



MANAGEMENT INFORMATION CIRCULAR

And Notice of 2020 Annual General and Special Meeting of Shareholders

April 29, 2020





March 9, 2020

Dear Fellow Capstone Mining Corp. Shareholders,

On behalf of Capstone Mining Corp.'s ("Capstone" or the "Company") Board of Directors and employees, we are pleased to invite you to join us at our Annual General and Special Meeting, which will be held at **1:00 pm (Pacific Time) on Wednesday, April 29, 2020** at the offices of Capstone, 510 West Georgia Street, Suite 2100, Vancouver, British Columbia.

This Management Information Circular outlines the business to be conducted at the meeting and provides information on the director nominees, corporate governance practices and the executive compensation program at Capstone. In addition to the election of directors and appointment of auditors, we will be asking our shareholders to consider and approve, on a non-binding and advisory basis, Capstone's approach to executive compensation, and to approve all unallocated entitlements under Capstone's Incentive Stock Option and Bonus Share Plan.

This year, we have included an Environmental, Social & Governance ("ESG") Highlights section to provide our stakeholders with an outline of Capstone's approach to Sustainability. Capstone is committed to creating and preserving value for our stakeholders, including our employees and contractors, the local communities in which we operate in, and our shareholders. Capstone is also committed to adapting to changing conditions, including global climate change, cyclical industry and evolving political and social issues worldwide.

We encourage you to read this material in advance of the meeting and take the opportunity to participate in the election process, in person or by proxy. Your vote is important in electing directors and conducting the other business being brought before the meeting.

We appreciate your participation in this important process.

Sincerely,

A handwritten signature in blue ink that reads 'George Brack'.

Chair of the Board of Directors

EXECUTIVE SUMMARY

This executive summary provides an overview of highlights contained in this document.

The following summary should be read in conjunction with the full Management Information Circular for complete disclosure of corporate governance practices and the compensation program of Capstone.

All currency amounts in this Executive Summary are expressed in Canadian dollars, unless otherwise indicated. References to “US\$” are to United States dollars.

Capstone's 2019 Results

Macroeconomic factors continued to place downward pressure on commodity prices and base metal equities throughout 2019, bottoming in August. During 2019, Capstone traded on the Toronto Stock Exchange (“TSX”) between the range of \$0.41 to \$0.78 per share. Capstone shares started to outperform peers during the last three months of the year following successful analyst tours of both Cozamin and Pinto Valley mines which highlighted the successful programs to enhance value through expansion and reduced costs at each site.

Corporate:

- Generated US\$79.8 million in operating cash flow before changes in working capital.
- Maintained a peer leading Net Debt/EBITDA ratio of 1.56x. As of December 31, 2019, net debt was \$165.5 million; repayments on the revolving credit facility in 2019 totaled \$10 million.
- Delivered higher than the mid-point of production guidance, delivered lower than guided cash costs from continuing operations and improved safety performance.
- Sold Minto mine, eliminating the ongoing care and maintenance costs.
- Extended and improved its \$300 million senior secured corporate revolving credit facility to July 2022, with improved terms and resulting saving of approximately \$1 million per year in interest costs.
- Company-wide cost reduction program that resulted in a total of \$27.5 million of annualized savings.

Cozamin:

- Commenced development work to optimize Cozamin's underground haulage network to debottleneck the mine and increase vehicle-flow safety. Concurrently, a ventilation raise using a raiseborer was started and the first leg was completed two months ahead of schedule, by year end.
- Initiated a 2019/2020 infill drilling program to move Inferred Mineral Resources to the Mineral Reserve category, with the expectation of adding additional Mineral Resources to support doubling the mine life. Positive drill results are pointing to higher grades and wider intercepts than in the current Mineral Reserves.

Pinto Valley:

- Preliminary work on Pinto Valley's future expansion to 100,000+ tonnes per day (“tpd”) (PV4 Expansion), to take advantage of the one billion tonnes of Mineral Resources not currently scheduled in the current mine plan pit shell (PV3). An updated study is expected in H2 2020.

An operational test conducted in December, aimed at pushing throughput levels up 15% to 60,000 tpd or more, was successfully executed. The test realized an all-time daily throughput record of 70,334 tpd and an all-time average weekly throughput record of 63,517 tpd. Data from this test is currently being studied to determine what is the peak capacity run rate tied to a low capital, quick payback expansion of Pinto Valley (PV3 Optimization).

