



CAPSTONE MINING CORP.

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FOR IMMEDIATE RELEASE

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#09-36

Capstone Reports Strong Third Quarter and Year-to-Date Financial Results

***Cash Flow from Mining Operations⁽¹⁾ of \$36.6 million in Third Quarter and \$85.5 million in first 9 months of 2009
64.4 million Pounds of Payable Copper Produced at an Estimated Total Cash Cost⁽¹⁾ of \$0.99 per payable pound
(All amounts in US\$ unless otherwise specified)***

VANCOUVER, British Columbia - Capstone Mining Corp. (CS: TSX) today announced its financial results for the third quarter and nine months ended September 30, 2009. For the third quarter, Capstone reported cash flow from mining operations⁽¹⁾ of \$36.6 million (\$0.19/share) on sales of 24.6 million pounds of copper. This compares to cash flow from operations⁽¹⁾ of \$22.6 million (\$0.12/share) on sales of 17.8 million pounds of copper in the second quarter. The higher sales of copper metal are primarily a result of the timing of concentrate shipments from the Minto Mine, with two shipments in the third quarter versus only one in the second quarter. Cash flows were higher in the third quarter as a result of the higher metal sales combined with higher metal prices. During the first nine months of 2009, Capstone reported cash flow from mining operations⁽¹⁾ of \$85.5 million (\$0.47/share) on sales of 69.7 million pounds of copper. Copper produced in the first nine months at Capstone's two mines, Cozamin and Minto, totalled 64.4 million pounds of payable copper at an estimated total cash cost⁽¹⁾ of \$0.99 per payable pound.

Copies of Capstone's financial statements and management's discussion and analysis ("MD&A") are available on Capstone's website at <http://capstonemining.com/s/FinancialStatements.asp>. This release should be read in conjunction with the third quarter 2009 financial statements and MD&A. **Capstone will hold a conference call Friday November 13, 2009 at 8:00 AM Pacific time (11:00 AM Eastern time) to discuss these results; call-in details are at the end of this release.** An updated corporate presentation, including charts summarizing the more significant financials results, is also available on the Company's website at <http://capstonemining.com/s/Presentation.asp>.

"Capstone's mining operations continue to generate strong cash flow as a result of our low cost of production and improving metal prices," said Darren Pylot, Vice Chairman & CEO of Capstone Mining Corp. "Our continued strong cash flow from mining operations¹ of \$36.6 million or \$0.19 per share in the third quarter and \$85.5 million or \$0.47 per share year-to-date reflects these factors" he said. "During this quarter, we continued to strengthen our balance sheet, ending the period with working capital of \$106.7 million (including \$94.4 million in cash), reduced our long term debt to \$19.9 million, and held investments that had a market value of \$32.4 million on September 30, 2009."

"Despite some challenges, Capstone's two operations, the Cozamin and Minto mines, continued to deliver strong results during the third quarter of 2009," said Stephen Quin, President & COO of Capstone Mining Corp. "With these challenges now behind us, we are well positioned to deliver favourable production and costs for the balance of 2009 while continuing our organic growth through exploration and production expansions," he said. "Capstone's forward sales have served us well in the first nine months of the year, generating approximately

¹These are non-GAAP performance measures and readers should refer to Non-GAAP Performance Measures in the Company's Interim Management's Discussion and Analysis for the three and nine months ended September 30, 2009 as filed on SEDAR and as available on the Company's website for further details.



\$22.9 million in cash over the past nine months. We remain well exposed to upward copper price movements, having only 9.4 million pounds of copper production sold forward at \$2.51 per pound in the fourth quarter 2009.”

