

**EVENT:** CAPSTONE MINING CORPORATION  
**2009 YEAR-END RESULTS CONFERENCE CALL**  
**TIME:** 8:30 AM Pacific Time / 11:30 AM Eastern Time  
**REFERENCE:** CNW GROUP  
**LENGTH:** APPROXIMATELY 34 MINUTES  
**DATE:** MARCH 23, 2010

OPERATOR: Good morning. My name is Andrea, and I will be your conference operator today. At this time I would like to welcome everyone to the Capstone Mining 2009 Financial Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. If you would like to ask a question during this time, simply press star, then the number one on your telephone keypad. If you would like to withdraw your questions, press the pound key. I would also like to request that anyone who asks questions would refrain from using hands free devices due to audio issues. Thank you. I would now like to turn the call over to our host, Mr. Darren Pylot, Vice Chairman and CEO. Please go ahead, sir.

DARREN PYLOT (Vice Chairman and CEO, Capstone Mining Corp.): Thank you, operator, and good morning, everyone, and thanks for attending Capstone's 2009 Year-End Financial Results Conference Call. On the line with me today is our President and COO, Stephen Quin, and our Chief Financial Officer, Richard Godfrey. All the financial numbers quoted during the call will be in US dollars unless otherwise stated.

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So starting off, we recorded a net loss of \$18.3 million or \$0.10 a share, which included earnings from mining operations of \$81.4 million, gains on disposal on investments of \$46.4 million, which includes the gain of \$40 million resulting from the exchange of the Silverstone shares into Silver Wheaton shares, and another gain after adjusting for the higher cost base when we converted the Silver Wheaton shares of 6.4 million. As of December 31, 2009 we held 1,456,000 shares of Silver Wheaton.

Also a loss of \$142.1 million on derivative instruments, which is made up of a realized gain during the year of \$17.7 million of hedges, copper hedges that we settled throughout the year, and an unrealized loss of \$159.8 million on outstanding derivative instruments not yet settled, which was due to the increase in the copper price throughout the year. This unrealized loss reflects a reversal of the net unrealized gain of 126.2 million the previous year in 2008, and as a result of the significant changes in copper prices over the past two years. I guess the point to make there is just that the net changeover of 2008 to 2009 is 33.6 million, so you get a lot of unrealized gains or losses that you don't realize when the copper price is higher or lower.

Our adjusted net earnings were \$65.2 million or \$0.35 per share after making adjustments for certain non-cash and one-time items, which

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includes the fourth quarter loss of \$200,000, mostly due to a realized loss of \$5 million on hedges that we closed out during the period, and \$10.3 million of taxes paid and accrued, and that's combined with only one copper shipment going out from Minto due to the shipping realities of where we're located.

We generated cash flow from mining operations of \$112.1 million or \$0.60 per share. Working capital was \$86 million at December 31, 2009 compared with 35.4 million at December 31, 2008. The major components of the working capital at year end included 115.9 million in cash and \$44.4 million of inventories, offset by 19.8 million in accounts payable and accrued liabilities, 16.7 million of advances on cost trade inventories, and \$33.6 million of unrealized derivative liabilities that will settle over the course of 2010.

We produced 90 million pounds of copper contained in concentrates, along with significant by-products of gold, silver, lead, and zinc. We produced a total of 86.6 million pounds of payable copper, an estimated cash cost of \$1.03 per pound of payable copper. We recorded a gross sales revenue of \$250.4 million. That's on the sale of 85.3 million pounds of copper, 15 million pounds of zinc, 9.3 million pounds of lead, 31,571 ounces of gold, and 1.7 million ounces of silver.

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Due to the seasonal nature of concentrate transport in the Yukon, Minto ended the year with significant copper in inventory that has since been delivered and sold throughout the first quarter of 2010. Note that all the concentrate produced in Q4 of '09 will be sold in Q1 '10 and therefore recognized as revenue. Additional highlights throughout the year include we arranged and drew a \$40 million line of corporate revolving term credit facility. We used that to repay the outstanding Sherwood debentures, which left an outstanding debenture balance at December 31, 2009 of 3.7 million. We fully repaid the \$29.9 million Minto project loan facility. We completed an equity financing of—and issued 31,165,000 common shares at a price of \$1.85 per share, the gross proceeds of Canadian \$57.7 million. A large portion of the proceeds were used to repay the Minto project loan facility and also to fully repay the revolving credit facility.