Santo Domingo:

- Launched a strategic process for Santo Domingo to right size or monetize Capstone's ownership.
- Obtained all critical long-lead permits required for the start of construction from Chilean authorities.
- Worked to improve project economics. Project opportunities being assessed include a higher level of CAPEX/OPEX certainty, additional key permits and the development of a Preliminary Economic Assessment with respect to cobalt production. An updated NI 43-101 expected in early 2020.

2019 Compensation Highlights

The Human Resource & Compensation Committee continued to monitor emerging trends in executive compensation practices and engaged actively in reviewing the need for any changes required to ensure continued alignment with the market. Our key activities in 2019 included:

- Continuing shareholder engagement;
- Managing executive compensation risk;
- Enhancing the design of the executive compensation structure to align with shareholder feedback and market practices; and
- Reviewing President & Chief Executive Officer (“CEO”) and executive team succession plans.

Additionally, given market conditions, the Board exercised its discretion by reducing the 2019 long-term incentive awards made to all executives and directors by 20%.

Meeting Matters

Outlined below is a summary of this year’s Annual General and Special Meeting agenda to be held on Wednesday, April 29, 2020. See page 7 for more information.

1. Receive the audited consolidated financial statements for the year ended December 31, 2019;
2. Determine the number of directors as seven;
3. Elect directors for the ensuing year;
4. Appoint Deloitte LLP, Chartered Professional Accountants as auditors for 2020;
5. Approve all unallocated entitlements, including options and bonus shares, under Capstone’s Incentive Stock Option and Bonus Share Plan, as amended from time to time (the “Plan”) in accordance with its terms until April 29, 2023;
6. Consider a non-binding advisory resolution on Capstone’s approach to executive compensation; and
7. Transact any other business that may properly come before the meeting.

Board of Directors (“Board”) Nominees

Capstone encourages you to submit your vote for the following nominees in person, online or by proxy:

	INDEPENDENT DIRECTORS						
	George Brack ¹	Robert Gallagher	Peter Meredith	Dale Peniuk	Richard Zimmer	SeungWan Shon ²	Darren Pylot ³
PLANNED COMMITTEE MEMBERSHIPS							
Audit Committee			✓	C	✓		
Corporate Governance & Nominating Committee	✓	✓			C		
Human Resource & Compensation Committee	✓		C	✓			
Technical, Health, Environmental, Safety & Sustainability Committee		C			✓	✓	
ADDITIONAL INFORMATION							
Age	58	69	76	60	71	46	52
Director Since	2009	2016	2019	2009	2011	2020	2003
2019 “For” Votes	98.85%	99.39%	98.60%	98.80%	92.42%	-	99.48%
Other Public Company Boards	2	2	2	3	3	-	1

C = Chair of the Committee ✓ = Member of the Committee

¹ Mr. Brack currently serves as Chair of the Board of Directors.

² Mr. Shon was appointed to Capstone’s Board of Directors effective February 12, 2020 as Korea Resources Corporation’s nominee and will be standing for election at the upcoming Annual General and Special Meeting.

³ Mr. Pylot currently serves as a non-independent Director and President & Chief Executive Officer of Capstone.

Environmental, Social & Governance Highlights

Capstone is committed to (a) creating and preserving value for our stakeholders, including our employees and contractors, the local communities in which we operate in, and our shareholders; and (b) adapting to changing conditions, including global climate change, cyclical industry trends and evolving political and social issues worldwide. A synopsis of our past achievements, day-to-day commitments, recent accomplishments and future initiatives are set out below:

Past Achievements

Capstone has long recognized its role as a global corporate citizen to be socially responsible; minimize the impacts of its activities on the ecosystem; safeguard the health and safety of people, and respect the conditions of the natural environment and communities in which we operate in, while maximizing long term shareholder value. Our goal is to communicate our sustainability improvements, challenges and performance to our stakeholders, most notably our local communities, employees and shareholders. In 2017, Capstone was named a Silver Award Winner in the 2017 Awards of Excellence in Corporate Reporting presented by the Chartered Professional Accountants of Canada which reaffirms Capstone's commitment to transparency with its stakeholders.