Highlights

| | Three Months Ended | | | Nine Months Ended |
|--|--------------------|---------------|--------------------|--------------------|
| | March 31, 2009 | June 30, 2009 | September 30, 2009 | September 30, 2009 |
| Earnings (loss) for the period (\$ millions) | (16.2) | 25.8 | (10.3) | (0.7) |
| <i>Earnings (loss) per share</i> (\$) | <i>(0.10)</i> | <i>0.14</i> | <i>(0.05)</i> | <i>(0.00)</i> |
| Including: | | | | |
| - Earnings from mining operations (\$ millions) | 19.7 | 18.6 | 26.7 | 65.0 |
| - Loss on derivative instruments (\$ millions) | (35.4) | (31.3) | (38.0) | (104.7) |
| - Gain on disposal of investments (\$ millions) | - | 40.7 | 0.1 | 40.8 |
| Adjusted net earnings ⁽¹⁾ (\$ millions) | 30.5 | 16.8 | 18.1 | 65.4 |
| <i>Adjusted Earnings</i> ⁽¹⁾ per share (\$) | <i>0.19</i> | <i>0.09</i> | <i>0.09</i> | <i>0.36</i> |
| Cash flow from mining operations ⁽¹⁾ (\$ millions) | 26.3 | 22.6 | 36.6 | 85.5 |
| <i>Cash flow from mining operations</i> ⁽¹⁾ per share (\$) | <i>0.16</i> | <i>0.12</i> | <i>0.19</i> | <i>0.47</i> |
| Working capital at end of period (\$ millions) | 77.0 | 111.6 | 106.7 | 106.7 |
| Copper sold - (millions lbs) | 27.3 | 17.8 | 24.6 | 69.7 |
| Payable copper produced - (millions lbs) | 25.1 | 22.2 | 17.0 | 64.4 |
| Total cash cost per payable pound of copper ⁽¹⁾ (\$) | 0.91 | 0.97 | 1.14 | 0.99 |

Comparative information is not provided here as 2008 would only include the pre-merger Sherwood results.

Overview

Financial and Production Highlights for the Three Months Ended September 30, 2009

- Recorded a net loss of \$10.3 million or \$0.05 per common share which mainly included:
 - Earnings from mining operations of \$26.7 million; and
 - Loss of \$38.0 million on derivative instruments, which is comprised of:
 - A realized loss of \$1.0 million on instruments settled during the period; and

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- An unrealized non-cash loss of \$37.0 million on the reduction of the derivative instrument asset mark-to-market value over the period due to the increase in the copper price.
- Adjusted net earnings¹ were \$18.1 million or \$0.09 per common share, after making adjustments for certain non-cash and one-time items.
- Generated cash flow from mining operations¹ of \$36.6 million or \$0.19 per common share.
- Working capital, which includes \$94.4 million in unrestricted cash, was \$106.7 million at September 30, 2009 compared with \$111.6 million at June 30, 2009.
- Sold 24.6 million pounds of copper, 2.9 million pounds of zinc, 2.8 million pounds of lead, 9,449 ounces of gold and 446,113 ounces of silver.
- Produced a total of 17.0 million pounds of payable copper at an estimated total cash cost¹ of \$1.14 per pound of payable copper.

Financial and Production Highlights for the Nine Months Ended September 30, 2009

- Recorded a net loss of \$0.7 million or \$0.00 per common share which mainly included:
 - Earnings from mining operations of \$65.0 million;
 - Gain on disposal of investments of \$40.8 million; and
 - Net loss of \$104.7 million on derivative instruments, which is comprised of:
 - A realized gain of \$22.9 million on derivative instruments settled during the period; and
 - An unrealized non-cash loss of \$127.6 million on the reduction of the derivative instrument asset mark-to-market value over the period due to the increase in the copper price.
- Adjusted net earnings¹ were \$65.4 million, or \$0.36 per common share, after making adjustments for certain non-cash and one-time items.
- Generated cash flow from mining operations¹ of \$85.5 million or \$0.47 per common share.
- Working capital, which includes \$94.4 million in unrestricted cash, increased to \$106.7 million at September 30, 2009 from \$35.4 million at December 31, 2008.
- Repaid \$54.9 million of debt related to the project loan facility, capital leases and the convertible debentures
- Sold 69.7 million pounds of copper, 10.4 million pounds of zinc, 6.6 million pounds of lead, and 26,811 ounces of gold and 1,323,270 ounces of silver.
- Produced a total of 64.4 million pounds of payable copper at an estimated total cash cost¹ of \$0.99 per pound of payable copper.

Additional Highlights

- Purchased three mineral claims that are within the immediate area of the Cozamin Mine resources and reserves, opening up potential for the discovery and definition of additional mineral resources on these newly acquired claims.
- Issued a Preliminary Economic Assessment on the Kutcho Project that defined a higher grade, lower risk underground development scenario with a significantly reduced environmental footprint.

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Recommendations for going forward included focusing on opportunities for enhanced returns from improved metallurgical performance and reduced energy costs.

