Who Gets Paid for the Copper at Cozamin?

written by Tracy Hughes | November 24, 2026

Capstone Copper Corp. (TSX: CS | ASX: CSC) reported producing 25,348 tonnes of copper last year at its Cozamin mine in Zacatecas, Mexico. A harder figure to find is how much of that copper came from five particular mining concessions. For Luca Mining Corp. (TSXV: LUCA | OTCQX: LUCMF | FSE: Z68), which has agreed to pay Capstone up to US$385 million for Cozamin, the answer helps determine how much of the mine's revenue it can keep.

That question is the subject of *Cozamin's Can of Worms*, a November 22 research note by Christopher Ecclestone and Joshua Blank Hall of Hallgarten + Company. The firm has followed Luca since 2017. Cozamin has produced continuously for two decades and would give Luca a third operating mine in Mexico alongside Campo Morado and Tahuehueto. For Capstone, the sale would free capital for copper projects in Chile and the United States.

The two companies have settled on how to divide the benefit of a rising copper price. At closing, Capstone would receive US$275 million in cash and US$15 million in Luca shares. A further US$35 million falls due a year later. Capstone could collect up to US$60 million more if copper meets specified price thresholds in 2027 through 2029. The more difficult question is how the parties would divide any royalties due on copper mined years before they signed the deal.

Royalties Inc. (CSE: RI | OTCID: ROYIF | Deutsche Börse: P8T) owns 88% of Minera Portree de Zacatecas, S.A. de C.V., which registered a 2% net smelter return royalty on the five concessions in 2002. Royalties Inc. says two Mexican courts

upheld its subsidiary's rights in 2025 and that Capstone sought federal review. In September, Royalties Inc. said prosecutors in Zacatecas had sought underground mine records and concentrate sales documents. Together, those records could establish which ore came from Portree ground and what buyers paid for the metal in it.

The US$50 million figure attached to the dispute is Royalties Inc.'s estimate of what the royalty is worth. In its May valuation, the company attributed US$15 million to unpaid royalties and interest for 2019 through 2025. It assigned another US$15 million to expected royalties from 2026 through 2030. The remaining US$20 million depends on production beyond 2030, the last year in Capstone's historical mine plan. Luca intends to verify the reserves and draw up its own plan after closing.

Hallgarten offers a way to put the forward royalty in proportion. Five hypothetical year-end payments of US$3 million have a present value of about US$11.4 million at a 10% discount rate. The treatment of past production is a separate matter. If Capstone agrees to cover any proven arrears, its net sale proceeds fall. If Luca assumes them, its shareholders could end up paying royalties on metal Capstone sold. Their return depends on the cash left per share after servicing the acquisition debt, delivering silver already promised under a streaming agreement and paying for the next stretch of underground development.

Luca's exploration team could yet make Portree's claim more valuable. A discovery on the five concessions could extend the mine's life and, if the royalty is enforceable, extend the payments owed on it. A discovery elsewhere at Cozamin could benefit Luca without adding a dollar to Portree's royalty.

For investors weighing the acquisition, I recommend reading the

full note. Request *Cozamin's Can of Worms* directly from Hallgarten + Company.