Our operations have also received numerous accolades for their dedication to strive for excellence and to be sustainability leaders. For example, our Cozamin mine has received several awards and accreditations from various organizations and government bodies, including the "Distinctive Socially Responsible Company" for eight consecutive years from the Mexican Centre for Philanthropy (CEMEFI); the "Family Responsible Company" and "Inclusive Organization" accolades from the Secretariat of Labour and Social Welfare (Secretaría del Trabajo y Previsión Social); the Clean Industry Certification from Mexico's Federal Attorney for Environmental Protection (Procuraduría Federal de Protección al Ambiente or PROFEPA); and the distinction under "Mexico Without Child Labour" campaign from the Mexican Labour and Welfare Secretariat.

We have a robust enterprise risk management oversight program from an engaged team at the Board and Senior Management level and throughout the organization. In the past four years, our strong governance framework resulted in an **ISS Governance Score of 1, indicating the highest level of governance quality and the lowers level of governance risk.**

Day-To-Day Commitments

Our people are the heart of our organization and we are committed to investing in them to develop a skilled and engaged workforce not only for today, but for our future. We have a zero-tolerance policy for any types of harassment and our Respectful Workplace Policy supports our goal of ensuring all employees and contractors can work each day in an environment that is safe and respectful. Capstone has comprehensive onboarding and leadership development programs, including its development and delivery of in-house values-based training programs called Values In Action and Leadership in Action. In addition, we provide education reimbursement programs for our employees and paid internship programs for post-secondary students. We also support employee well-being by encouraging regular participation in fitness and wellness activities, such as engaging employees in challenges whereby their fitness progress is tracked, creating a smoking cessation program, organizing and hosting basketball and soccer tournaments, and providing health-related education.

Environmental stewardship is a priority for Capstone. For example, water is a finite resource significant to society and is critical to the mining process. Therefore, it is important for us to implement best practices to conserve and maximize efficiency. For example, both mines maximize the amount of water recycled from the tailings facility or stormwater catchments. At Pinto Valley, instead of water, we use an alternative, environmentally friendly product for dust suppression on roads.

Recent Accomplishments

In the past year, we have dedicated significant resources to our tailings management program, including our development of a Tailings Management Oversight Framework as well as the addition of a dedicated tailings management professional to provide oversight to our tailings governance.

Moreover, our team at Pinto Valley was presented with a Certificate of Appreciation by local authorities for their organized and skilled assistance to local authorities during the Woodbury Fires in the summer of 2019.

In November 2019, our corporate exploration team was presented with a Safe Day Everyday Bronze Award from the Association for Mineral Exploration and the Prospectors & Developers Association of Canada for achieving a year without lost time in 2018.

Capstone's CEO, Darren Pylot, was also inducted into the American Mining Hall of Fame in December 2019 in Tucson, Arizona.

Future Initiatives

Capstone plans to expand our team by recruiting a senior health and safety professional for supporting our overall strategic direction and providing guidance to the health, safety and environmental functions across all Capstone sites.

We have committed expenditures to replace and update our equipment with newer versions and more energy or fuel-efficient equipment, as well as changing certain operating processes or systems, in order to improve efficiencies and reduce energy and fuel consumption.

CAPSTONE'S CORE VALUES



ZERO HARM IS POSSIBLE

NOTICE OF 2020 ANNUAL GENERAL & SPECIAL MEETING OF CAPSTONE MINING CORP.

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the “Meeting”) of the shareholders of Capstone Mining Corp. (“Capstone”) will be held:

Date and Time: Wednesday, April 29, 2020, 1:00 p.m. (Pacific Time)

Place: The Offices of Capstone, 510 West Georgia Street, Suite 2100, Vancouver, British Columbia

The purpose of the Meeting is to consider and take action on the following matters:

Annual General Meeting:

1. Receive the audited consolidated financial statements of Capstone for the year ended December 31, 2019 and the auditors’ report thereon;
2. Determine the number of directors as seven;
3. Elect directors for the ensuing year;
4. Appoint Deloitte LLP, Chartered Professional Accountants (“Deloitte”), as Capstone’s auditors for the ensuing year and authorize the directors to set the auditors’ remuneration;
5. Approve all unallocated entitlements, including options and bonus shares, under Capstone’s Incentive Stock Option and Bonus Share Plan, as amended from time to time (the “Plan”) in accordance with its terms until April 29, 2023;
6. Consider a non-binding advisory resolution on Capstone’s approach to executive compensation; and
7. Transact any other business that may properly come before the Meeting.

