

February 18, 2009

## Capstone Mining Corp. (CS-T, \$1.26)

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**Rating: SECTOR OUTPERFORM; 12-Month Target: \$1.85; Risk: SPECULATIVE**

**Impact: Positive (neutral to our formal valuation)**

### **Event: Cozamin Resource Update Sets the Stage for a Mid-2009 Reserve Update**

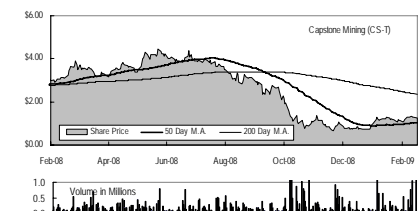
- Capstone announced a NI 43-101 compliant resource update for its 100% owned Cozamin copper-zinc-lead-silver mine in Zacatecas State, Mexico. The update follows an extensive ~US\$4M 131 hole (39,430 metre) 2008 infill and step-out drill program, which has increased and upgraded resources within the principal San Roberto zone of the Cozamin mine and provided data for an initial resource estimate within the newly defined San Rafael zone located ~500 metres along strike to the east of the San Roberto zone. We note that although the San Rafael zone appears to be relatively zinc-rich, the upper portions of the San Roberto zone were similarly zinc-rich before transitioning into copper-rich mineralization below.
- M&I resources within the San Roberto zone have increased by 2.3 million tonnes or 43% on a tonnage basis since the project's last resource estimate in December 2007—despite the fact that approximately 1.6 million tonnes have been mined (commercially) from the deposit during the interim. On a 'net' tonnage basis, which takes into account mineralization that has already been commercially mined, measured and indicated resources have actually increased by about 71% in the San Roberto zone.
- On initial inspection, San Roberto's 71% net resource tonnage gain appears to have come at a cost to net resource grade—down 24% in the case of copper. However, we note that Cozamin's resource remains characterized by a higher grade core and lower grade periphery. The higher grade core, reflected by San Roberto's reserve grade of 2.4% copper, is sufficient to support mining operations through 2011, after which the project will likely transition into modestly lower grade 'periphery' mineralization which was largely delineated during the 2008 drill program and reflected by San Roberto's M&I resource grade of 2.0% copper.
- Cozamin's global resource (i.e., all categories; not a NI 43-101 compliant measure) now totals 10.9 million tonnes, up from 8.6 million tonnes in December 2007 (or ~7.0 million tonnes net of commercially mined mineralization to date). **Design mill capacity at Cozamin is currently 1.1 million tonnes per annum (3,000 tpd). Hence, we suggest that this ~3.9 million tonne net global resource increase implies at least 2 to 3 additional years of mine-life at Cozamin beyond the project's last reported reserve of 3.7 million tonnes (September 2007), which supports production through mid-2011 in our formal valuation.** Capstone is now focussing its development efforts at Cozamin on a new life-of-mine (i.e., reserve) plan based on the project's resource update. This plan is expected to be complete in mid-2009, at which time we will update our modelled production profile at Cozamin. For illustrative purposes, we note that a 3,000 tonne 'mineable resource' increase, similar in grade to San Roberto's current M&I resource, would extend our modelled mine life into 2014 and increase our fully financed after-tax project NAV<sub>10%</sub> by ~\$0.20 per fully diluted share (+65%).

**Valuation:** 3.0x multiple to 2009E CFPS of US\$0.49 at Haywood's forecast copper price of US\$1.75 per pound.

Last Research: February 17, 2009

|                      |                    |                              |  |
|----------------------|--------------------|------------------------------|--|
| Target Price         | \$1.85             | 52-Week High / Low           | \$4.47 / \$0.65  |
| Current Price        | \$1.26             | Share Capital                | 164.3 million (O/S)  |
| Return               | 47%                |                              | 182.2 million (F/D)  |
| YTD Performance      | 38%                | <b>Market Capitalization</b> | US\$167.0 million  |
|                      |                    | Cash                         | US\$41.9 million   |
| <b>Risk Profile:</b> | <b>SPECULATIVE</b> | Debt                         | US\$34.2 million   |
| Forecast Risk        | Moderate to High   | Working Capital              | US\$55.0 million   |
| Financial Risk       | Moderate           | Enterprise Value             | US\$146.2 million  |
| Valuation Risk       | Moderate           | Daily Volume                 | (3 mo avg)   |
| Political Risk       | Low to Moderate    |                              | 331,707  |
|                      |                    | Currency                     | C\$ unless noted   |
|                      |                    | Company Web Site             | <a href="http://www.capstonemining.com">www.capstonemining.com</a> |
|                      |                    | CEO                          | Darren Pylot   |

### Price Performance



Source: Bloomberg

Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 4 - 7 of this report.