We also purchased 4.5 million units or 9.9 percent of Nevada Copper Corp. by way of a private placement, which increases our ownership to where we are today at 11 percent with warrants to increase our ownership up to 16 percent. The investment gives Capstone exposure to a large tonnage, relatively higher grade copper deposit located in a mining friendly jurisdiction being Nevada.

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To end off on the financial highlights, we ended the year in the strongest financial position ever with \$115.9 million in cash and 39.1 million in liquid security, which positions us well to fund growth both organically and through external transactions as well. I'll turn it over to Stephen Quin now, and he'll run you through the results of our operations.

STEPHEN QUIN (President and COO, Capstone Mining Corp.): Thank you, Darren, and thank you, everybody, for attending. At the outset, I'd just like to remind people because I had a couple of calls already, that the production reconciliations completed at the end of the year resulted in some reductions in metal production reported over the entire year. It would not be appropriate to take all of that hit in Q4 as it was reconciliations that applied to the whole year. So the tables in our production numbers are only adjusted on the total amount. So the four quarters do not add up to the same number as the full year.

With that point, I'll move on to the Minto mine. The key highlight is we did complete the pre-feasibility study at the end of last year, which had laid out an eight year mine life. Incorporating all the draw results up to May 2009, it incorporates another mill expansion to 1.37 million tons a year. One of the key components of that study is it did identify opportunities to increase production levels further and potentially add to

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reserves by adding an underground source of feeds. The key components that really kind of pushed that over the hump of getting interest in that was the discovery of Minto East the latter part of the year, which followed on the earlier discovery of Minto North, which will be an open pit operation. The Minto East discovery has been subsequently built on with additional drilling already reported, which is indicating some potential buys (phon) from Minto East and could be an important potential source of underground materials, as well as some success south of area two, which is also adding to potentially underground materials, and drilling is continuing.

The Minto operations benefitted from the Phase III mine expansion to nominal 3,200 tons a day, which was completed at the end of the first quarter. And that was the quarter by increased mine production and higher through-put. It was offset by somewhat lower grades than planned during the year as access was limited due to the high water levels when we had to put water in the pit. We did process just over a million tons in the year, averaging 2.5 percent copper, and as I mentioned, that was lower because of the new stock piles composed of fresh ore from the pit, as pit access was limited. We produced 53.7 million pounds of copper and concentrate, 28,579 ounces of gold, and 300,000 ounces of silver as by-

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products at Minto. The payable production was 51.9 million pounds and cash costs were \$1.12, and the higher cost mostly affected by a combination obviously of less pounds produced than originally budgeted and a higher Canadian dollar exchange rate.

At Cozamin we completed and eight year life of mine plan, which drew earlier in the year and that was updated subsequent to year end again, with additional resources and converted to reserve. We did purchase three mineral claims immediately adjacent to the existing reserves and resources, which does open potential for significant resource additions on those newly acquired claims, which will be a significant target, exploration target in 2010 as I'll discuss in a minute. We processed about 975,000 tons of ore, average grade about 1.8 percent copper, just over 1 percent zinc, about 0.7 percent lead. And the lead was significantly higher than originally anticipated because the deeper, higher grade copper ores, we had restricted access during Q3 and into Q4, so we didn't have as much production from those areas originally planned. And we made up for that additional production by going into areas where there were higher lead and zinc grades, particularly lead, and that obviously lead to higher by-product credit.

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The net result is we produced 36 million pounds of copper in concentrate along with 15 million pounds of zinc and 10 million pounds of lead, and the lead was more than 100 percent over budget for the year to give you an indication of the impact of that higher lead grade, plus 1.5 million ounces of silver. The 34.6 million pounds payable copper produced total cash cost of \$0.90 a pound, of course benefitting from a weaker Mexican peso and a higher by-product credit obviously being offset by production being somewhat towards the lower end of our original guidance.

Subsequent to year-end the updated mineral resource and mineral reserves were completed and they incorporated everything up to the December 31, 2009.