This Management Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

If you were a shareholder of Capstone on March 9th, 2020, you are entitled to vote at the Meeting. If you are unable to attend the Meeting in person, you are encouraged to read, complete, date, sign, and return the enclosed Form of Proxy (“Proxy”) or Voting Instruction Form (“VIF”) in the manner specified on the form, no later than 1:00 p.m. (Pacific Time) on April 27, 2020.

DATED at Vancouver, British Columbia, this 9th day of March 2020.

BY ORDER OF THE BOARD



Senior Vice President, Legal, Risk &
Governance and Corporate Secretary

TABLE OF CONTENTS

EXECUTIVE SUMMARY	II
Capstone's 2019 Results	ii
2019 Compensation Highlights	iii
Environmental, Social & Governance Highlights	iv
GENERAL PROXY INFORMATION	1
Date of Information	1
Currency	1
Abbreviations	1
Voting Securities and Principal Holders of Voting Securities	1
Notice and Access	2
VOTING INFORMATION	3
Solicitation of Proxies	3
Record Date	3
Proxy Voting	3
Appointment of Proxyholders	4
Revocation of Proxies	5
Quorum	5
Approvals	5
Completion and Voting of Proxies	5
Exercise of Discretion	6
MEETING AGENDA	7
I. Financial Statements	7
II. Number of Directors	7
III. Election of Directors	7
IV. Appointment of Auditors	8
V. Incentive Stock Options and Bonus Share Plan	8
VI. Advisory Vote on Executive Compensation	9
VII. Other Business	9
ELECTION OF DIRECTORS	10
Advance Notice	10
Majority Voting for Directors	10
Nominees	10
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	11
GOVERNANCE OF CAPSTONE	19
Governance Guideline	19
Changes to the Board of Directors in 2019 and 2020	19
Independence of the Board	21
Delineation of the Roles of Chair of the Board and Chief Executive Officer	22
<i>In Camera Sessions</i>	22
Directorships	23
Director Tenure	24
Director Orientation and Education Process	25
Board Performance Assessments	26
Nomination of Directors	27
Skills Matrix	28
Risk Oversight	29
Corporate Governance Related Policies	31

BOARD COMMITTEES	34
Audit Committee	34
Human Resources & Compensation Committee	34
Corporate Governance and Nominating Committee	35
Technical, Health, Environmental, Safety and Sustainability Committee	35
ADDITIONAL INFORMATION	36
Interest of Informed Persons in Material Transactions	36
Interest of Certain Persons in Matters to be Acted Upon	36
Indebtedness of Directors and Executive Officers	36
Shareholder Engagement	36
COMPENSATION DISCUSSION AND ANALYSIS	38
Executive Summary	41
Share Performance	42
Realizable Compensation	42
2019 NAMED EXECUTIVE OFFICERS SUMMARY COMPENSATION TABLE	44
COMPENSATION GOVERNANCE	45
Role of the Human Resources & Compensation Committee and Management	45
Decision Making Process	46
Compensation Risk Management	46
Anti-Hedging Policy	47
Clawback Policy	47
Share Ownership Guidelines	47
EXECUTIVE COMPENSATION OBJECTIVES	49
EXECUTIVE COMPENSATION PRACTICES	49
Compensation Philosophy	49
Peer Benchmarking	49
Compensation Peer Group	49
Compensation Advisor	50
Executive Compensation-Related Fees	51
Succession Planning	51
Executive Continuing Education	52
Diversity	52
2019 CORPORATE SCORECARD	53
Summary of Market Performance	53
Scorecard Results	54
EXECUTIVE COMPENSATION COMPONENTS	55
Compensation Elements, Key Features and Objectives	55
Compensation Mix	57
Base Salary	57
Annual Short-Term Incentive Bonus	58
2019 Named Executive Officer Individual Performance	60
Long-Term Incentive Plans	63
Incentive Stock Options and Bonus Shares	65
Share Unit Plan - Restricted Share Units and Performance Share Units	67
Outstanding Share-Based and Option-Based Awards	69
Incentive Plan Awards – Value Vested or Earned During the Year	70
Termination and Change of Control Benefits	70

DIRECTOR COMPENSATION	73
Director Compensation Objectives	73
Director Compensation Components.....	73
Directors' Compensation – Cash Retainer	73
Directors' Compensation – Equity Retainer.....	73
2019 Director Compensation Table	74
Directors' Deferred Share Unit Plan.....	74
Outstanding Share-Based and Option-Based Awards	76
Incentive Plan Awards – Value Vested or Earned During the Year	77
Director's Share Ownership Guidelines	77
SCHEDULE “A” ADVANCE NOTICE POLICY	78
SCHEDULE “B” BOARD’S TERMS OF REFERENCE	81

GENERAL PROXY INFORMATION

Date of Information

All information in this Management Information Circular is as of March 9, 2020 unless otherwise noted.