**Cozamin Resource Breakdown – February 2009 versus December 2007**

## Cozamin Resource Update - February 2009

|  | Tonnes<br>(000's) | Cu Grade<br>(%) | Zn Grade<br>(%) | Pb Grade<br>(%) | Ag Grade<br>(g/t) | Au Grade<br>(g/t) | Copper<br>(Mlb) | Zinc<br>(Mlb) | Lead<br>(Mlb) | Silver<br>(koz) | Gold<br>(koz) | CuEq<br>(%)  | CuEq<br>(Mlbs) |
|--|-------------------|-----------------|-----------------|-----------------|-------------------|-------------------|-----------------|---------------|---------------|-----------------|---------------|--------------|----------------|
| Measured & Indicated Resource - San Roberto      | 7,826             | 2.00%           | 1.15%           | 0.29%           | 68.2              | 0.06              | 345.6           | 199.1         | 49.7          | 17,148          | 15.9          | 3.20%        | 551.5          |
| Measured & Indicated Resource- San Rafael        | 1,467             | 0.23%           | 3.64%           | 0.47%           | 38.3              | 0.48              | 7.6             | 117.6         | 15.0          | 1,806           | 22.7          | 2.59%        | 83.8           |
| <b>Measured &amp; Indicated Resource - Total</b> | <b>9,293</b>      | <b>1.72%</b>    | <b>1.55%</b>    | <b>0.32%</b>    | <b>63.4</b>       | <b>0.13</b>       | <b>353.2</b>    | <b>316.7</b>  | <b>64.7</b>   | <b>18,954</b>   | <b>38.6</b>   | <b>3.10%</b> | <b>635.3</b>   |
| Inferred Resource - San Roberto                  | 1,100             | 1.58%           | 0.95%           | 0.17%           | 52.5              | 0.07              | 38.4            | 23.0          | 4.1           | 1,856           | 2.3           | 2.51%        | 61.0           |
| Inferred Resource - San Rafael                   | 556               | 0.14%           | 3.55%           | 0.57%           | 35.8              | 0.61              | 1.7             | 43.5          | 7.0           | 641             | 10.9          | 2.54%        | 31.2           |
| <b>Inferred Resource - Total</b>                 | <b>1,656</b>      | <b>1.10%</b>    | <b>1.82%</b>    | <b>0.30%</b>    | <b>46.9</b>       | <b>0.25</b>       | <b>40.1</b>     | <b>66.5</b>   | <b>11.1</b>   | <b>2,497</b>    | <b>13.2</b>   | <b>2.52%</b> | <b>92.1</b>    |
| <b>Global Resource (all categories) - Total</b>  | <b>10,949</b>     | <b>1.63%</b>    | <b>1.59%</b>    | <b>0.31%</b>    | <b>60.9</b>       | <b>0.15</b>       | <b>393.3</b>    | <b>383.2</b>  | <b>75.8</b>   | <b>21,451</b>   | <b>51.8</b>   | <b>3.01%</b> | <b>727.4</b>   |

## Cozamin Resource Estimate - December 2007

|  | Tonnes<br>(000's) | Cu Grade<br>(%) | Zn Grade<br>(%) | Pb Grade<br>(%) | Ag Grade<br>(g/t) | Au Grade<br>(g/t) | Copper<br>(Mlb) | Zinc<br>(Mlb) | Lead<br>(Mlb) | Silver<br>(koz) | Gold<br>(koz) | CuEq<br>(%)  | CuEq<br>(Mlbs) |
|--|-------------------|-----------------|-----------------|-----------------|-------------------|-------------------|-----------------|---------------|---------------|-----------------|---------------|--------------|----------------|
| Measured & Indicated Resource - San Roberto      | 5,488             | 2.54%           | 1.16%           | 0.37%           | 86.7              | 0.04              | 307.1           | 140.2         | 45.0          | 15,302          | 6.2           | 3.90%        | 471.7          |
| Measured & Indicated Resource - San Rafael       | -                 | -               | -               | -               | -                 | -                 | -               | -             | -             | -               | -             | -            | -              |
| <b>Measured &amp; Indicated Resource - Total</b> | <b>5,488</b>      | <b>2.54%</b>    | <b>1.16%</b>    | <b>0.37%</b>    | <b>86.7</b>       | <b>0.04</b>       | <b>307.1</b>    | <b>140.2</b>  | <b>45.0</b>   | <b>15,302</b>   | <b>6.2</b>    | <b>3.90%</b> | <b>471.7</b>   |
| Inferred Resource - San Roberto                  | 3,163             | 2.36%           | 1.03%           | 0.18%           | 80.5              | 0.04              | 164.6           | 71.8          | 12.6          | 8,187           | 4.1           | 3.54%        | 246.6          |
| Inferred Resource - San Rafael                   | -                 | -               | -               | -               | -                 | -                 | -               | -             | -             | -               | -             | -            | -              |
| <b>Inferred Resource - Total</b>                 | <b>3,163</b>      | <b>2.36%</b>    | <b>1.03%</b>    | <b>0.18%</b>    | <b>80.5</b>       | <b>0.04</b>       | <b>164.6</b>    | <b>71.8</b>   | <b>12.6</b>   | <b>8,187</b>    | <b>4.1</b>    | <b>3.54%</b> | <b>246.6</b>   |
| <b>Global Resource (all categories) - Total</b>  | <b>8,651</b>      | <b>2.47%</b>    | <b>1.11%</b>    | <b>0.30%</b>    | <b>84.4</b>       | <b>0.04</b>       | <b>471.7</b>    | <b>212.0</b>  | <b>57.6</b>   | <b>23,489</b>   | <b>10.3</b>   | <b>3.77%</b> | <b>718.2</b>   |