- Announced additional high grade results from drilling on the Minto North deposit as infill drilling was completed in preparation for incorporation of this mineral resource into the Phase IV expansion of the Minto Mine.
- Received permission from regulators to discharge excess run-off water collected in the Minto Mine open pit following an unusually high freshet in Q2/09. Discharge continued throughout Q3/09, during which there was no access to ore in the pit, forcing the mill to rely on lower grade stockpiles for the period. Access to the pit was re-established at the end of Q3/09.
- Announced delays in commencing production from higher grade portions of the Cozamin deposit, restricting mine production to less than the available mill capacity.

Highlights Subsequent to the Nine Months Ended September 30, 2009

- Discharge of excess water from the Minto Mine open pit was essentially complete in the first week of October, allowing extraction of high grade ore from the open pit for the balance of the year. Access to the upper benches of pit were re-established by the end of Q3/09, while pumping of limited quantities of remaining water continued from deeper areas of the pit into Q4/09.
- Completed development of the higher grade portions of the Cozamin deposit and commenced production in late October 2009.
- Purchased 4.5 million units in Nevada Copper Corp. (“Nevada Copper”) by way of a private placement, each unit consisting of one common share and one-half of a common share purchase warrant. The cost of each unit was C\$2.50 for a total investment of C\$11.25 million. Each whole warrant is exercisable into one common share for a period of two years from the closing date at a price of C\$3.00 per common share. The investment in Nevada Copper gives Capstone exposure to a large tonnage, relatively higher grade copper deposit located in a mining friendly jurisdiction.

Results of Operations

- Cozamin Mine:
 - Access to some of the wider, higher grade ore zones was delayed, resulting in mine output being limited to less than mill capacity;
 - Produced 8.2 million pounds of contained copper in concentrates, along with by-product 3.2 million pounds of zinc, 5.1 million pounds of lead and 0.4 million ounces of silver;
 - Processed 236,938 tonnes (2,581tpd) of ore averaging 1.73% copper, 1.51% zinc, 0.89% lead and 67 grams per tonne (“g/t”) silver, with mill throughput constrained by ore availability from underground;
 - Produced 14,710 dmt of copper concentrate averaging 25.3% copper; and
 - Produced 7.8 million pounds of payable copper at a total cash cost¹ of US\$0.75 per pound.
- Minto Mine:
 - Benefited from the Phase III mine expansion to a nominal 3,200 tpd of mill throughput (completed at the end of the first quarter), supported by increased mine production, with higher throughput somewhat offsetting lower stockpile grades while access to the pit was limited;

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- Produced 9.5 million pounds of contained copper in concentrates, along with 3,698 ounces of gold and 45,198 ounces of silver as by-products;
- Processed 269,411 tonnes (2,870 tpd) of ore averaging 1.76% copper, 0.6g/t gold and 6.7g/t silver and a single day record of 4,014 tonnes processed in July and a monthly record of 95,869 tonnes processed in September;
- Produced 10,834 dmt of copper concentrate averaging 40.3% copper; and
- Produced 9.1 million pounds of payable copper at a total cash cost¹ of US\$1.47 per pound.

Outlook

Despite production delays at both the Cozamin and Minto mines, the current year continues to unfold positively for Capstone, based on the following:

- Forecast production of approximately 95 million of copper in concentrates at a total estimated cash cost¹ of approximately \$1.00 per pound, net of by product credits, at the lower end of its prior production guidance range for 2009.
- At the Cozamin Mine:
 - The Company previously provided guidance that the Cozamin Mine production in 2009 was expected to total 35 to 40 million pounds of copper in concentrates, with by-product lead, zinc and silver. This forecast is dependent on sustaining production from the wider, higher grade stopes for the balance of the year.
 - This production has and will come principally from the recently accessed 9, 10 and 11 Levels of the mine, and the 12 Level, which is to be accessed in late 2009. Grades are forecast to average approximately 2% copper for the year.
 - As noted in prior disclosure, access to some of these wider, higher grade stopes took longer than anticipated, which resulted in the third quarter having a lower than average copper grade, but higher lead and zinc grades, for the quarter. However, given the mill's ability to exceed design throughput on a sustained basis (when feed is available) and the above average grade and thickness of the new stopes recently brought on line, production is expected to remain within guidance for 2009.
 - Following the investment in production expansions in prior years, capital expenditures of only \$8.3 million are forecasted in 2009, including some remaining expenditures related to the Phase III expansion. The capital programs are primarily sustaining capital, capital equipment to support the increased underground mining rate and modest efficiency and throughput improvements, as well as connecting the mine to a higher capacity power line that bypasses the city of Zacatecas. As at September 30, 2009, \$3.7 million of the forecast capital had been spent.
 - As a result of the recently completed assessment of the exploration potential of the Cozamin property, plans for surface exploration at Cozamin have been expanded, and now include airborne and ground geophysics, soil geochemistry and detailed mapping of the Cozamin property, resulting in anticipated expenditures of \$0.8 million in 2009, and providing the basis for an exploration drilling program in 2010.
 - Following the acquisition of the three new claims immediately adjacent to the resources and reserves at Cozamin, drifting is underway to provide access for evaluation of these new claims in 2010.

