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FOR IMMEDIATE RELEASE

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#10-03

Capstone Reports Production & Operating Costs for Q4/09 & Full Year 2009

2009 Production of 90m lbs of Copper in Concentrates at an Estimated Total Cash Cost ⁽¹⁾ of US\$1.03 per lb of payable copper

VANCOUVER, British Columbia - Capstone Mining Corp. (CS: TSX) today announced its operating results for the three and twelve months ended December 31, 2009. Combined production totalled 24.7 million and an adjusted 90 million pounds of copper in concentrates for the three and twelve months ended December 31, 2009, with additional significant by-products of lead, zinc, silver and gold. The total cash costs ⁽¹⁾, net of estimated by-product credits and selling costs, were US\$1.04 and US\$1.03 per pound of payable copper produced in the three and twelve months ended December 31, 2009, respectively.

“Strong fourth quarter operating results resulted in an adjusted 90 million pounds of copper in concentrates at a total cash cost of US\$1.03 per payable pound of copper during 2009, helped by a return to normal operations at both mines in the fourth quarter,” said Stephen Quin, President & COO of Capstone Mining Corp. “Our mining operations in the Yukon and Mexico are well positioned to meet their objectives for 2010, and both operations have some excellent opportunities to further optimize and enhance their performance,” he said. “In addition, our land holdings surrounding each of our mines have excellent exploration potential and will be the subject of sustained exploration during the year as we look to realize on that potential.”

Capstone Mining – Production Highlights for 2009

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Total 2009 (Adjusted)
Copper in concentrates (millions of pounds)					
- Cozamin	9.8	9.9	8.2	8.9	36.1
- Minto	16.2	13.2	9.5	15.8	53.7
Total	26.0	23.1	17.7	24.7	89.8
Total cash costs of payable copper ⁽¹⁾ (US\$/lb)					
- Cozamin	\$1.00	\$0.81	\$0.75	\$0.94	\$0.90
- Minto ⁽²⁾	\$0.87	\$1.09	\$1.48	\$1.10	\$1.12
Average	\$0.92	\$0.97	\$1.14	\$1.04	\$1.03

(2) Minto's operating costs are adjusted to exclude mining of ore and waste not related to concentrate produced in the period, these costs are capitalized or inventoried in the financial statements, then expensed when the associated ore is processed.

Both mines realized negative adjustments to previously reported copper production based on the final settlement of copper sales during the year, 1.0 million pounds at Minto and 0.7 million pounds at Cozamin. As these amounts are related to adjustments to shipments made over the full year, the adjustments are only reflected in the year to date column, therefore certain lines will not sum across.

(1) These are non-GAAP performance measures and readers should refer to Non-GAAP Performance Measures note at the end of this news release for further details.



Operational Highlights for the three and twelve months ended December 31, 2009

The following is a summary of Capstone's operational highlights for the three and twelve months ended December 31, 2009:

- Production of 24.7 million and 90 million pounds of contained copper, respectively, with the quarterly production reflecting a return to more typical operating parameters, while the annual numbers reflect the coincident low production cycles at both mines during Q3/09 and the negative 1.7 million pound adjustment related to final sales settlements applicable to shipments over the whole year.
- By-product production of 4.7 million and 15.5 million pounds of zinc, 3.5 and 10.1 million pounds of lead and 476,883 and 1,762,245 ounces of silver in concentrates, respectively. Lead and zinc production are higher than would be typical for the mineral reserve as a result of the Cozamin mine focusing on lower copper, higher lead-zinc areas of the mine while new, deeper, high grade copper areas were being developed and while lead and zinc prices remain high. In addition, access to some of the low copper, higher lead-zinc areas would have been permanently lost in the normal mining process if not extracted now, and so were mined while lead and zinc prices make these areas profitable. Final by-product gold production is not available since assaying is done off site, but is estimated at 8,790 and 28,579 ounces, respectively.
- Production of 23.9 million pounds of payable copper in the fourth quarter and 86.6 million pounds of payable copper for the full year of 2009 after adjustments.
- Total cash cost per pound of payable copper produced ⁽¹⁾ of US\$1.04 in Q4/09 and US\$1.03 for the year versus previously published guidance of approximately US\$1.00 per pound for the year. This performance reflects good cost containment during the low production cycles at both mines and the return to higher production levels in Q4/09. Higher by-product credits at Cozamin and higher throughput at Minto helped offset the lower copper feed grades.
- Cozamin Mine results for the three and twelve months ended December 31, 2009, respectively, were:
 - Produced 8.9 million and 36.1 million pounds of copper contained in concentrates, respectively, along with by-products of 4.7 million and 15.5 million pounds of zinc, 3.5 million and 10.1 million pounds of lead and 387,665 and 1,462,478 ounces of silver;
 - Produced 8.6 million and 34.6 million pounds of payable copper at an estimated total cash cost ⁽¹⁾, net of estimated by-product credits and estimated selling costs, of US\$0.94 and \$0.90 per pound of payable copper produced; and
 - Tonnes of ore processed during Q4/09 remained below design and below actual processing capacity as a result of the larger, higher grade stopes being ramped up to full capacity more slowly than was previously anticipated as a result of management's decision to add more ground support in the larger stopes to ensure there are no future hanging wall stability issues. This shortfall of ore processed was partially mitigated by bringing back on line some of the stopes in the upper portions of the mine with higher lead and zinc grades, taking advantage of the current high prices for these metals.
- Minto Mine results for the three and twelve months ended December 31, 2009, respectively, were:
 - Produced 15.8 million and 53.7 million pounds of copper contained in concentrates, along with by-product 89,218 and 299,767 ounces of silver and gold estimated at 8,790 and 28,579 ounces;
 - Produced 15.3 million and 51.9 million pounds of payable copper at an estimated total cash cost ⁽¹⁾, net of estimated by-product credits and estimated selling costs, was US\$1.10 and \$1.12 per pound of payable copper produced;