Briefly on Kutcho, we completed a preliminary economic assessment in September 2009 to define the potential for the development of a higher grade, lower cost underground mine, but with significantly reduced environmental footprint compared to the larger scale low-grade open pit operation. Two of the principle things that came out of the PEA was the focus on enhanced budget returns by improving metallurgical performance and reducing power cost, but we are continuing to work on both of those areas. There was only minimal exploration work done in 2009, primarily

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focused out into the regional aspects of the property away from the main mineral resources. We did return some encouraging results, which does indicate more potential on the property.

We did publish 2010 production guidance. I'm not going to go through all the numbers, but the key numbers are that we've aimed to produce between 90 and 100 million pounds of copper at a total cash cost per payable pound of \$1.10 to \$1.20.

The company has approximately 35 percent of 2010 production sold forward, at an average price of 238, and approximately 12 percent or 66.6 million pounds of the life of mine planned at an average of 251 a pound. As a result of the ongoing expansions and operational optimization, including the implementation of the Phase IV expansion at Minto, production will ramp up throughout 2010 because our Phase IV expansion is not targeted to be completed until late this year depending on permit timing.

At Cozamin we provided guidance of 40 to 45 million pounds at \$0.80 to \$0.90 a pound, and that benefits both from higher output and the weaker Mexican peso along with by-product credit. Capital expenditures are forecast to be \$5.7 million. Most of those are front-ended into the first two quarters and are related to completing—mostly related to completing

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parts of the recently completed expansion, such as completing the connection to the power grid, which was completed in Q1, installation commissioning of the in-line crusher, which will be completed in early Q2, and shaft—to the continued shaft deepening. We also (inaudible) a total of \$3 million, which is 2 million over the previously reported amount on exploration at Cozamin, and that will primarily focus on extensions to the high grade mineralization adjacent to the current workings from the claims we acquired late last year, but also exploring additional targets along strike but with potential completely new deposits.

At Minto we provided guidance of 50 to 55 million pounds, cash costs were \$1.30 to \$1.40 per pound, payable pound, partially related to lower head grades but also significantly influenced by the higher Canadian dollar exchange rate.

We plan to spend 5.3 million on exploration in 2010, which is focused on evaluating the Minto East discovery. Already we've announced some of those results, on testing for expansions for underground, mineable material in the area 2118, and again we've announced some of those results already, which suggests we are having success. But we're also going to continue the exploration on the balance of the prospective Minto mine property and we're going to cover the entire property with Titan-24

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deep penetrating IP, which led to the discovery of Minto East, and does offer some significant targeting opportunities to focus on better anomaly, and that survey will be run over the latter part of Q2 and into Q3, and provide drilling into Q3 and pass into Q4.

Capital expenditures for Minto mine are forecast to be 12.7 million, and that includes the completion of the installation and commissioning of water conveyance network, which is to handle storm water, the water treatment plant, which is to treat storm water, and community infrastructure development, and permitting regulatory parts related to the implementation of the Phase IV expansion.

We also continue to evaluate the optimal balance between the highest ratio open pit materials and relatively near surface underground mining with some of these tons. Because once you've made the decision to go underground it may turn out that the more economic the mine, some of the deeper open pit material from an underground source instead.

At Kutcho, work is underway following up on the PEA recommendations. We've had metallurgical test work underway on preserve four, underway at both Lakefield and the company's Cozamin mine metallurgical facility, with encouraging results. And the primary

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objective there is to reduce energy costs related to grinding and improve recoveries from what was announced in the PEA.

We're also looking to—or us commencing our evaluation of grid power options. Obviously we would like to tie into the Highway 37 power line extension. We are working on two or three different alternatives related to that power line extension.

Expenses (phon) in 2010 are expected to be approximately 1.4 million, primarily on metallurgical and power followed by a updated technical study incorporating these results. And that will be used as the basis for consultation and permitting discussions later in the year.

At this point I'll turn it back over to Darren.

DARREN PYLOT: Thank you, Stephen. And that gives everybody a recap. At this time we'll open the floor up for questions that anybody may want to ask.

OPERATOR: At this time, I would like to remind everyone, in order to ask a question please press star, then the number one on your telephone keypad. I would also like to request that anyone who asks a question to refrain from using hands free devices due to audio issues. Your first question comes from the line of Orest Wowkodaw with Canaccord Adams. Your line is open.