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- At the Minto Mine:
 - The production for the remainder of the year will come from the Phase 3 South of the Minto main pit and from ore stockpiles.
 - Now that discharge of the excess water from the pit is essentially complete, the Company is focused on extracting high grade ore from the Phase 3 South area of the pit and, combined with the mill's proven ability to process higher quantities of ore, the Company anticipates a strong fourth quarter in 2009.
 - Overall production is forecast to come in at approximately 55 million pounds in 2009, slightly below the range of the prior forecast of 60 to 65 million pounds.
 - An independent pre-feasibility study, which is designed to convert a portion of the mineral resources discovered since the last resource update in 2007 to mineral reserves, and to incorporate a further Phase IV increase in mining and throughput to 4,000 tpd, is nearing completion. Additional consideration of further expansions, either to a larger open pit operation or a combined open pit-underground operation are underway;
 - Capital expenditures (excluding deferred stripping) of approximately \$10.5 million are forecast for the Minto Mine in 2009, which include sustaining capital and modest efficiency improvements and advancing the technical and permitting work related to the proposed Phase IV mine expansion (to 4,000 tpd). Also included in this capital amount is \$5.0 million for the manufacturing of a larger scale water treatment plant and water diversion system designed to eliminate the need for future one off water discharge permits and \$0.9 million for the installation of a new hydra-cone crusher to replace contract secondary crushing and to sustain planned Phase IV mill capacities. As at September 30, 2009, \$6.4 million of this capital had been spent;
 - Continued exploration is focused on the discovery of new, high grade, deposits using a combination of geophysics and drilling. A total of \$4.9 million is expected to be spent on exploration during 2009.
- Continued strong cash flow from operations based on the above noted production outlook and current higher metal prices, combined with 9.4 million pounds of copper forward sold in Q4/09 at an average price of \$2.51 per pound.

Conference Call Details

Capstone will host a conference call on Friday, November 13, 2009 to discuss these results. The conference call and webcast details are as follows:

Date: Friday November 13, 2009
Time: 8:00 AM Pacific Time (11:00 AM Eastern Time)
Dial in: North America – 1.800.589.8577, International – 1.416.644.3422
Webcast: <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2844820>
Replay: North America – 1.877.289.8525, International – 1.416.640.1917
Replay Pass code: 4173297#

The conference call replay will be available until November 27, 2009. A transcript of the call will also be made available on Capstone's website (www.capstonemining.com) within 24 hours of the call.

For further information about Capstone, please contact:

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Darren Pylot, Vice Chairman & CEO or **Stephen Quin, President & COO** or Investor Relations' **Jason Howe** at (604) 684-8894 or (866) 684-8894

info@capstonemining.com

The TSX does not accept any responsibility for the adequacy or accuracy of this press release.

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 Company management’s expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “outlook”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “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. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; 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 actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.

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 and news releases (collectively the



“Disclosure Documents”) available under Capstone Mining Corp.’s and Sherwood Copper 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.

The following employees of Capstone, each a Qualified Person, reviewed Technical Information contained in this news release: Robert Barnes, Professional Engineer, reviewed Technical Information related to the Cozamin Mine and Stephen Quin, Professional Geologist reviewed all Technical Information in this news release. In addition, Randall Thompson, General Manager, reviewed Technical Information related to the Minto Mine and Telesforo Martinez, General Manager, reviewed the Technical Information related to the Cozamin Mine.