## Cozamin Mined (commercial production)

|                      | Tonnes<br>(000's) | Cu Grade<br>(%) | Zn Grade<br>(%) | Pb Grade<br>(%) | Ag Grade<br>(g/t) | Au Grade<br>(g/t) | Copper<br>(Mlb) | Zinc<br>(Mlb) | Lead<br>(Mlb) | Silver<br>(koz) | Gold<br>(koz) | CuEq<br>(%)  | CuEq<br>(Mlbs) |
|----------------------|-------------------|-----------------|-----------------|-----------------|-------------------|-------------------|-----------------|---------------|---------------|-----------------|---------------|--------------|----------------|
| Mined - San Roberto  | 1,580             | 1.62%           | 1.39%           | 0.57%           | 68.0              | -                 | 56.4            | 48.4          | 19.9          | 3,455           | -             | 3.01%        | 104.8          |
| Mined - San Rafael   | -                 | -               | -               | -               | -                 | -                 | -               | -             | -             | -               | -             | -            | -              |
| <b>Mined - Total</b> | <b>1,580</b>      | <b>1.62%</b>    | <b>1.39%</b>    | <b>0.57%</b>    | <b>68.0</b>       | <b>-</b>          | <b>56.4</b>     | <b>48.4</b>   | <b>19.9</b>   | <b>3,455</b>    | <b>-</b>      | <b>3.01%</b> | <b>104.8</b>   |

## Cozamin Resource Change (February 2009 versus December 2007 net of commercial production to date)

|  | Tonnes<br>(000's) | Cu Grade<br>(%) | Zn Grade<br>(%) | Pb Grade<br>(%) | Ag Grade<br>(g/t) | Au Grade<br>(g/t) | Copper<br>(Mlb) | Zinc<br>(Mlb) | Lead<br>(Mlb) | Silver<br>(koz) | Gold<br>(koz) | CuEq<br>(%)  | CuEq<br>(Mlbs) |
|--|-------------------|-----------------|-----------------|-----------------|-------------------|-------------------|-----------------|---------------|---------------|-----------------|---------------|--------------|----------------|
| Measured & Indicated Resource - San Roberto      | 71%               | (24%)           | 3%              | (9%)            | (21%)             | 49%               | 31%             | 77%           | 55%           | 35%             | 155%          | 59%          | 39%            |
| Measured & Indicated Resource- San Rafael        | -                 | -               | -               | -               | -                 | -                 | -               | -             | -             | -               | -             | -            | -              |
| <b>Measured &amp; Indicated Resource - Total</b> | <b>98%</b>        | <b>(33%)</b>    | <b>31%</b>      | <b>(5%)</b>     | <b>(26%)</b>      | <b>213%</b>       | <b>33%</b>      | <b>160%</b>   | <b>88%</b>    | <b>46%</b>      | <b>520%</b>   | <b>57%</b>   | <b>57%</b>     |
| Inferred Resource - San Roberto                  | (65%)             | (33%)           | (8%)            | (6%)            | (35%)             | 63%               | (77%)           | (68%)         | (67%)         | (77%)           | (43%)         | (29%)        | (75%)          |
| Inferred Resource - San Rafael                   | -                 | -               | -               | -               | -                 | -                 | -               | -             | -             | -               | -             | -            | -              |
| <b>Inferred Resource - Total</b>                 | <b>(48%)</b>      | <b>(53%)</b>    | <b>77%</b>      | <b>68%</b>      | <b>(42%)</b>      | <b>520%</b>       | <b>(76%)</b>    | <b>(7%)</b>   | <b>(12%)</b>  | <b>(69%)</b>    | <b>224%</b>   | <b>(29%)</b> | <b>(63%)</b>   |
| <b>Global Resource (all categories) - Total</b>  | <b>45%</b>        | <b>(34%)</b>    | <b>41%</b>      | <b>15%</b>      | <b>(27%)</b>      | <b>247%</b>       | <b>(5%)</b>     | <b>104%</b>   | <b>66%</b>    | <b>6%</b>       | <b>403%</b>   | <b>60%</b>   | <b>16%</b>     |

Global resource (all categories) tabulated by Haywood is for illustrative purposes and is not National Instrument 43-101 compliant.

