March 25, 2021

Capstone Announces Gold Stream with Wheaton Precious Metals; Enters into a Binding Port Deal, and Consolidates 100% Ownership in 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) is pleased to announce that it has entered into three separate agreements to advance Santo Domingo in Region III, Chile, (“Santo Domingo” or “the Project”) as described in the Santo Domingo Project, Region III, Chile NI 43-101 Technical Report and Preliminary Economic Assessment¹ (the “Technical Report”), to construction targeted by year-end 2021.

HIGHLIGHTS OF THREE SEPARATE TRANSACTIONS

1. Gold Stream Agreement with Wheaton Precious Metals for $290 Million
Capstone and Wheaton Precious Metals International Ltd. (“Wheaton”) have entered into a precious metals purchase agreement for the production of gold from the Project (the “Gold Stream Agreement”). Capstone will receive an upfront deposit of $30 million (the “Early Deposit”) and additional deposits totalling $260 million for total consideration of $290 million (“the Deposit”). The Early Deposit will be advanced on closing for the initial payment of the KORES minority interest. Wheaton will receive 100% of the gold production from the Project until 285,000 ounces have been delivered, thereafter dropping to 67% of the gold production. Wheaton will make ongoing payments equal to 18% of the spot gold price, until the Deposit has been reduced to zero, thereafter increasing to 22% of the spot gold price upon delivery.

2. Share Purchase Agreement to Consolidate 100% Ownership of Santo Domingo
Capstone has entered into a Share Purchase Agreement (the “SPA”) with Korea Chile Mining Corporation, a wholly owned subsidiary of Korea Resources Corporation (collectively, “KORES”) to purchase KORES’ 30% ownership interest in Santo Domingo for $120 million in three cash payments over the next four years including an initial payment of $30 million. The SPA enables consolidation of 100% ownership in Santo Domingo which provides greater flexibility to Capstone’s strategic process in securing a partner.

3. Santo Domingo Port Framework Agreement – Puerto Ventanas to Design, Build, Operate & Finance
Capstone has entered into a framework agreement with Puerto Abierto S.A., a wholly owned subsidiary of Puerto Ventanas S.A. (subsidiary of Sigdo Koppers S.A., collectively “Puerto Ventanas” or “PVSA”), under which Puerto Ventanas assumes responsibility for financing, constructing and operating the proposed port component of the Santo Domingo project. This represents approximately $250 million of the initial capital identified in the most recent NI 43-101 Technical Report. Discussions with Sigdo Kopper’s rail business “FEPASA” are ongoing and present an opportunity for a further $150 million reduction in Santo Domingo project capital costs by replacing the iron pipeline and related port infrastructure with a rail option.

“The gold stream and port agreements are key steps in our reduced capital strategy which aims to decrease the capital required by a target of $700 million. The consolidation of 100% ownership of the project allows Capstone to efficiently engage in discussions with potential strategic partners,” said Darren Pylot, President and CEO of Capstone, “KORES is a large shareholder and they believe the company is at the forefront of significant copper growth.”

Jason Howe, Capstone’s SVP Corporate Development stated, “this is another strong technical and financial endorsement from Wheaton and speaks to the potential of this fully permitted project in Chile. The Port deal is a partnership with a leading port services company whose track record is internationally recognized.”

**KEY HIGHLIGHTS**

- **Increased Optionality:** Consolidating 100% ownership in Santo Domingo simplifies ownership and capital structure and streamlines negotiations for partnerships and project financing. The ownership consolidation cancels any offtake obligations with KORES and re-opens the potential for future placement of high-quality copper and iron off-take deals with a new strategic partner.

- **Executing on Reduced Capital Strategy:** Targeting a capital balance of $0.8 billion from $1.5 billion total capital expenditure. The Gold Stream Agreement, Port Agreement and the potential rail deal could collectively reduce capital requirements by over $0.7 billion.

- **Gold Stream is a Low Cost of Capital of ~5%:** At spot gold (~$1730) the stream cost of capital is 5%. Pre-stream, gold represented approximately 3% of total revenue and the $290 million represents 19% of the total initial capital of $1.51 billion in the Technical Report.

- **Santo Domingo Maintains First Quartile Cash Costs:** Santo Domingo is expected to remain in the lowest quartile of cash costs even with gold stream, port deal and a future rail deal.

- **Cobalt Opportunity:** Santo Domingo is one of the largest and lowest cost cobalt projects outside of the DRC. It is the only refined cobalt project in the Americas not dependent on third party DRC feed. Feasibility study expected to be completed H2/22.

**STREAM TRANSACTION TERMS**

Under the terms of the Gold Stream Agreement, Capstone will be advanced $30 million as an early deposit, payable on closing, to fund the initial portion of the SPA with KORES. The balance of the $290 million upfront cash consideration will be payable during the development and construction of the Santo Domingo Project, subject to sufficient financing having been obtained to cover total expected capital expenditures and other customary conditions. In addition, Wheaton will make ongoing payments equal to 18% of the spot gold prices until the uncredited portion of the upfront payment is reduced to zero, and 22% of the spot gold prices thereafter. Capstone will deliver 100% of life of mine payable gold from Santo Domingo until 285,000 ounces have been delivered, after which the stream will be reduced to 67%. The Stream Agreement is effective March 24, 2021. Closing of the transaction is subject to the completion of certain corporate matters and customary conditions.

Gold production accounts for less than 3% of revenue at Santo Domingo based on the Technical Report. The implied cost of capital for the gold stream is approximately 5% at spot gold prices while providing approximately 19% of the $1.51 billion initial capital in the Technical Report.

