targeting up to 65,000 to 70,000 tonnes per day. Key areas of investment include upgrades to ball mill motors, grinding circuit cyclones, and to the rougher flotation circuit. Coarse particle flotation technology will also be studied. An expanded dump leach strategy would translate to higher grades sent to the mill for processing and increased copper cathode production by expanding dump leach tonnage.

Cozamin – Paste Backfill & Dry Stack Tailings

Construction of the new paste backfill plant and dry stack tailings facility at Cozamin started in Q4 2021 and completion is expected at year-end 2022. Approximately half of the filtered tailings will be combined with cement to form a paste and pumped underground to be used as mine backfill, allowing for increased copper ore extraction. This project has contributed to the extension of the mine life through 2031 and may give the optionality to extract ore

pillars from historic areas of the mine.

Santo Domingo – Cobalt Study

At Santo Domingo, a tailings stream containing pyrite laden with ~0.6% cobalt, will be recovered through flotation. The concentrate will be sent to a conventional process of roasting and solvent extraction followed by crystallization to produce battery grade cobalt sulphate heptahydrate. At an expected 10.4 million pounds of cobalt production per year, this will be one of the largest and lowest cost cobalt producers in the world at C1 cash costs^{1,2} of -\$4 per pound. Additional benefits of this project include the production of by-product sulphuric acid from a pyrite roasting process, which can be used for heap or dump leaching to produce low-cost copper cathodes at Santo Domingo, Mantoverde, and elsewhere in the district.

EXPLORATION UPDATE

The 2022 budget for brownfield exploration at Cozamin is \$3 million and Santo Domingo of \$2 million. In addition, the total budget for greenfield exploration is \$9 million of which \$7 million is planned for the Copper Cities Project in the Pinto Valley district (refer to the news release titled “**Capstone Enters into Exploration Access Agreement with BHP Copper Inc. for Copper Cities Project**” dated January 20, 2022), and the remaining \$2 million is planned for exploration in Chile and Brazil.

Refer to the [Exploration](#) page on Capstone’s website for more information. An update on 2021 exploration results and further details on 2022 exploration programs will be released during Q1 2022.

Q4 2021 RESULTS CONFERENCE CALL AND WEBCAST DETAILS

Capstone will release its 2021 Q4 and YE 2021 results on Tuesday, February 15, 2022 after market close, followed by an investor webcast and conference call on Wednesday, February 16, 2022 at 11:30 am ET (8:30 am PT).

Link to the webcast and audio:

https://produceredition.webcasts.com/starthere.jsp?ei=1524721&tp_key=1dedc36dcb

Dial-in numbers for the audio-only portion of the conference call are below. Due to an increase in call volume, please dial-in at least five minutes prior to 11:30 am ET to ensure placement into the conference line on time.

Toronto: (+1) 416-764-8650

Vancouver: (+1) 778-383-7413

North America toll free: 888-664-6383

Confirmation #50217755

A replay of the conference call will be available until March 2, 2022. Dial-in numbers for Toronto: (+1) 416-764-8677 and North American toll free: 888-390-0541. The replay code is 217755#. Following the replay, an audio file will be available on Capstone’s website at: <https://capstonemining.com/investors/events-and-presentations/default.aspx>.

ABOUT CAPSTONE MINING CORP.

On November 30, 2021, Capstone and Mantos Copper announced that they have entered into a definitive agreement to combine pursuant to a plan of arrangement under the Business Corporations Act (British Columbia) (the “Transaction”) Upon completion of the Transaction, the new company will be named Capstone Copper 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 copper-silver mine in Zacatecas State, Mexico. In

addition, Capstone owns 100% of Santo Domingo, a large scale, fully permitted, copper-iron-gold project in Region III, Chile, 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) under the symbol CS.

