From Hugh Willson hwillson@capstonegold.com

Sent Thursday, August 19, 2004 5:08 pm

To 'luis Villanueva' < Ivilla@shaw.ca>

Cc dpylot@capstonegold.com

Bcc

Subject Portree Agreement

Attachments Option Agreement August 19 2004.doc

409K

Hi Luis,

I apologize for the delay in getting this agreement to you. Please find attached the agreement for the option of the Portree I claim from your group. If this agreement is acceptable to your group, then I suggest that you print two copies and have your group sign this English version of the contract and courier them to Capstone in Vancouver. I will sign both copies and return one to you. Capstone will then have an official Spanish translation of the agreement made in Vancouver and send two originals of the Spanish version to your group for signing before a notary public. I still think that we can get all of this done prior to your return to Canada. We could then meet in Vancouver and I or Darren will sign the Spanish version and give you a check for the initial payment.

I will be in the office (604-684-8894) tomorrow or you can call me on my cell (604-644-9350) if you have any questions.

Best regards,

Hugh