



## ***COZAMIN MINE UPDATE***

**Dated: August 9, 2006**

**TSX: CS**

VANCOUVER, B.C. – CAPSTONE MINING is pleased to report the recent progress at its 100% owned Cozamin copper-silver-zinc mine located in Zacatecas State, Mexico.

### **Cozamin Plant**

The Cozamin plant was successfully commissioned during the month of June. In July, the mill throughput rate was 17,000 tons of ore, 57% of the designed 1,000 tpd throughput rate. Copper and lead concentrate grades and recoveries increased throughout July with average concentrate grades of 25% for copper and 57% for lead. Recoveries for copper averaged 85% and 53% for lead. These concentrates also produced 23,500 ounces of silver in July. Zinc concentrate grades also improved throughout July with month end concentrate grades averaging 42% with recoveries of 45%. All of the copper, lead and zinc concentrates being produced daily are stored as inventory at the Cozamin mine site. The average head grade for the mill tonnage was 1.2% copper, 0.6% lead, 1.6% zinc and 62.0 g/t silver. Feed to the mill was made from development ore, stockpiled ore and clean-up of existing stopes.

During the month of August the plant has a planned throughput of 80% of feasibility design. Concentrate grades for copper, lead and silver continue to average as reported above. The average zinc concentrate grade has increased to 45% and recoveries have increased to 48%. Concentrate grades and recoveries will continue to be worked on to achieve feasibility level results.

Commercial production is expected by the end of September 2006.

### **San Roberto Mine**

A total of 55,000 tons of ore have been removed from the mine since commencement of underground workings. Four stopes have been readied for production; two on each side of levels 8 and 9. Development on level 10 is continuing with 4 ore faces developed and producing ore. Planned production for August includes 700 tpd from underground and additional tonnes from stockpiled ore on surface.

The internal ramp is continuing down to level 11. The new level 10 dump pockets and loading station are expected to be completed in September. These will increase the tonnage hoisted and allow the mine to continue its ramp-up to 1,000 tpd.

### **QA/QC**

All mine, plant control and concentrate assaying is done on site at the Cozamin plant laboratory. Twenty five percent of the mine sample pulps are sent to an independent laboratory for assay confirmation. Sample duplicates, pulp duplicates, standards and blanks are inserted with every 20 mine samples for quality analysis. Independent laboratories are also being used to confirm plant control and concentrate assays.

Qualified Person Robert Barnes, P.Eng. Vice-President of Operations for Capstone Mining has reviewed and approved the contents of this news release.

## **ABOUT CAPSTONE**

Capstone is a Canadian based mining company currently operating the Cozamin copper-silver-zinc mine located in Zacatecas State, Mexico. Capstone has approximately 80.5 million shares outstanding and is well financed with no debt. More information is available online at: [www.capstonemining.com](http://www.capstonemining.com).

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