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Capstone buys Nevada Copper stake

VANCOUVER — **Nevada Copper** (NCU-T) has received both a major vote of confidence and an aggressive strategic partner through a private placement that sees **Capstone Mining** (CS-T) buying a 10% stake of the company for \$11.3 million.

The deal satisfies both Capstone's appetite to grow its copper-gold portfolio beyond its operating Cozamin and Minto mines and Nevada Copper's need for cash to push its Pumpkin Hollow copper project through a prefeasibility study.

The deal, which was announced Oct. 27 and closed Nov. 3, has Nevada Copper issuing to Capstone 4.5 million units at \$2.50 apiece. The units consist of one share and half a warrant, with each whole warrant exercisable at \$3 for two years.

The transaction immediately

extends to Nevada Copper \$11.3 million. If Capstone exercised its warrants, Nevada Copper would net an additional \$6.8 million. At \$2.50 a share, an 8% premium over Nevada Copper's closing price Oct. 27, the private placement valued Nevada Copper at \$113 million.

The deal wasn't just about cash, however. Not only did Nevada Copper agree to allow Capstone a seat on its board of directors if Capstone increases its stake to 19%, but as Nevada Copper president and CEO Giulio Bonifacio noted in a statement, his company is getting an expert miner in its new strategic partner.

"We are extremely pleased by this strategic investment by Capstone, who has both the operating expertise and financial capabilities to assist Nevada Copper in rapidly advancing

the Pumpkin Hollow project through feasibility to production," Bonifacio said.

Pumpkin Hollow, near Yerington, Nev., is primarily a copper deposit with gold and silver credits. At last count, it weighed in at 443 million measured and indicated tonnes grading 0.58% copper, 0.069 gram gold per tonne and 2.37 grams silver.

The agreement also promised Nevada Copper a get-out-of-takeover-free card. Without the consent of Nevada Copper's board, Capstone cannot push its stake in the company beyond 20%. Nevada Copper would, however, drop the Capstone takeover stipulation if another company made a bid for it.

Capstone owns two operating mines, Cozamin in Mexico and Minto in the Yukon, that produce about 100 million lbs. copper a year.