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2 Darton Commodities Limited (2020-2021 Cobalt Market Review)
**KORES TRANSACTION TERMS**

Under the terms of the SPA, Capstone will make $120 million in cash payments as follows:

- $30 million payable on closing
- $45 million payable 18 months following closing
- $45 million payable 48 months following closing

Additionally, a promissory note held between KORES and the joint venture company shall be assigned to Capstone on closing, a non-cash consideration. If Capstone subsequently sells greater than 50% of Santo Domingo within 18 months for an all-cash price of greater than $120 million for 30% then the second deferred payment of $45 million shall be accelerated to KORES. Capstone expects future payment obligations to be funded by cash proceeds on sale of an interest to a new strategic partner.

**PUERTO VENTANAS TRANSACTION TERMS**

- Under the terms of the Framework Agreement, Puerto Ventanas assumes responsibility for the design build, operation and financing of the Port which reduces initial capital expenditure at Santo Domingo by an estimated $250 million.
- PVSA strategy is to convert the approved port to a multi-user terminal capable of both shipping and receiving cargo.
- PVSA and Santo Domingo have coordinated and aligned their respective development schedules to match port operations with beginning of mine operations.
- The Agreement is based on proposed tariffs that are tied to an open-book costing model with a mutually agreed economic recovery model. At the time of full notice to proceed the tariffs will convert to a fixed recovery fee and a cargo throughput services fee. A prearranged rate discount has been agreed for any third-party roll-in additions to the port.
- Santo Domingo will guarantee a throughput commensurate with the economic recovery model for an agreed IRR. PVSA will have an option to purchase the facility outright subject to approval from environmental regulatory bodies.

**MILESTONES TOWARDS SANTO DOMINGO PRODUCTION**

**Project Financing**

- Conclusion of partnership process (Q3/21)
- Project debt facility (Q4/21)

**Major Construction**

- EPC contract sign-off (Q4/21)
- Construction of mill site (Q1/22)
- Commissioning (Q4/23)

**Port Upcoming Milestones**

- Port services agreement (Q2/21)
- Port commissioning (Q4/23)

**Rail**

- Framework agreement with FEPASA (Q4/21)
ADVISORS AND COUNSEL
GenCap Mining Advisory Ltd. is acting as financial advisor to Capstone for the Gold Stream Agreement and Blake, Cassels & Graydon LLP is acting as legal advisor for the Gold Stream Agreement and the KORES SPA.

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 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. 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 NATIONAL INSTRUMENT 43-101
Unless otherwise indicated, Capstone has prepared the scientific and 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 Scientific and 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 Scientific and Technical Information in this news release has been prepared in accordance with NI 43-101 and reviewed and approved by Dr. Albert Garcia III, Ph.D., PE., Capstone Mining Corp. (Non-independent) Qualified Person, as defined by 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, Capstone’s ability to satisfy
the conditions of closing the Gold Stream Agreement and complete required corporate matters, Capstone’s ability to complete the required agreements contemplated in the Framework Agreement with Puerto Ventanas, Capstone and Puerto Ventanas’ ability to finance the construction of the Port, Capstone’s ability to finance the Santo Domingo Project, the successful completion of our strategic process for the Santo Domingo Project, statements with respect to the estimation of Mineral Resources and Mineral Reserves, the realization of Mineral Reserve estimates, the timing and amount of estimated capital costs for the construction of Santo Domingo Project, the estimation of the capital cost reductions contemplated as a result of the Port Agreement the estimation of future production, costs of production, the estimation of time to production for the Santo Domingo Project, the timing and possible outcome of legal proceedings and regulatory actions, 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 “aims”, “plans”, “contemplated” “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 Santo Domingo Port and other permits required for the Santo Domingo Project our ability to finance the Santo Domingo Project, our ability to find a strategic partner for the Santo Domingo Project, risk related to compliance with our covenants under our RCF, 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, changes in governmental tax legislation or interpretation thereof, impact of climatic conditions on our operations, aboriginal title claims, land reclamation and mine closure obligations, uncertainties and risks related to the potential development of the Santo Domingo Project, increased constructions costs, 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.
CAUTIONARY NOTE TO UNITED STATES INVESTORS REGARDING PRESENTATION OF MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

As a British Columbia corporation and a “reporting issuer” under Canadian securities laws, we are required to provide disclosure regarding our mineral properties in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. In accordance with NI 43-101, we use the terms mineral reserves and resources as they are defined in accordance with the CIM Definition Standards on mineral reserves and resources (the “CIM Definition Standards”) adopted by the Canadian Institute of Mining, Metallurgy and Petroleum. In particular, the terms “mineral reserve”, “proven mineral reserve”, “probable mineral reserve”, “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” used in this news release and the documents incorporated by reference herein and therein, are Canadian mining terms defined in accordance with CIM Definition Standards. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC. Accordingly, information contained in this news release and the documents incorporated by reference herein may not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

United States investors are also cautioned that while the SEC will now recognize “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”, investors should not assume that any part or all of the mineralization in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. Mineralization described using these terms has a greater amount of uncertainty as to their existence and feasibility than mineralization that has been characterized as reserves. Accordingly, investors are cautioned not to assume that any “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” that we report are or will be economically or legally mineable. Further, “inferred resources” have a greater amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist. In accordance with Canadian rules, estimates of “inferred mineral resources” cannot form the basis of feasibility or other economic studies, except in limited circumstances where permitted under NI 43-101.