(1) *These are non-GAAP performance measures and readers should refer to Non-GAAP Performance Measures note at the end of this news release for further details.*



- Plant throughput in Q4/09 was similar to that in Q3/09 and primarily reflects commissioning and optimization of the modified crushing circuit, which has had a dedicated hydra-cone crusher installed in anticipation of the Phase IV expansion of the mine; and
- Completion of the Phase IV pre-feasibility study, demonstrating a longer life for the Minto Mine and opportunities for further expansions.
- Kutcho Project:
 - Based on the results of a preliminary economic assessment for a smaller tonnage, higher grade, underground mining operation, the focus in the latter part of 2009 has been on the two most significant opportunities for enhanced project economics – improved metallurgical performance and access to lower cost power. Metallurgical test programs are underway at both SGS Lakefield and at Capstone’s Cozamin mine metallurgical facilities.

Operating Details – Cozamin Mine

Key operating statistics at the Cozamin Mine for 2009 are presented below:

Capstone Mining – Cozamin Mine Production Statistics

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Total 2009 (Adjusted)⁽³⁾
Production (contained in concentrates) ⁽²⁾					
Copper (000s) pounds	9,813	9,881	8,196	8,934	36,121
- Lead (000s pounds)	1,157	2,332	3,193	3,452	10,134
- Zinc (000s pounds)	2,386	3,324	5,062	4,704	15,476
- Silver (ounces)	317,963	390,639	366,210	387,665	1,462,478
Mine					
- Tonnes of ore mined	248,507	243,494	236,803	243,795	972,599
Mill					
- Tonnes processed	248,325	249,975	236,938	240,490	975,728
- Tonnes processed per day	2,759	2,741	2,581	2,614	2,673
- Copper grade (%)	1.96	1.92	1.73	1.83	1.84
- Lead grade (%)	0.33	0.61	0.89	0.93	0.69
- Zinc grade (%)	0.81	1.01	1.51	1.33	1.17
- Silver grade (g/t)	56	66	67	69	64
Recoveries					
- Copper (%)	91.4	93.4	91.3	92.0	91.2
- Lead (%)	64.8	69.4	67.6	70.0	68.4
- Zinc (%)	59.3	59.5	63.2	66.7	61.7
- Silver (%)	71.0	73.6	72.0	73.1	72.5
Concentrate					
- Copper concentrate produced (dmt)	18,461	17,595	14,711	16,221	66,977
- Copper (%)	24.1	25.5	25.3	25.0	24.5
- Silver (g/t)	463	561	595	569	571
- Lead concentrate produced (dmt)	782	1,500	2,060	2,233	6,575

(1) These are non-GAAP performance measures and readers should refer to Non-GAAP Performance Measures note at the end of this news release for further details.