Currency

All currency amounts in this Management Information Circular are expressed in Canadian dollars, unless otherwise indicated. References to “US\$” are to United States dollars.

Abbreviations

Capstone uses abbreviations for certain committee names:

- Audit Committee - Audit
- Corporate Governance & Nominating Committee – CG&N Committee or CG&N
- Human Resources & Compensation Committee – HR&C Committee or HR&C
- Technical, Health, Environmental, Safety & Sustainability Committee – THES&S Committee or THES&S

Voting Securities and Principal Holders of Voting Securities

Capstone’s authorized capital consists of an unlimited number of common shares without par value. As at March 9, 2020, Capstone had 400,045,604 common shares issued and outstanding, fully paid and non-assessable common shares, each share carrying the right to one vote. Capstone has no other classes of voting securities and does not have any classes of restricted securities.

Any shareholder of record at the close of business on March 9, 2020 who either personally attends the Meeting or who has completed and delivered a Proxy in the manner specified, subject to the provisions described on page 3, shall be entitled to vote or to have such shareholder’s shares voted at the Meeting.

To the knowledge of the directors and executive officers of Capstone, the persons who, or companies which, beneficially own, or control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of Capstone are:

Shareholder Name	Number of Shares Held	Percentage of Issued Shares
GRM Investments Ltd.	86,628,661	21.7%
Korea Resources Corporation (“KORES”)	40,198,632	10.0%

Notice and Access

Capstone will deliver this Notice of Meeting and Management Information Circular, a Proxy and related documents (collectively, the “Meeting Materials”) to shareholders by posting the Meeting Materials on its website at www.capstonemining.com. The Meeting Materials are expected to be available on Capstone’s website and on SEDAR at www.sedar.com on March 20, 2020 and will remain on Capstone’s website for one full year thereafter.

Capstone will make available paper copies of the Meeting Materials for those registered and beneficial shareholders who have previously elected to receive paper copies of Capstone’s meeting materials. All other shareholders will receive notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting.

SHAREHOLDERS WHO WISH TO RECEIVE PAPER COPIES OF THE MEETING MATERIALS MAY REQUEST COPIES BY CONTACTING THE CORPORATE SECRETARY AT:

 604-684-8894

 corporatesecretary@capstonemining.com

VOTING INFORMATION

Solicitation of Proxies

This Management Information Circular is furnished in connection with the solicitation of proxies being made by the management of Capstone for use at the Meeting of Capstone's shareholders to be held on Wednesday, April 29, 2020 at the time and place and for the purposes set forth in the Notice on page vi.

Record Date

The record date for the Meeting is **March 9, 2020** (the "Record Date").

Proxy Voting - Registered Shareholders

You are a registered shareholder if your shares are held in your name and you have a share certificate or if you are registered as a shareholder in Capstone's shareholder registry maintained by Capstone's registrar and transfer agent, Computershare Investor Services Inc. ("Computershare").

Only registered shareholders or duly appointed proxyholders for an absent shareholder ("Proxyholders") will be recognized to make motions or vote at the Meeting.

Voting Instructions for Registered Shareholders:

- Attend the Meeting and vote your shares in person. Please register with a representative of Computershare, upon arrival at the Meeting; or
- Complete, date and sign the Proxy and return it to Computershare, by fax within North America at 1-866-249-7775, outside North America at 1-416-263-9524, or by mail to Computershare Investor Services Inc., Proxy Dept., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or
- Use a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the Proxy for the control number; or
- Log on to Computershare's website at www.investorvote.com. Registered shareholders must follow the instructions given on the website and refer to the Proxy for the control number.