Further information is available at www.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 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 and the impacts of the ongoing and evolving COVID-19 pandemic. Forward-looking statements include, but are not limited to, statements with respect to the estimation of Mineral Resources and Mineral Reserves, the expected success of the underground paste backfill system study, the realization of Mineral Reserve estimates, the timing and amount of estimated future production, costs of production and capital expenditures, the timing and expected results of the PV4 Study, construction at Cozamin, the Cobalt Study at Santo Domingo and the budget for exploration at Cozamin, Santo Domingo, Pinto Valley and other Projects the success of our mining operations, the continuing success of mineral exploration, the estimations for potential quantities and grade of inferred resources and exploration targets, Capstone's ability to fund future exploration activities, environmental risks, unanticipated reclamation expenses and title disputes. The consummation and timing of the transaction with Mantos Copper (the "Transaction"), the timing for the shareholders meeting for the Transaction and the mailing of materials. The potential effects of the COVID-19 pandemic on our business and operations are unknown at this time, including Capstone's ability to manage challenges and restrictions arising from COVID-19 in the communities in which Capstone operates and our ability to continue to safely operate and to safely return our business to normal operations. The impact of COVID-19 to Capstone is dependent on a number of factors outside of our control and knowledge, including the effectiveness of the measures taken by public health and governmental authorities to combat the spread of the disease, global economic uncertainties and outlook due to the disease, and the evolving restrictions relating to mining activities and to travel in certain jurisdictions in which we operate.

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", "guidance", "plan" and "expected". 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, 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, market access restrictions or tariffs, 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, licenses and permits from governmental authorities, acting as Indemnitor for Minto Exploration Ltd.'s surety bond obligations post divestiture, impact of climatic conditions on our Pinto Valley and Cozamin 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, including our ability to access goods and supplies, the ability to transport our products and impacts on employee productivity, the risks in connection with the operations, cash flow and results of Capstone relating to the unknown duration and impact of the COVID-19 pandemic, uncertainties and risks related to the potential development of the Santo Domingo Project, including our ability to finance the 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, risks related to the consummation of the Transaction, including failure to receive shareholder and other necessary consents and approvals for the Transaction. As well as other risks of the mining industry and 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.

NATIONAL INSTRUMENT 43-101 COMPLIANCE

Unless otherwise indicated, Capstone has prepared the technical information in this news release ("Technical Information") based on information contained in the technical reports, Annual Information Form 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") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). Readers are encouraged to review the full text of the Disclosure Documents 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. Disclosure Documents include the National Instrument 43-101 compliant technical reports titled "NI 43-101 Technical Report on the Cozamin Mine, Zacatecas, Mexico" effective October 23, 2020, "NI 43-101 Technical Report on the Pinto Valley Mine, Arizona, USA" effective March 31, 2021 and "Santo Domingo Project, Region III, Chile, NI 43-101 Technical Report" effective February 19, 2020.

The disclosure of scientific and Technical Information in this news release was reviewed and approved by Brad Mercer, P. Geol., SVP Strategic Projects and Exploration.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are furnished to provide additional information. These non-GAAP performance measures are included in this news release because these statistics are key performance measures that management uses to monitor performance, to assess how the Company is performing, and to plan and assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a standard meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

C1 Cash Costs¹ Per Payable Pound of Copper Produced

C1 cash costs¹ per payable pound of copper produced is net of by-product credits and is a key performance measure that management uses to monitor performance. Management uses this measure to assess how well the Company's producing mines are performing and to assess overall efficiency and effectiveness of the mining

operations and assumes that realized by-product prices are consistent with those prevailing during the reporting period.

Net Debt

Net debt is a performance measure used by the Company to assess its financial position.

Sustaining capital

Sustaining capital is expenditures to maintain existing operations and sustain production levels.

Expansionary capital

Expansionary capital is expenditures to increase current or future production capacity, cash flow or earnings potential.

¹ This is an alternative performance measure; please see “Alternative Performance Measures” at the end of this release.

² Reflects operating costs related to the cobalt process, net of by-product credits from sulphuric acid sales of \$45 per tonne ex-minesite, power credits from cogen plant, and copper recovered in the process.

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