February 2009 resource is based on a 1.15% copper cut-off grade.

December 2007 resource is based on a 1.0% copper cut-off grade.

CuEq copper price: US\$2.00/lb

CuEq zinc price: US\$0.90/lb

CuEq lead price: US\$0.85/lb

CuEq silver price: US\$10.50/oz

CuEq gold price: US\$650/oz

Source: Capstone Mining and Haywood Securities





**Capstone Mining Corp. (CS-T)**  
**Rating: SECTOR OUTPERFORM**  
**Target Price: C\$1.85**  
*Target Price Metric: 3.0x 2009E CFPS*

Target Price, C\$ \$1.85  
 Current Price, C\$ \$1.26  
 Return, % 47%  
 52-Week High / Low, C\$ \$4.47 / \$0.65  
 Daily Volume (100-day avg) 331,707  
 Shares O/S, million 164.3  
 Shares F/D, million 182.2  
 Market Capitalization, US\$M \$167.0  
 Company CEO Darren Pylot  
 Company Web Site www.capstonemining.com

|                       | US\$M    | US\$ / O/S Share | C\$M     | C\$ / O/S Share |
|-----------------------|----------|------------------|----------|-----------------|
| Market Capitalization | \$167.0  | \$1.02           | \$207.1  | \$1.26          |
| Current Cash          | \$41.9   | \$0.25           | \$52.0   | \$0.32          |
| F/D Cash Adds         | \$37.3   | \$0.23           | \$46.3   | \$0.28          |
| Working Capital       | \$55.0   | \$0.33           | \$68.2   | \$0.41          |
| Long-term Debt        | (\$34.2) | (\$0.21)         | (\$42.4) | (\$0.26)        |
| Book Value            | \$171.9  | \$1.05           | \$213.2  | \$1.30          |
| Enterprise Value (EV) | \$146.2  | \$0.89           | \$181.3  | \$1.10          |

*EV = Market Capitalization + Working Capital + Long-term Debt*  
 C\$US\$ FX Rate: 1.24

|  | 2009    | 2010    | 2011     | 2012     | 2013     | 2014    |
|--|---------|---------|----------|----------|----------|---------|
| Forecast Copper Price, US\$/lb                   | \$1.75  | \$2.25  | \$2.50   | \$2.00   | \$2.00   | \$2.00  |
| Realized Copper Price, US\$/lb                   | \$2.03  | \$2.29  | \$2.51   | \$2.00   | \$2.00   | \$2.00  |
| Forecast Zinc Price, US\$/lb                     | \$0.55  | \$0.75  | \$0.95   | \$1.05   | \$0.90   | \$0.90  |
| Forecast Lead Price, US\$/lb                     | \$0.50  | \$0.70  | \$0.90   | \$1.00   | \$0.85   | \$0.85  |
| Forecast Gold Price, US\$/oz                     | \$900   | \$850   | \$750    | \$700    | \$650    | \$650   |
| Realized Gold Price, US\$/oz                     | \$300   | \$300   | \$300    | \$343    | \$402    | \$424   |
| Forecast Silver Price, US\$/oz                   | \$13.50 | \$13.00 | \$12.00  | \$11.25  | \$10.50  | \$10.50 |
| Realized Silver Price, US\$/oz                   | \$3.98  | \$3.99  | \$3.97   | \$7.60   | \$9.23   | \$9.45  |
| C\$US\$ FX Rate                                  | \$1.24  | \$1.22  | \$1.15   | \$1.10   | \$1.11   | \$1.11  |
| Shares O/S, millions                             | 164     | 206     | 248      | 248      | 248      | 248     |
| Reported Revenue (incl. del. recognition), US\$M | \$263   | \$284   | \$119    | \$150    | \$241    | \$228   |
| Gain on Derivative Instruments (hedging), US\$M  | \$37    | \$4     | \$0      | \$0      | \$0      | \$0     |
| Net Revenue, US\$M                               | \$281   | \$273   | \$114    | \$146    | \$238    | \$225   |
| Mine Site Expense, US\$M                         | (\$157) | (\$134) | (\$77)   | (\$112)  | (\$188)  | (\$164) |
| Corporate G&A, US\$M                             | (\$8)   | (\$8)   | (\$8)    | (\$8)    | (\$8)    | (\$8)   |
| EBITDA, US\$M                                    | \$135   | \$146   | \$35     | \$31     | \$46     | \$56    |
| EV / EBITDA                                      | 1.1x    | 1.0x    | 4.2x     | 4.7x     | 3.2x     | 2.6x    |
| D&A, US\$M                                       | (\$33)  | (\$35)  | (\$21)   | (\$30)   | (\$51)   | (\$51)  |
| Earnings, US\$M                                  | \$66    | \$77    | (\$1)    | (\$8)    | (\$9)    | \$1     |
| EPS, US\$  | \$0.40  | \$0.37  | (\$0.00) | (\$0.03) | (\$0.04) | \$0.00  |
| Current Price / EPS                              | 2.5x    | 2.8x    | -        | -        | -        | 286.7x  |
| Target Price / EPS                               | 3.7x    | 4.1x    | -        | -        | -        | 421.0x  |
| Cash Flow Before W/C Changes, US\$M              | \$80    | \$98    | \$16     | \$17     | \$38     | \$49    |
| CFPS, US\$                                       | \$0.49  | \$0.47  | \$0.06   | \$0.07   | \$0.15   | \$0.20  |
| Current Price / CFPS                             | 2.1x    | 2.2x    | 17.5x    | 16.3x    | 7.4x     | 5.7x    |
| Target Price / CFPS                              | 3.0x    | 3.2x    | 25.7x    | 24.0x    | 10.9x    | 8.4x    |
| Copper Price CFPS Sensitivity, US\$              | \$0.07  | \$0.07  | \$0.05   | \$0.05   | \$0.05   | \$0.05  |
| Zinc Price CFPS Sensitivity, US\$                | \$0.00  | \$0.00  | \$0.00   | \$0.02   | \$0.02   | \$0.02  |
| Gold Price CFPS Sensitivity, US\$                | \$0.00  | \$0.00  | \$0.00   | \$0.00   | \$0.00   | \$0.00  |
| CAPEX, US\$M                                     | (\$10)  | (\$36)  | (\$199)  | (\$12)   | (\$12)   | (\$11)  |
| Proceeds from Equity Financing, US\$M            | \$0     | \$125   | \$0      | \$0      | \$0      | \$0     |
| Proceeds from Debt Financing, US\$M              | \$41    | \$125   | \$0      | \$0      | \$0      | \$0     |
| Debt Repayment, US\$M                            | (\$71)  | (\$31)  | (\$44)   | (\$25)   | (\$25)   | (\$25)  |
| Free Cash Flow, US\$M                            | \$38    | \$279   | (\$229)  | (\$21)   | (\$0)    | \$13    |
| FCPS, US\$                                       | \$0.23  | \$1.35  | (\$0.92) | (\$0.09) | (\$0.00) | \$0.05  |