Proxy Voting - Non-Registered or Beneficial Shareholders

You are a "non-registered" or a "beneficial shareholder" if the shares of Capstone you own are not registered in your name but are instead registered in the name of the brokerage firm, bank or trust company through which you purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "Beneficial Shareholder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Beneficial Shareholder deals with in respect of the shares, or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Beneficial Shareholders – those who object to their names being made known to the issuers of **securities** which they own ("OBOs" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are ("NOBOs" for Non-Objecting Beneficial Owners).

Voting Instructions for Beneficial Shareholders:

- NOBOs will receive the Meeting Materials as requested directly from Computershare. NOBOs should complete and return their voting instructions in accordance with the Voting Information Form ("VIF") provided by Computershare.
- OBOs will receive the Meeting Materials from their broker or from another Intermediary such as Broadridge Investor Communications Corporation. OBOs should complete and return their voting instructions in accordance with the VIF provided to them.

A Beneficial Shareholder cannot use the VIF provided to vote directly at the Meeting. Should a Beneficial Shareholder wish to attend and vote at the Meeting in person, the Beneficial Shareholder must insert his or her name (or the name of such other person as the Beneficial Shareholder wishes to attend and vote on his or her behalf) in the blank space provided for that purpose on the VIF and return the completed VIF in accordance with the instructions provided well in advance of the Meeting.

Only registered shareholders have the right to revoke a Proxy. Beneficial Shareholders of shares who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary, revoke their Proxy in accordance with the revocation procedures set out on page 5.

Appointment of Proxyholders

The persons named in the accompanying Proxy as Proxyholders are the Chair of the Board of Directors and the President & CEO of Capstone. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act on the shareholder's behalf at the Meeting other than the persons named in the Proxy as Proxyholders. To exercise this right, the shareholder must insert the name of the shareholder's nominee in the space provided or complete another Proxy.**

A shareholder completing the enclosed Proxy may indicate the manner in which the persons named in the Proxy are to vote with respect to any matter by marking an "X" in the appropriate space. On any poll requested, those persons will vote or withhold from voting the shares in respect of which they are appointed in accordance with the directions, if any, given in the Proxy provided such directions are certain.

If a shareholder wishes to confer a discretionary authority with respect to any matter, then the space should be left blank. **In such instance, the Proxyholder, if nominated by management, intends to vote the shares represented by the Proxy in favour of the motion.**

**A PROXY MUST BE
DEPOSITED AT THE OFFICE
OF COMPUTERSHARE, NO
LATER THAN 1:00 P.M. PT ON
MONDAY, APRIL 27, 2020**

The enclosed Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters which may be properly brought before the Meeting. At the time of printing this Management Information Circular, the management of Capstone is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. If, however, other matters which are not now known to management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominees.

The Proxy must be dated and signed by the shareholder or the shareholder's attorney authorized in writing. In the case of a corporation, the Proxy must be dated and duly executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

The completed Proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, must be deposited with Capstone's transfer agent in accordance with the instructions and before the time set out in the Proxy. Non-Registered Holders

must deliver their completed Proxies in accordance with the instructions given by the Intermediary that forwarded the Proxy to them.

In order to be effective, a Proxy must be deposited at the office of Computershare, no later than 1:00 p.m. (Pacific Time) on Monday, April 27, 2020 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Meeting. The deadline for the deposit of Proxies may be waived by the Chair of the Meeting at his sole discretion without notice. Failure to properly complete or deposit a Proxy may result in its invalidation.

Revocation of Proxies – Registered Shareholders

Only Registered Shareholders have the power to revoke Proxies previously given by them. Revocation can be effected by an instrument in writing (which includes a Proxy bearing a later date) signed by a shareholder or the shareholder's attorney authorized in writing and in the case of a corporation, duly executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation, and either delivered at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof to:

Capstone's Registered Office		Computershare Investor Services Inc.
2100 – 510 West Georgia Street Vancouver, BC, V6B 0M3, Canada	or	8 th Floor – 100 University Avenue Toronto, Ontario, M5J 2Y1, Canada Fax (Within North America): 1-866-249-7775 Fax (International): 1-416-263-9524

Or deposited with the Chair of the Meeting on the day of the Meeting

Revocation of Proxies – Non-Registered or Beneficial Shareholders

Beneficial Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary, revoke their proxy in accordance with the revocation procedures set out above.

