

## Capstone Steps Out Into 6.3m of 5.3% Cu: Expansion and Infill Drilling Amongst the Best Results Ever at Cozamin

January 16, 2020

VANCOUVER, British Columbia –

Capstone Mining Corp. (“Capstone” or the “Company”) (TSX:CS) announces additional high grade copper and silver results from 21 infill and 6 step out drill holes at its Cozamin Mine, further to the update of December 2, 2019. This brings the total drilled to date to 150 holes of a 200 hole program, aiming to double the current reserve base. Drill results to date continue to demonstrate greater widths and grades than current Mineral Reserves, as well as the potential for an expanded high grade resource. Mineral Resource and Mineral Reserve estimates will be updated in late 2020. Cozamin is expected to achieve a 50% increase to annual copper and silver production of 50 to 55 million pounds and 1.5 million ounces, respectively, by 2021.

This press release features multimedia. View the full release here:  
<https://www.businesswire.com/news/home/20200116005251/en/>

Figure 1 – Select High Grade Step-out and Infill Holes at Cozamin Mine (Graphic: Business Wire)

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“The most recent drill results are exceeding our expectations for the Mala Noche Footwall Zone (“MNFWZ”). We continue to see

wide intercepts of high copper-silver grades, and now step outs to the northwest in undrilled territory are delivering some of the highest grades ever drilled at Cozamin. The two-year drilling initiative is more than two months ahead of schedule, allowing us to add more holes for a new mineral resource and mineral reserve estimate and Technical Report by the end of 2020,” said Brad Mercer, SVP Exploration and Operations.

Darren Pylot, Capstone’s President and CEO said, “Our exploration team continues to push the boundaries at Cozamin. After 13 years since we started mining, we continue to surface incredible value for all stakeholders with the drill bit. These results will ensure that this mine will remain a first quartile cost, cornerstone asset well into the future. The entire Cozamin team is doing a wonderful job in setting the mine up to be bigger and higher grade in 2021 and beyond. Development work on both the underground one-way ramp and ventilation are both on budget and ahead of schedule to be completed by the end of 2020.”

**Figure 1 – Select High Grade Step-out and Infill Holes at Cozamin Mine**

**Figure 2 – Long-section of the Mala Noche Footwall Zone Showing Copper % \* Estimated True Width (m)**

The best grade\*thickness intercepts lie outside of the current Mineral Reserve.

**Figure 3 – Long-section of the Mala Noche Footwall Zone Showing Silver g/t \* Estimated True Width (m)**

Comparing Figure 3 to Figure 2, the strong positive correlation between copper and silver grades is clearly demonstrated.

**Figure 4 – Image of Drill Core from Hole CG-19-S445**

Coarse grained, high grade chalcopyrite mineralization along with a positive copper-silver correlation underpins high copper and silver recoveries.

Select intervals are summarized in Table 1 and full results for all previously unreleased holes since the December 2, 2019 exploration update are in Table 2.

**Table 1 – Selected MNFWZ Drilling Completed Since the December 2, 2019 News Release**

Section ID #	Drill hole ID	Type	In Resource	From (m)	To (m)	Width (m)	True Width* (m)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)
9	CG-19-S445 including	step-out	no	553.5	563.4	9.9	6.3	5.31	0.15	0.01	78.8
				553.5	557.8	4.3	2.8	9.80	0.26	0.01	139.0
2	CG-19-S443	step-out	no	588.7	591.0	2.3	1.8	4.95	0.15	0.01	103.7
4	CG-19-S436	step-out	no	642.8	645.2	2.4	1.7	6.13	0.24	0.02	97.9
10	CG-19-S441	step-out	no	516.8	523.2	6.4	5.4	3.35	0.34	0.01	62.4
11	CG-19-S455	infill	no	487.8	493.5	5.7	5.4	7.65	0.35	0.10	141.3
12	CG-19-S437 including	infill	no	504.9	525.8	20.9	19.3	1.94	0.15	0.01	45.2
				522.8	525.8	3.0	2.8	5.90	0.33	0.02	134.2
14	CG-19-S440 including	infill	no	597.5	603.2	5.7	4.9	8.29	0.25	0.02	133.1
				597.5	601.5	4.0	3.4	10.75	0.32	0.02	165.9
23	CG-19-S444 including	infill	no	522.3	535.0	12.7	11.8	3.31	0.11	0.01	82.3
				531.0	535.0	4.0	3.7	7.89	0.20	0.02	198.5

\*estimated true width of vein intercept for inclined drill holes

For drill hole location and context please view the long-section of the MNFWZ at <https://capstonemining.com/files/images/maps/Cozamin-Long-Section-Jan2020-Update.pdf>.