*Copper price CFPS sensitivity is based on a US\$0.25/lb change in forecast copper price.*  
*Zinc price CFPS sensitivity is based on a US\$0.10/lb change in forecast zinc price.*  
*Gold price CFPS sensitivity is based on a US\$30/oz change in forecast gold price.*

|                    | Number | Price   | Proceeds  | Expiry                    |
|--------------------|--------|---|-----------|---------------------------|
| Warrants           | 7.5M   | C\$2.69   | US\$16.3M | October 2008 - March 2010 |
| Options            | 10.4M  | C\$2.52   | US\$21.1M | March 2009 - August 2013  |
| Warrants + Options | 17.9M  | C\$2.59   | US\$37.3M |                           |
| Convertible Debt   | 0.0M   | Convertible at C\$6.30 per share beginning March 31, 2010 |           |                           |

*C\$US\$ FX Rate: 1.24*

**Recent Financings**

March 10, 2008 [SWC] - \$7.23M flow-through financing (1.21M flow through shares @ \$6.00 per share)  
 March 10, 2008 [SWC] - \$10.0M revolving corporate credit facility (renewable 1 year term @ LIBOR + 2.25%)  
 March 30, 2007 [SWC] - \$43.8M debt financing (\$1,000 principal @ 5.0% semi-annually convertible @ \$6.30 per share beginning March 31, 2010)  
 February 16, 2007 [SWC] - \$5.0M private placement (845,000 flow-through shares @ \$5.90 per share)  
 December 5, 2006 [SWC] - \$5.65M private placement (465,000 flow-through shares @ \$4.25 per share + 1,151M common shares @ \$3.30 per share)  
 October 26, 2006 [SWC] - \$85.0M debt facility (\$65.0M project loan facility - 2 years at LIBOR + 2.25%; \$20.0M subordinated debt facility - 1 year @ LIBOR + 2.0%)  
 August 25, 2006 [SWC] - \$15M bought deal (4.62M special warrants at \$3.25 converted into shares via short form prospectus on October 10, 2006)  
 December 21, 2005 [CS] - \$12.4M private placement (13,049,905 units @ \$0.95 per unit; 1 unit = 1 share + 1 warrant at \$1.40 for 3 years)