Quorum

The quorum for the transaction of business at a general meeting is two individuals present at the commencement of the Meeting holding or representing by proxy the holder or holders of shares carrying not less than one-quarter of the votes eligible to be cast at the Meeting.

Approvals

To approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an "ordinary resolution") unless the motion requires a "special resolution" in which case a majority of 66⅔% of the votes cast will be required.

Completion and Voting of Proxies

Voting at the Meeting will be by a show of hands, with each registered shareholder and each Proxyholder (representing a registered or Beneficial Shareholder) having one vote, unless a poll is required or requested, whereupon each such shareholder and Proxyholder is entitled to one vote for each common share held or represented, respectively.

Exercise of Discretion

On any poll that may be called for, the shares represented by a properly executed Proxy given in favor of the person(s) designated in the Form of Proxy will be voted or withheld from voting in accordance with the instructions given on the Form of Proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **Where no choice has been specified by the shareholder, such shares will be voted as recommended by Capstone's management.**

WHERE NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER, SUCH SHARES WILL BE VOTED AS RECOMMENDED BY CAPSTONE'S MANAGEMENT.

MEETING AGENDA

ANNUAL GENERAL MEETING MATTERS

I. Financial Statements

The annual audited consolidated financial statements and Management's Discussion & Analysis ("MD&A") of Capstone for the year ended December 31, 2019 are available upon request from Capstone or they can be found on SEDAR at www.sedar.com or on Capstone's website at www.capstonemining.com. The audited annual consolidated financial statements for the year ended December 31, 2019 and the report of the auditors thereon will be placed before the shareholders at the Meeting.

II. Number of Directors

At the Meeting, Capstone will ask shareholders to vote for the number of directors to be set as seven.

MANAGEMENT
RECOMMENDS THAT YOU
VOTE **FOR** THE NUMBER OF
DIRECTORS TO BE SET AS
SEVEN.

III. Election of Directors

The term of office of each of the present directors expires at the Meeting. **The persons named below have consented to be nominated for election at the Meeting as management's nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until Capstone's next annual general meeting or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of Capstone or with the provisions of the *Business Corporations Act* (British Columbia).

- George Brack
- Robert Gallagher
- Peter Meredith
- Dale Peniuk
- Darren Pylot
- SeungWan Shon
- Richard Zimmer

MANAGEMENT
RECOMMENDS THAT YOU
VOTE **FOR** THE ELECTION
OF EACH OF THESE
NOMINEES.

At the Meeting, Capstone will ask shareholders to vote for the election of the seven nominees proposed by Capstone as directors. Each holder of common shares will be entitled to cast their votes for, or withhold their votes from, the election of each director. The management Proxyholders named in the Proxy as Proxyholders intend to vote for the election of all nominees whose names are set forth in this Management Information Circular, unless instructed otherwise. For further detail, please see "Election of Directors" on page 10.

IV. Appointment of Auditors

At the Meeting, shareholders will be asked to appoint Deloitte, as auditors of Capstone for the ensuing year and to authorize the directors to fix their remuneration. During the years ended December 31, 2019 and 2018, the following fees were billed to Capstone by its auditors:

**MANAGEMENT
RECOMMENDS THAT YOU
VOTE FOR THE
APPOINTMENT OF
DELOITTE AS CAPSTONE'S
AUDITORS.**

Year Ending	Audit Fees ⁴	Audit-Related Fees ⁵	Tax Fees ⁶	All Other Fees ⁷
December 31, 2019	\$892,000	NIL	\$99,000	\$35,000
December 31, 2018	\$912,000	\$144,000	\$160,000	\$345,000

SPECIAL BUSINESS MATTERS

V. Incentive Stock Options and Bonus Share Plan

The TSX requires a majority of the shareholders to approve, every three years, the unallocated entitlements under an evergreen share based compensation plan.

What is an evergreen plan?

An evergreen plan is a plan that provides for the replenishment of the number of shares reserved when share awards are exercised or expire. An evergreen plan does not have a fixed maximum number of shares issuable under the plan but rather is based on a fixed percentage of issued and outstanding shares.

What are unallocated entitlements?

Share awards (such as options) are considered to be "allocated" under a share based compensation plan when they are granted to a participant. Share awards that remain available for grant, as needed, under a plan are referred to as "unallocated".

Unallocated share awards ("entitlements") under the Plan include share options and bonus shares.