- Lead (%)	67.1	70.5	70.3	70.2	69.9
- Silver (g/t)	1,738	1,511	1,282	1,264	1,382
- Zinc concentrate produced (dmt)	2,415	3,312	4,782	4,499	15,008
- Zinc (%)	44.8	45.5	48.0	47.4	46.8
On site Operating Costs (\$/t milled) ⁽¹⁾	\$34.97	\$34.03	\$38.93	\$51.60	\$39.79
Payable pounds of copper produced (000s lbs)	9,405	9,493	7,872	8,577	34,645
Total cash cost per pound of payable copper ⁽¹⁾	\$1.00	\$0.81	\$0.75	\$0.94	\$0.90

- (1) *The cash cost per pound of payable copper measure shown is an estimate of the cash cost on a production basis. This is a non-GAAP performance measure; please see "Non-GAAP Performance Measure" below.*
- (2) *Adjustments based on final settlements will be made in future periods.*
- (3) *Some totals will not sum, due to adjustments on final settlements on copper sales during the year. These adjustments are only reflected in the year to date column.*

Unit operating costs at the Cozamin mine during Q4/09 were higher than earlier in 2009 as a result of additional development following the design and implementation of a more conservative approach to the ground support and back filling of the very wide, high grade areas of the Cozamin deposit in order to ensure long term stability of this critical mining area. In addition, there were additional costs in the quarter for one time equipment rentals and power generation related to the completion of the 115kV power line, and capital equipment purchases that will be done early in 2010, and an accounting provision for employee benefits and profit sharing related to all of calendar 2009.

As previously disclosed, development of very wide (20-30m) high grade areas of the Cozamin deposit were delayed because the wide mineralization extended deeper and wider than anticipated and this mineralization needs to be extracted from the bottom up in order to ensure geotechnical stability. As a result, development needed to be pushed deeper in order to get to the bottom of the high grade before commencing ore extraction and, in the interim, production came from shallower areas with lower copper but higher lead and zinc content. This affected Q3/09 and, to a lesser extent, Q4/09 production and operating costs.

Development of the wider ore zones was completed at the end of Q3/09 and production drilling and ore extraction has been underway throughout Q4/09. Production from these high grade areas has ramped more slowly than was originally projected as a result of a cautious approach to implementing and extracting ore from these critical areas to ensure long term geotechnical stability. A cable bolting and waste backfill ground support system was implemented to support the hanging wall in the wide ore zone and ensure geotechnical stability and reduce risk of dilution. The resulting lower copper production was been somewhat offset by significantly higher than planned lead production as shallower, high lead-zinc stopes were brought back into production following the rapid rise in lead and zinc prices over the past several months.

Given continued high lead and zinc prices, Cozamin will continue to take a flexible approach to production from higher grade lead and zinc areas in order to crystallize profitability from these areas while maintaining overall operational cash flow.

During the three months ended December 31, 2009, the Cozamin Mine shipped and recorded as revenue 14,672 dmt of copper, 1,906 dmt of lead and 5,322 dmt of zinc concentrates. During the full year of 2009, a total of 68,206 dmt of copper concentrates, 6,762 dmt of lead concentrates and 18,569 dmt of zinc concentrates were shipped and recorded as revenue.

- (1) *These are non-GAAP performance measures and readers should refer to Non-GAAP Performance Measures note at the end of this news release for further details.*



Operating Details – Minto Mine

Key operating statistics at the Minto Mine for 2009 are presented below:

Capstone Mining – Minto Mine Production Statistics

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Total 2009 (Adjusted) ⁽⁵⁾
Production ⁽³⁾ (contained in concentrates)					
- Copper (000s pounds)	16,228	13,178	9,455	15,772	53,657
- Gold (ounces) ⁽²⁾	8,527	7,564	3,698	8,790	28,579
- Silver (ounces)	100,714	64,637	45,198	89,218	299,767
Mining					
- Waste (tonnes)	2,196,728	2,845,300	3,401,120	2,689,363	11,132,511
- Ore (tonnes)	292,594	289,010	7,698	561,786	1,151,088
- Total material mined (tonnes)	2,489,322	3,134,310	3,408,818	3,251,149	12,283,599
Milling					
- Tonnes processed	233,529	267,254	269,411	260,996	1,031,190
- Tonnes processed per day	2,595	2,937	2,870	2,837	2,825
- Copper grade (%)	3.39	2.41	1.76	2.95	2.55
- Gold grade (g/t) ^{(2), (3)}	1.57	0.97	0.60	1.14	1.14
- Silver grade (g/t)	16.0	9.6	6.7	12.7	11.0
Recoveries					
- Copper (%)	93.0	92.6	91.9	92.4	92.6
- Gold (%) ^{(2), (3)}	72.8	71.9	71.6	83.7	75.3
- Silver (%)	83.5	79.6	80.0	83.4	81.9
Concentrate					
- Dry tonnes produced	17,283	14,667	10,834	17,079	59,863
- Copper grade (%)	42.6	40.8	40.3	41.9	40.7
- Gold grade (g/t) ^{(2), (3)}	15.5	12.5	10.3	16.0	14.9
- Silver grade (g/t)	183	139	133	163	156
On site Operating Costs ⁽¹⁾ (\$/t milled) ⁽⁴⁾	\$47.85	\$44.52	\$42.72	\$55.42	\$47.64
Payable pounds of copper produced (000s lbs)	15,700	12,749	9,147	15,252	51,913
Total cash cost per pound ⁽¹⁾ of payable copper ⁽⁴⁾	\$0.87	\$1.09	\$1.48	\$1.10	\$1.12

(1) The cash cost per pound of payable copper measure shown is an estimate of the cash cost on a production basis. This is a non-GAAP performance measure; please see "Non-GAAP Performance Measure" below.