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OREST WOWKODAW: Hi, good morning, guys. Two questions. One, obviously this was the year-end. I was wondering if you could just break out Q4 a little more for us, specifically what you believe your adjusted fourth quarter earnings were when you take out the unrealized hedging gains and the gain on sale of investments. First question.

DARREN PYLOT: I think I covered that, Orest. It was a net, adjusted net earnings loss of \$200,000.

OREST WOWKODAW: Okay.

DARREN PYLOT: And mostly related to, as I said, the realized hedging, which was \$5 million. Okay, so obviously (inaudible) closing on hedges lower than our marketplace of copper.

OREST WOWKODAW: Yes.

DARREN PYLOT: And then a \$10.3 million tax charge related to Mexico—accruing or paying taxes in Mexico, and of course, mining acts up the Yukon. That, those two things combined with only one shipment, copper shipment leaving at Minto due to the not being able to use the ice bridge obviously or the river for barging because of freeze-up.

OREST WOWKODAW: Okay. And second question, just in terms of Minto this year. Obviously in '09 we had some issues there with the— with freshet. I'm just curious, what is the plan you currently assume in

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terms of how long freshet will be this year and how long you're going to be mining from stockpiles?

STEPHEN QUIN: Essentially what we've done is put in a number of different alternatives of how to handle freshet this year. We have essentially completed this water conveyance network and that will divert a certain portion, probably about 20, 25 percent of the entire run-off from the site will just be diverted straight offsite because it doesn't—it's non-affected water. It doesn't go through areas that we have had any disturbances. So it just gets diverted around our disturbed areas and goes straight off site. The second is, we put a water treatment plant in. Our previous water treatment barn had a theoretical capacity of about 1,000 cubic meters per day but never actually achieved that. The new water treatment plant designed by Biotech has a 4,000 cubic meter per day capacity, so we have a significantly expanded capacity to treat any water that we do have to capture on site. And the third is that we have accelerated—and people are tracking the deferred stripping and things like that—we have accelerated the mining over the last six months or so to get as maximum amount of ore out as possible prior to freshet. So we have well over a million tons of ore, or will by the end of freshet, over a million tons of ore stock-piled, which is almost a year's worth of production, a bit under a year's production, stock-

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piled. So we're essentially taking a number of approaches to manage that. We would expect that we will divert some water into the pit, but essentially all of the ore will be—or the vast majority of the ore planned to be processed this year, will be out of the pit already and we'll mostly focus on waste stripping on south side during the time there's any water in the pit. So then we have the capacity to process that water and get it out substantially faster than previously.

OREST WOWKODAW: Okay, great. So you think the impact to production this year will be significantly less than last year?

STEPHEN QUIN: Yes, and that's, you know, essentially in our guidance we've—that's how the mine plan has been designed, not to assume we have access to the pit until much later in the year.

OREST WOWKODAW: Okay, thanks, guys.

OPERATOR: Your next question comes from the line of Craig Miller with TD Securities. Your line is open.

CRAIG MILLER: Good morning, everyone. I have a couple questions. In the February 1<sup>st</sup> operating press release, you gave some indication of sales through by telling us the concentrate volumes, and if you used the concentrate grade you can kind of calculate the contained metal. But when you look at the amount sold, the difference to me looks

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like it's greater than what it would be converting contained to payable. So I just wonder if my math is a little whacked or if something else is going on here? And the other question is, you've—you increased your hedges in copper for 2012, '13, and '14, and taking on more hedges in lead and zinc. I just wonder if you could comment on your strategy there.

STEPHEN QUIN: The difference in sales versus deliveries is a 30 day quotational period. So some of the material shifts at the end of the year wasn't recognized as revenue. Yes, so it just—it may have been put on a shipment not recognized yet.

CRAIG MILLER: Okay.

STEPHEN QUIN: Earlier in the year (inaudible) Q3, Q2.

DARREN PYLOT: To follow-up on the hedging, we added a little bit more of copper, mostly lead and zinc, for the by-product credit out of Cozamin earlier in the year, but the plan going forward is to not hedge any more copper and just let the hedges run out as they come in.