|                               | O/S (millions) | O/S (%) | F/D (millions) | F/D (%) |
|-------------------------------|----------------|---------|----------------|---------|
| Passport                      | 9.8            | 6%      | 9.8            | 5%      |
| Front Street Capital          | 6.6            | 4%      | 6.6            | 4%      |
| Goodman & Company Investments | 3.9            | 2%      | 3.9            | 2%      |
| RAB Special Situations        | 3.1            | 2%      | 3.1            | 2%      |
| Management and Directors      | 4.5            | 3%      | 4.5            | 2%      |
| Total                         | 164.3          | 17%     | 182.2          | 15%     |

|  | Haywood Model | \$1.00   | \$2.00   | \$3.00   | \$4.00   | \$1.43   |
|--|---------------|----------|----------|----------|----------|----------|
| Forecast Copper Price, US\$/lb                           | \$1.00        | \$2.00   | \$3.00   | \$4.00   | \$1.43   |          |
| Forecast Zinc Price, US\$/lb                             | \$0.25        | \$0.75   | \$1.25   | \$1.75   | \$0.49   |          |
| Forecast Lead Price, US\$/lb                             | \$0.40        | \$0.70   | \$1.00   | \$1.30   | \$0.48   |          |
| Forecast Gold Price, US\$/oz                             | \$650         | \$650    | \$650    | \$650    | \$970    |          |
| Forecast Silver Price, US\$/oz                           | \$10.50       | \$10.50  | \$10.50  | \$10.50  | \$14.28  |          |
| Corporate Adjustments, US\$M                             | (\$43)        | (\$43)   | (\$43)   | (\$43)   | (\$43)   |          |
| Minto After-Tax Project NAV(10%), US\$M                  | \$144         | \$31     | \$161    | \$276    | \$389    | \$94     |
| Cozamin After-Tax Project NAV(10%), US\$M                | \$63          | \$5      | \$63     | \$120    | \$176    | \$30     |
| Kutcho Creek after-Tax Project NAV(10%), US\$M           | \$33          | (\$178)  | \$52     | \$223    | \$393    | (\$51)   |
| Additional Exploration Credit, US\$M                     | \$44          | \$44     | \$44     | \$44     | \$44     | \$44     |
| Corporate NAV, US\$M                                     | \$240         | (\$141)  | \$277    | \$620    | \$959    | \$74     |
| Corporate Adjustments, C\$ / F/D share                   | (\$0.20)      | (\$0.20) | (\$0.20) | (\$0.20) | (\$0.20) | (\$0.20) |
| Minto After-Tax Project NAV(10%), C\$ / F/D share        | \$0.67        | \$0.14   | \$0.75   | \$1.29   | \$1.81   | \$0.44   |
| Cozamin After-Tax Project NAV(10%), C\$ / F/D share      | \$0.29        | \$0.02   | \$0.29   | \$0.56   | \$0.82   | \$0.14   |
| Kutcho Creek After-Tax Project NAV(10%), C\$ / F/D share | \$0.15        | (\$0.83) | \$0.24   | \$1.04   | \$1.83   | (\$0.24) |
| Additional Exploration Credit, C\$ / F/D share           | \$0.21        | \$0.21   | \$0.21   | \$0.21   | \$0.21   | \$0.21   |
| Corporate NAV, C\$ / F/D share                           | \$1.12        | (\$0.66) | \$1.29   | \$2.89   | \$4.47   | \$0.35   |
| Current Price / Corporate NAV                            | 1.1x          | -        | 1.0x     | 0.4x     | 0.3x     | 3.6x     |
| Target Price / Corporate NAV                             | 1.7x          | -        | 1.4x     | 0.6x     | 0.4x     | 5.4x     |
| 2009E CFPS, US\$   | \$0.49        | \$0.23   | \$0.62   | \$0.99   | \$1.37   | \$0.40   |
| 2010E CFPS, US\$   | \$0.47        | \$0.12   | \$0.39   | \$0.65   | \$0.92   | \$0.23   |

*Model shares F/D (fully funded): 266M*  
*C\$US\$ FX Rate: 1.24*

|   | 2009   | 2010   | 2011   | 2012   | 2013   | RLOM   |
|---|--------|--------|--------|--------|--------|--------|
| Ore Tonnes Milled, millions                         | 1.2    | 1.2    | 1.2    | 1.3    | 1.3    | 8.8    |
| Ore Tonnes Milled, tonnes per day                   | 3,200  | 3,200  | 3,200  | 3,500  | 3,500  | 3,000  |
| Strip Ratio   | 7.8    | 3.0    | 25.3   | 13.0   | 7.7    | 6.7    |
| Copper Grade Milled, %                              | 3.0%   | 2.4%   | 1.5%   | 1.7%   | 1.6%   | 1.7%   |
| Gold Grade Milled, g/t                              | 0.2    | 0.8    | 0.6    | 0.7    | 0.6    | 0.6    |
| Copper Recovery, %                                  | 94%    | 94%    | 94%    | 92%    | 92%    | 93%    |
| Gold Recovery, %                                    | 80%    | 80%    | 80%    | 69%    | 69%    | 73%    |
| Payable Copper Production, Mlb                      | 34     | 24     | 16     | 18     | 17     | 132    |
| Payable Zinc Production, ounces 000's               | 34     | 24     | 16     | 18     | 17     | 132    |
| Operating Cost, US\$/tonne milled                   | \$45   | \$40   | \$40   | \$40   | \$40   | \$35   |
| Copper Cash Cost (on-site, net of credits), US\$/lb | \$0.50 | \$0.65 | \$1.15 | \$1.10 | \$1.15 | \$0.85 |
| Total Copper Cash Cost (net of credits), US\$/lb    | \$0.85 | \$1.00 | \$1.55 | \$1.45 | \$1.55 | \$1.20 |

