

June 3, 2019

## Capstone Mining Sells Minto Mine For Up To US\$20 Million

**Vancouver, British Columbia** - Capstone Mining Corp. ("Capstone") (TSX:CS) announced it has entered into a definitive share purchase agreement (the "Agreement") to sell its 100% interest in the Minto mine ("Minto" or the "Mine") to Pembridge Resources PLC ("Pembridge") (LON:PERE) (the "Transaction"). Under the terms of the Agreement, Capstone will receive up to US\$20 million in cash (the "Purchase Price"), in staged payments. The Transaction closed simultaneously with the signing of the Agreement and is effective immediately.

"The sale of the Minto mine is very good news all around. Capstone will no longer incur the expense of having the mine on care and maintenance, and the recommencement of operations will be positive for Minto employees, contractors and the local economy," said Darren Pylot, President & CEO of Capstone. "Completing Minto's divestiture allows Capstone's management to focus on our core operations, which includes completing the strategic process for Santo Domingo."

The Transaction requires Pembridge to pay Capstone as follows:

- US\$5 million within 60 days of reaching commercial production;
- US\$5 million within 90 days, following two consecutive quarters of commercial production in which the average London Metals Exchange Cash Copper Bid Price ("Average LME Price") is greater than US\$3.00 per pound within the three years following commercial production; and
- US\$10 million, within 90 days following two consecutive quarters of commercial production in which the Average LME Price is greater than US\$3.50 per pound within the three years following commercial production.

As a result of the Transaction, Capstone will derecognize an approximate US\$24 million asset retirement obligation in its financial statements this quarter; and will recognize an accounting charge of approximately US\$20 million to US\$30 million due primarily to the reversal of non-cash, cumulative translation adjustments related to foreign exchange at Minto which currently reside in equity. In conjunction with closing, Pembridge has posted a surety bond to cover potential future reclamation liabilities. In addition, Pembridge will be required to post C\$10 million in cash collateral over time against the bond and conduct prescribed progressive reclamation activities to reduce the overall future closure cost. While this surety bond is outstanding, Capstone will act as an indemnitor to the surety bond provider and for certain other obligations, and Pembridge will indemnify Capstone for environmental liabilities at the Mine.

Proceeds from the sale of Minto will be used to reduce outstanding debt under Capstone's revolving credit facility.

### 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 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, 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).



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**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 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 timing and anticipated staged payments for the sale of Minto and the accounting treatment thereof. 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 "future reclamation liabilities", "future closure cost" and "outstanding". 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 the operation and closure of mining projects, future prices of copper and other metals, changes in general economic conditions, 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](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.