

Capstone Mining Completes Sale of Kutcho Project for C\$28.8 Million in Cash

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VANCOUVER, Dec. 15, 2017 /CNW/ - [Capstone Mining Corp.](#) ("Capstone") (TSX: CS) has completed the sale of its Kutcho development project to Kutcho Copper Corp. ("Kutcho Copper") (formerly [Desert Star Resources Ltd.](#)). Under the terms of the agreement, Capstone received C\$28.8 million in cash and 4,646,892 common shares of the newly named Kutcho Copper (the "SPA Shares") (collectively, the "Kutcho Transaction").

"The divestiture of Kutcho allows us to further strengthen our balance sheet and focus on our core assets," said Darren Pylot, President and Chief Executive Officer of Capstone. "We look forward to participating in the future anticipated success of Kutcho Copper through our share ownership."

Capstone intends to use net proceeds from the sale to reduce outstanding borrowings under its revolving credit facility and for general corporate purposes.

Concurrently with the closing of the Kutcho Transaction, Capstone acquired an additional 3,076,923 Desert Star Shares (the "Placement Shares" and, together with the SPA Shares, the "Total Shares") and 1,538,461 Desert Star Share purchase warrants (the "Placement Warrants") pursuant to a non-brokered private placement (the "Private Placement") for aggregate consideration of C\$1,999,999.95. Each Placement Warrant entitles the holder thereof to acquire, on payment of C\$1.00, one Desert Star Share at any time during the 36-month period following closing.

Prior to these transactions, Capstone did not own or control, directly or indirectly, any Desert Star Shares. Following the completion of the transaction and acquisition of the Total Shares, Capstone owns and controls, directly or indirectly, 7,723,815 Desert Star Shares, representing approximately 16.5% of the current issued and outstanding Desert Star Shares on a non-diluted basis.

Capstone acquired the SPA Shares as consideration for the sale of its Kutcho development project and acquired the Placement Shares and the Placement Warrants for investment purposes. Capstone may from time to time acquire additional securities, dispose of some or all of the existing or additional securities, or may continue to hold the securities of Desert Star. Pursuant to the terms of the Kutcho Transaction and for so long as Capstone holds at least five percent of the issued and outstanding shares of Desert Star ("Common Shares"), Capstone is entitled to certain participation rights in respect of any future issuance or sale of Desert Star Shares and is also entitled to nominate a representative to the board of directors of Desert Star.

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 three producing mines are the Pinto Valley copper mine located in Arizona, US, the Cozamin polymetallic mine in Zacatecas State, Mexico and the Minto copper mine in Yukon, Canada. 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 exploration properties in Chile. 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.

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 Company's use of proceeds for the sale. 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 "anticipate" and "intend". 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 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. 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.

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