CRAIG MILLER: And just look—when I looked at the stated hedges at the end of Q3 and the—this report that looked like they came in Q4, but anyway, okay.

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DARREN PYLOT: We didn't add any more this year and we put in a minor amount, I think back in February or March of last year, and that's all we've done.

CRAIG MILLER: Okay, that's all I have.

DARREN PYLOT: Thank you.

OPERATOR: Your next question comes from the line of Stephan Ayano (phon) with Haywood Securities. Your line is open.

STEPHAN IOANNAU: Great, thanks. Just, I guess, I think Craig sort of asked the question, but just specifically with sort of reconcile the copper production sold. So essentially with regards to Cozamin, just looking in Q4. It looks like you guys produced about 8.6 million pounds of payable copper and only sold about 5.6 million pounds. Is that, again, is that just that 30 day quotational period that we're seeing the effect of there? Is there—was there sort of less sales in that period given Christmas and whatnot towards the end of the period?

RICHARD GODFREY: It's just the timing of revenue recognition and there's certain triggers that have to be met to be able to actually recognize the revenue. So it will fluctuate, you know, from period to period but it shouldn't be too far off.

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STEPHAN IOANNAU: Okay, so yes, it's obviously going to assume all that material has been sold in Q1 then.

RICHARD GODFREY: Yes, it's a different story at Minto where we have a delay in getting the material across the river.

STEPHAN IOANNAU: Sure, yes.

RICHARD GODFREY: We can build up quite a bit of inventory there and not be able to sell it.

STEPHAN IOANNAU: Sure, I understand, yes. And then just obviously with the strong balance sheet now. Can you maybe just elaborate a little bit more on where you guys are at with regards to using that cash, to, say, buy something?

DARREN PYLOT: Well, you know, the cash is there, where, you know, our team is in place to go ahead and make an acquisition or a merger. It's a top priority to provide additional growth to our shareholders, obviously either internally by pushing our existing projects, expanding them or exploring them with the cash we have on the balance sheet. And secondly, externally by making a transaction that's accretive to our shareholders. So we're focused completely on those two areas to be able to deliver growth, and that's a top priority for 2010.

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STEPHAN IOANNAU: Would you happen to have, like, a short list of sort of things that are interesting you right now? Are you still sort of just looking broadly?

RICHARD GODFREY: No, we always have a short list and, you know, always—yes, definitely have a short list and working hard on several opportunities that--

DARREN PYLOT: We're not going to give it to you, Stephan.

STEPHAN IOANNAU: No, I understand. Thanks very much, guys.

OPERATOR: Again, if you'd like to ask a question, please press star then the number one on your telephone keypad. As a reminder, refrain from using hands free devices when asking your questions. Your next question comes from the line of Dave Cotterell with BMO Capital Markets. Your line is open.

DAVE COTTERELL: Thanks. Hi, Darren. Hi, Stephen. Just a couple things for you. The first one I suppose is Minto. Am I right in assuming that you're ramping up the Phase IV this year at Minto and you're looking at the pre-feas for Phase V, is that right?

STEPHEN QUIN: Correct, yes. The Phase IV is subject to permitting because we're currently maxed on what we're permitted to process. So to get the 1.37 million tons per year annualized rate we're

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filing a permit application in the first half of this year. I would anticipate to go to the higher through-put rate. I mean, it's not just the higher through-put rate, it's also permitting the new pit, new waste disposal areas, different tailings approach, etc. So it's expected to take a moderate amount of time, but exactly how long we don't know. Therefore it's hard to project exactly when we'll be permitted to put that higher through-put rate. And, but in parallel with that the Phase V kind of look at things is to incorporate the underground materials, so in parallel with those permitting activities we are drilling the underground areas to add to the known underground resource so that we can essentially incorporate that into a mine plan and have it as a reserve and give, you know, provide people a guidance of what impact that material will have. Because it will also—it's not just adding that tonnage will spread the open pit out over a longer period of time, and focus on the better grade material, the better economic return material first. And so that's sort of an integrated open pit underground mine plan. It's fairly complicated because you've got four open pits to deal with but at least two underground areas, Minto East and the area two. So it's a fairly complex plan to kind of juggle the pieces and get it together.

DAVE COTTERELL: So would Phase IV essentially slide into Phase

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V?