(2) Gold is not assayed on site, resulting in a significant lag in receiving this data.

(3) Adjustments based on final settlements will be made in future periods.

(4) Minto's operating costs are adjusted to exclude mining of ore and waste not related to concentrate produced in the period, these costs are capitalized or inventoried in the financial statements, then expensed when the associated ore is processed.

(5) Some totals will not sum, due to adjustments on final settlements on copper sales during the year. These adjustments are only reflected in the year to date column.

The Minto Mine made excellent progress in recovering from the production shortfalls encountered in Q3/09 related to excess water diverted into the open pit and subsequently treated and discharged. While mill throughput remained strong at levels seen in the prior two quarters, the installation and commissioning of a new hydra-cone crusher to provide secondary crushing ahead of the SAG mill, in line with the Phase IV expansion study recommendation limited overall net mill throughput for the period and this set up is still being optimized in Q1/10.

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Unit operating costs for the Minto Mine in Q4/09 were higher than in prior quarters due to impact of Capstone's decision to accelerate mining with extended shift schedules in order to ensure maximum ore extraction from the pit prior to freshet in 2010 so that any resulting impact on production can be avoided or minimized. As a result of this decision, accelerated extraction of ore and waste from the Phase 4 push back in the pit, with the higher strip ratio related to the Phase 4 push back, increased operating costs, even after adjustments for stockpiling and inventory adjustments. In addition, on an annual basis, the strengthening of the Canadian dollar relative to the US\$ (up 15.9%) affects Minto's operating costs, which are reported in US\$ but mostly incurred in Canadian dollars.

During the three months ended December 31, 2009, the Minto Mine shipped and recorded as revenue 10,517 dmt of copper concentrate. For the twelve months a total of 59,459 dmt were shipped and recorded as revenue. Only one shipment was made in the fourth quarter as truck access to the mine was not available due to the Yukon River freeze-up. Concentrate trucking commenced again on January 11, 2010 with the opening of the ice bridge across the Yukon River.

Minto PFS

As announced December 15, 2009, Capstone reported the results of an independent preliminary feasibility study on the Phase IV expansion of the Minto Mine that detailed an extended mine life from the Minto Mine from open pit sources (the "Phase IV PFS"). This study also identified opportunities for the potential development of underground, higher grade production to supplement open pit production. This opportunity has become the focus for consideration of a potential Phase V expansion of the Minto Mine during 2010. Phase V would most likely comprise underground production in parallel with open pit production at the same mill throughput rates as proposed in the Phase IV PFS, resulting in an overall higher feed grade and the open pit production being spread over a longer time period.

Outlook

The production guidance for 2010 was provided in a news release dated December 17, 2009.

2009 Financial Results Timing

Capstone will report its 2009 financial results after market close on Wednesday, March 24, 2010 and will host a conference call and webcast to discuss these results as noted below.

Conference call and webcast details are as follows:

Date:	Thursday, March 25, 2010
Time:	8:00 AM Pacific Time (11:00 AM Eastern Time)
Dial in:	North America – 1.888.231.8191, International – 1.647.427.7450
Webcast:	http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2937660
Replay:	North America – 1.800.642.1687, International – 1.416.849.0833 Replay Pass code: 51468567

For further information about Capstone, please contact:

Darren Pylot, Vice Chairman & CEO or Stephen Quin, President & COO

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Or **Jason Howe**, VP, Investor Relations, at (604) 684-8894 or toll free at (866) 684-8894
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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 Capstone Mining Corp. (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 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”, “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 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. There can be 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.

(1) *These are non-GAAP performance measures and readers should refer to Non-GAAP Performance Measures note at the end of this news release for further details.*



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.

(1) Non-GAAP Performance Measures

“Total Cash Cost per Pound of Payable Copper” and “On site operating costs per tonne milled” are Non-GAAP Performance Measures. These performance measures are included because these statistics are key performance measures that management uses to monitor performance. Management uses these statistics to assess how the Company is performing to plan and to assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a meaning within GAAP and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with GAAP.