**Table 2 – All MNFWZ Drilling Completed Since the December 2, 2019 News Release**

Section ID #	Drill hole ID	Type	In Resource	From (m)	To (m)	Width (m)	True Width* (m)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)
1	CG-19-S449	step-out	no	572.5	577.5	5.0	3.9	1.96	0.07	0.01	48.4
2	CG-19-S443	step-out	no	588.7	591.0	2.3	1.8	4.95	0.15	0.01	103.7
3	CG-19-S453	step-out	no	598.7	603.3	4.6	3.7	3.65	0.10	0.00	79.2
4	CG-19-S436	step-out	no	642.8	645.2	2.4	1.7	6.13	0.24	0.02	97.9
5	CG-19-U503 including	infill	no	481.8	487.9	6.1	6.0	1.92	0.07	0.01	37.1
				485.8	487.9	2.1	2.1	2.56	0.12	0.01	48.2
6	CG-19-U505	infill	no	501.7	502.8	1.1	1.0	0.96	0.04	0.01	14.9
7	CG-19-U504	infill	no	512.3	519.7	7.4	7.1	2.53	0.07	0.01	50.4

	including			516.4	519.7	3.3	3.2	4.92	0.13	0.02	101.5
8	CG-19- U506	infill	no	520.0	523.6	3.6	3.4	2.25	0.09	0.01	34.1
	including			522.8	523.6	0.8	0.7	7.87	0.31	0.02	109.0
9	CG-19- S445	step- out	no	553.5	563.4	9.9	6.3	5.31	0.15	0.01	78.8
	including			553.5	557.8	4.3	2.8	9.80	0.26	0.01	139.0
10	CG-19- S441	step- out	no	516.8	523.2	6.4	5.4	3.35	0.34	0.01	62.4
11	CG-19- S455	infill	no	487.8	493.5	5.7	5.4	7.65	0.35	0.10	141.3
12	CG-19- S437	infill	no	504.9	525.8	20.9	19.3	1.94	0.15	0.01	45.2
	including			522.8	525.8	3.0	2.8	5.90	0.33	0.02	134.2
13	CG-19- S450	infill	no	496.6	510.3	13.7	12.5	1.50	0.15	0.00	32.6
	including			506.2	510.3	4.1	3.8	2.61	0.14	0.01	54.2
14	CG-19- S440	infill	no	597.5	603.2	5.7	4.9	8.29	0.25	0.02	133.1
	including			597.5	601.5	4.0	3.4	10.75	0.32	0.02	165.9
15	CG-19- S435	infill	no	626.2	630.2	4.0	3.1	2.87	0.07	0.01	55.6
16	CG-19- S452	infill	no	568.4	571.6	3.2	2.8	6.82	0.20	0.02	125.3
17	CG-19- S456	infill	no	568.3	577.0	8.7	6.9	3.39	0.10	0.01	93.0
18	CG-19- S442	infill	no	551.7	577.7	6.0	5.6	1.88	0.06	0.01	44.5
	including			551.7	553.5	1.8	1.7	4.92	0.14	0.02	109.3
19	CG-19- S446	infill	no	625.2	629.5	4.3	3.4	5.16	0.18	0.02	101.1
	including			625.2	626.7	1.5	1.2	13.04	0.38	0.02	236.5
20	CG-19- S457	infill	no	537.0	538.3	1.3	1.2	0.51	0.03	0.01	16.4
21	CG-19- S447	infill	no	533.6	541.0	7.4	7.2	4.99	0.13	0.01	117.6
	including			535.2	540.4	5.2	5.1	6.41	0.17	0.01	151.6
22	CG-19- S438	infill	no	559.2	561.5	2.3	2.3	3.85	0.10	0.02	111.9
	and			575.7	577.2	1.5	1.5	5.25	0.16	0.01	95.3
23	CG-19- S444	infill	no	522.3	535.0	12.7	11.8	3.31	0.11	0.01	82.3
	including			531.0	535.0	4.0	3.7	7.89	0.20	0.02	198.5
24	CG-19- S454	infill	no	509.0	510.4	1.4	1.4	0.42	0.03	0.01	11.0
25	CG-19- S451	infill	no	no significant intercepts							

26	CG-19-S448	infill	no	no significant intercepts							
27	CG-19-S439	infill	no	526.9	527.4	0.5	0.5	0.76	0.28	0.03	46.7

\*estimated true width of vein intercept for inclined drill holes

## METHODOLOGY

All samples were submitted for preparation by ALS at its facilities in Zacatecas, Mexico, followed by analysis at the ALS Laboratory in North Vancouver, Canada. The entire sample is crushed to a minimum of 70% passing 2 millimetres. A 250g subsample of the crushed material is then pulverized to 85% passing 75 microns. Copper, zinc, lead and silver are determined by ICP analysis after 4 acid digestion of a 0.4g subsample of pulverized material. QAQC samples in each batch of 20 samples include a blank, a certified reference material and a duplicate (one of a field, coarse reject or pulp reject).

## 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 has the large scale 70% owned copper-iron Santo Domingo development 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](http://www.capstonemining.com).

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release, and the documents incorporated by reference herein, 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. ("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 success of our mining operations, 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, 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, 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, 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 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](http://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, news releases and MD&A's (collectively the "Disclosure Documents") available under Capstone Mining Corp.'s company profile on SEDAR at [www.sedar.com](http://www.sedar.com). For further details refer to the Company's NI 43-101 Technical Report on Cozamine Mine, Zacatacas, Mexico published January 24, 2019. 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.

The Scientific and Technical Information in this news release has been prepared in accordance with NI 43-101 and reviewed and approved by Brad Mercer, P. Geol., Capstone's Senior Vice President, Operations and Exploration, a Qualified Person and the person who oversees exploration activities on the Cozamin Mine property.

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