STEPHEN QUIN: Yes, I mean, there's really no change in mill through-put. Simply the objective is to bring higher grade underground material out relatively sooner. And so from a—the underground aspect of it will be filed as part of our Phase IV permit application, because it has virtually no environmental impact, very little disturbance, and very little quantity of materials, so we'll incorporate that as part of the plan.

DAVE COTTERELL: So essentially could you—I'm not saying you'd do it, but could you actually start a decline on, I guess, receiving the permit for the Phase IV?

STEPHEN QUIN: We need a—we would need a permit to put the decline down. We are looking at options, I mean, essentially step one would be call it an exploration decoy so we can go underground and look at these areas from an underground mining perspective. So that can essentially run on a parallel track to production. We wouldn't be allowed to produce out of those—that decline, but it's going to take, you know, 10 months of the year to get that decline in place. So we would want to go and evaluate those areas from underground, plus there are some areas that warrant additional drilling that would be more effectively drilled from underground than drilling surface holes. So maybe that's certainly one of

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our considerations, is to look at sort of parallel tracking those things.

DAVE COTTERELL: The other thing I wanted to ask you about was your gold recoveries for Q4 for Minto are up quite substantially on the previous quarter. Is that something that's likely to be continued?

STEPHEN QUIN: It's a combination if we have the full Knelson concentrator up and running in Q4. So that should have a beneficial impact. But remember that all gold recoveries are provisional because we have not settled—we don't assay for gold on site so they're estimated, and they're really a projection going forward based on the material that we process, plus an estimate of what the Knelson concentrates, which is still sitting on site, have within them. So it's definitely an estimate. That's why we always call our numbers estimates as opposed to finalized numbers because there's always a lag there.

DAVE COTTERELL: Just two more, if I may. The Nevada copper I guess placement or stake, what's the story with that in terms of—are they doing a pre-feas which will be out this year?

DARREN PYLOT: Yes, Dave, they're doing—they've announced they're doing a pre-feas and they're doing the drilling and the working (inaudible) for the pre-feas, that they plan to have out sometime I believe by the end of this year, during this year sometime.

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DAVE COTTERELL: Okay, and you guys can go using your warranty, could go to 16 percent.

DARREN PYLOT: Yes, we'd go to 16, so we're, you know, we like the project, we like the—where it's located, the size, the relative grade. We're a fairly large shareholder and we're going to obviously watch as they go through the pre-feas and look at the results that they have.

DAVE COTTERELL: Okay. And my—the last question I wanted to ask you guys was, maybe it's sort of similar to Stephan's question. With the cash you've got would you return it to the shareholders?

DARREN PYLOT: Well, I mean, like I said to Stephan, the number one goal is to obviously provide growth to the company and we're working hard to do that both internally with our expansions at Minto and Cozamin, and driving Kutcho towards a pre-feas. And if, you know, we're also externally we're looking at the other companies out there and we've got a short list. But if we can't get a deal done, the copper prices go high and evaluations go through the roof and we have no better way to use our cash and give it to the shareholders, then we would definitely look at giving it to the shareholders as a step rather than do a dilutive deal or something that doesn't make sense. So for sure we would.

DAVE COTTERELL: Okay. Thank you very much.

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OPERATOR: Again, if you'd like to ask a question, please press star, then the number one on your telephone keypad. Again, star, one on your telephone keypad to register that you have a question. There are no further questions at this time, gentlemen. I'll turn the call back to you, sir, gentlemen.

DARREN PYLOT: Thank you, operator. Thanks, everybody, for attending the conference call. Throughout 2009 Capstone was able to deliver strong earnings in cash flow while also eliminating most of its bank debt resulting in a very strong balance sheet going into 2010, which includes over 100 million in cash. With the current metal price environment and our lost cost mining operations we're very confident we can continue to deliver the strong results throughout 2010. We also look forward to continued exploration success at both Minto and Cozamin with the goal of extending mine lives at both operations. We also remain committed to growth both internally, like continuing to advance Kutcho towards a positive pre-feasibility study, and externally by evaluating potential merger and acquisition opportunities within the Americas. Thanks again for attending the call, everybody, and have a good day. Bye, bye.

OPERATOR: This concludes today's conference call.

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