|   | 2009   | 2010   | 2011   | 2012 | 2013 | RLOM   |
|---|--------|--------|--------|------|------|--------|
| Ore Tonnes Milled, millions                         | 1.0    | 1.1    | 0.2    | -    | -    | 2.3    |
| Ore Tonnes Milled, tonnes per day                   | 2,700  | 3,000  | 400    | -    | -    | 2,000  |
| Copper Grade Milled, %                              | 2.1%   | 2.6%   | 2.9%   | -    | -    | 2.4%   |
| Zinc Grade Milled, %                                | 1.2%   | 1.1%   | 1.1%   | -    | -    | 1.1%   |
| Copper Recovery, %                                  | 86%    | 86%    | 86%    | -    | -    | 86%    |
| Zinc Recovery, %                                    | 45%    | 45%    | 45%    | -    | -    | 45%    |
| Payable Copper Production, Mlb                      | 38     | 51     | 9      | -    | -    | 98     |
| Payable Zinc Production, Mlb                        | 18     | 18     | 1      | -    | -    | 21     |
| Operating Cost, US\$/tonne milled                   | \$45   | \$45   | \$90   | -    | -    | \$50   |
| Copper Cash Cost (on-site, net of credits), US\$/lb | \$0.70 | \$0.55 | \$1.75 | -    | -    | \$0.70 |
| Total Copper Cash Cost (net of credits), US\$/lb    | \$1.20 | \$1.05 | \$2.20 | -    | -    | \$1.20 |

|   | RLOM   | 2010 | 2011 | 2012   | 2013   | 2014   |
|---|--------|------|------|--------|--------|--------|
| Ore Tonnes Milled, millions                         | 10.7   | -    | -    | 0.5    | 1.5    | 1.5    |
| Ore Tonnes Milled, tonnes per day                   | 3,600  | -    | -    | 1,300  | 4,000  | 4,000  |
| Strip Ratio   | 5.0    | -    | -    | 10.3   | 5.9    | 5.8    |
| Copper Grade Milled, %                              | 1.7%   | -    | -    | 1.8%   | 1.8%   | 1.8%   |
| Zinc Grade Milled, %                                | 2.3%   | -    | -    | 2.8%   | 2.7%   | 2.5%   |
| Copper Recovery, %                                  | 84%    | -    | -    | 84%    | 84%    | 84%    |
| Zinc Recovery, %                                    | 74%    | -    | -    | 74%    | 74%    | 74%    |
| Payable Copper Production, Mlb                      | 331    | -    | -    | 16     | 47     | 47     |
| Payable Zinc Production, Mlb                        | 348    | -    | -    | 19     | 54     | 50     |
| Operating Cost, C\$/tonne milled                    | \$60   | -    | -    | \$70   | \$60   | \$60   |
| Copper Cash Cost (on-site, net of credits), US\$/lb | \$0.50 | -    | -    | \$0.35 | \$0.35 | \$0.45 |
| Total Copper Cash Cost (net of credits), US\$/lb    | \$1.45 | -    | -    | \$1.40 | \$1.40 | \$1.40 |

|  | 2009   | 2010   | 2011   | 2012   | 2013   | RLOM   |
|--|--------|--------|--------|--------|--------|--------|
| Payable Copper Production, Mlb                   | 108    | 108    | 44     | 58     | 86     | 733    |
| Total Copper Cash Cost (net of credits), US\$/lb | \$0.95 | \$1.05 | \$1.65 | \$1.45 | \$1.45 | \$1.30 |

|                                     | 2009   | 2010   | 2011   | 2012   | 2013   | RLOM   |
|-------------------------------------|--------|--------|--------|--------|--------|--------|
| Forward Copper Sales, Mlb           | 43.054 | 34.412 | 28.219 | 2.646  | 1.984  | 110    |
| Forward Copper Sales Price, US\$/lb | \$2.62 | \$2.37 | \$2.51 | \$3.22 | \$3.12 | \$2.54 |

|   | Tonnes (000's) | Cu Grade (%) | CuEq Grade (%) | Copper (Mlb) | CuEq (Mlb) | EV/ib CuEq (US\$/lb) |
|---|----------------|--------------|----------------|--------------|------------|----------------------|
| Minto Model Mineable (100%)                       | 7,970          | 1.9%         | 2.2%           | 327          | 392        | -                    |
| Minto Model Payable (100%)                        | -              | -            | -              | 304          | 353        | -                    |
| Cozamin Model Mineable (100%)                     | 2,712          | 2.4%         | 3.7%           | 145          | 223        | -                    |
| Cozamin Model Payable (100%)                      | -              | -            | -              | 98           | 133        | -                    |
| Kutcho Creek Model Mineable (100%)                | 10,708         | 1.73%        | 3.11%          | 409          | 735        | -                    |
| Kutcho Creek Model Payable (100%)                 | -              | -            | -              | 331          | 672        | -                    |
| Total Model Mineable (100%)                       | 21,390         | 1.87%        | 2.86%          | 881          | 1,350      | \$0.108              |
| Total Model Payable (100%)                        | -              | -            | -              | 733          | 1,158      | \$0.126              |
| Minto Proven and Probable Reserve (100%)          | 9,129          | 1.93%        | 2.34%          | 389          | 471        | -                    |
| Cozamin Proven and Probable Reserve (100%)        | 3,725          | 2.37%        | 3.72%          | 195          | 305        | -                    |
| Kutcho Creek Proven and Probable Reserve (100%)   | -              | -            | -              | -            | -          | -                    |
| Total Proven and Probable Reserve (100%)          | 12,854         | 2.06%        | 2.74%          | 583          | 777        | \$0.188              |
| Minto Measured & Indicated Resource (100%)        | 10,151         | 0.97%        | 1.13%          | 216          | 253        | -                    |
| Cozamin Measured & Indicated Resource (100%)      | 5,568          | 1.66%        | 2.72%          | 204          | 333        | -                    |
| Kutcho Creek Measured & Indicated Resource (100%) | 10,415         | 2.14%        | 3.85%          | 491          | 883        | -                    |
| Total Measured & Indicated Resource (100%)        | 26,134         | 1.58%        | 2.55%          | 912          | 1,470      | -                    |
| Minto Inferred Resource (100%)                    | 15,070         | 0.88%        | 1.02%          | 293          | 340        | -                    |
| Cozamin Inferred Resource (100%)                  | 1,656          | 1.58%        | 2.40%          | 58           | 88         | -                    |
| Kutcho Creek Inferred Resource (100%)             | 1,893          | 2.09%        | 3.89%          | 87           | 162        | -                    |
| Total Inferred Resource (100%)                    | 18,619         | 1.07%        | 1.44%          | 439          | 590        | -                    |
| Minto Reserve and Resource (100%)                 | 34,350         | 1.19%        | 1.41%          | 899          | 1,065      | -                    |
| Cozamin Reserve and Resource (100%)               | 10,949         | 1.89%        | 3.01%          | 457          | 726        | -                    |
| Kutcho Creek Reserve and Resource (100%)          | 12,203         |              |                |              |            |                      |



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|   | TSX:FM  | First Quantum Minerals Ltd. |   |   | X |   |   |   |   |   |
|   | TSX:FCC   | Frontera Copper Corp.       |   |   | X |   |   |   |   |   |
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|   | TSX:LUN   | Lundin Mining Corp.         | X |   | X |   | X |   |   |   |
|   | TSX:NSU   | Nevsun Resources Ltd.       |   |   | X |   |   |   |   |   |
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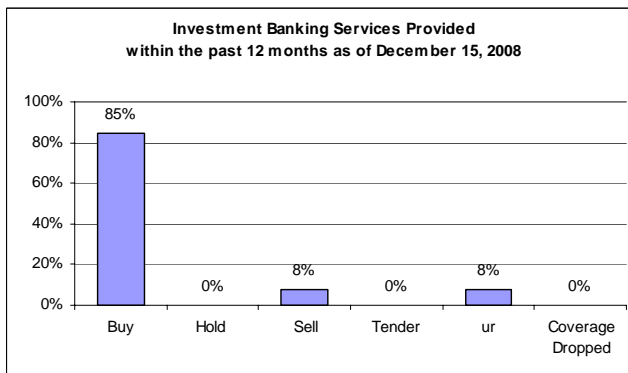
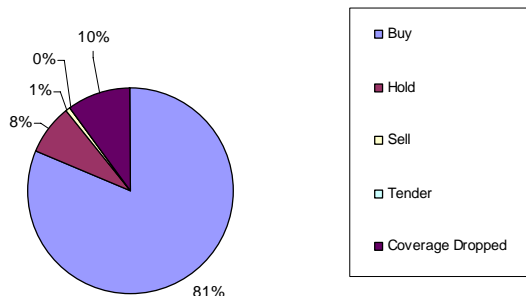
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