The Plan is an evergreen plan whereby the number of common shares issuable under the Plan is based on a 10% rolling reserve of Capstone's total number of issued and outstanding shares. The Plan was last approved on April 26, 2017.

A summary of the Plan is included in the CD&A at page 65 and a full copy of the Plan text can be found on SEDAR at www.sedar.com under Capstone's profile as posted on March 7, 2017.

The following table sets out information with respect to the unallocated share awards under the Plan as at March 9, 2020.

Plan Category	Number of Shares
Total Common Shares Issued and Outstanding	400,045,604
10% Rolling Reserve	40,004,560
Options Issued and Outstanding	23,539,567
Unallocated Entitlements (available options for future issuance)	16,464,993

⁴ This amount includes the fees billed for the audit of the annual consolidated financial statements and for the interim review of the interim condensed consolidated financial statements.

⁵ This amount relates to the Minto Mine specified procedures and standalone audit work during 2018. These fees were pre-approved by the Audit Committee.

⁶ The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. All fees for tax compliance, tax advice and tax planning were pre-approved by the Audit Committee.

⁷ The aggregate fees billed that are not "Audit Fees", "Audit-Related Fees" or "Tax Fees". These fees in 2019 relate primarily to IT, Human Resources, and Finance strategy advisory services, and the fees in 2018 related primarily to IT and Human Resources strategy advisory services. All fees for other professional services were pre-approved by the Audit Committee.

At the Meeting, Capstone will ask shareholders to approve all unallocated entitlements under the Plan in accordance with its terms until April 29, 2023.

“BE IT RESOLVED THAT:

1. All unallocated entitlements, including options and bonus shares under the Plan, be and are hereby approved in accordance with the Plan terms until April 29, 2023; and
2. Capstone be and is hereby authorized to prepare such documents and make such submissions and filings as Capstone may be required to make to give effect to this resolution.”

**MANAGEMENT
RECOMMENDS THAT YOU
VOTE FOR THE APPROVAL
OF ALL UNALLOCATED
ENTITLEMENTS.**

VI. Advisory Vote on Executive Compensation

The Board values and encourages constructive dialogue on compensation and other important governance topics with the shareholders of Capstone.

Capstone has provided shareholders with an opportunity to have a “Say on Pay” vote, since 2017. The purpose of Say on Pay is to provide appropriate accountability to the shareholders of Capstone for the Board’s compensation decisions by giving shareholders a formal opportunity to provide their views on Capstone’s disclosed objectives, program design and philosophy that is used to make executive compensation decisions. Last year, the results were positive, with 97.8% of the votes in favor of Capstone’s approach to executive compensation.

At the Meeting, shareholders will be asked to consider a non-binding advisory vote on executive compensation as follows:

“BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibility of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Management Information Circular.”

As this is an advisory vote, the results are non-binding on Capstone. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions. In the event that a significant number of shareholders oppose the resolution, the Board will consult with the shareholders to understand their concerns and will review Capstone’s approach to compensation in the context of these concerns.

**MANAGEMENT
RECOMMENDS THAT YOU
VOTE FOR THE APPROVAL
OF THE NON-BINDING
ADVISORY VOTE ON
EXECUTIVE
COMPENSATION.**

VII. Other Business




If other items of business are properly brought before the Meeting, you or your Proxyholder can vote on such items. Capstone is not aware of any other items of business to be considered at the Meeting.

ELECTION OF DIRECTORS

Advance Notice

In accordance with Capstone's Advance Notice Policy, as amended by the Board of Directors on February 14, 2018 and ratified by the shareholders on April 25, 2018, shareholders who wish to nominate a candidate for election as director must provide timely notice in proper written form by personal delivery, facsimile or email to the Corporate Secretary of Capstone. The notice must be made not less than 35 days prior to the date of the Meeting. As a result, any shareholder wishing to nominate a candidate for election as director must provide notice to Capstone by March 25, 2020. A copy of our Advance Notice Policy is attached as Schedule "A" to this Management Information Circular.

NOTICE MAY ONLY BE GIVEN BY:

-  2100-510 West Georgia Street
Vancouver, BC, V6B 0M3
-  604-688-2180 (Facsimile)
-  corporatesecretary@capstonemining.com

Majority Voting for Directors

Capstone has a majority voting policy for the election of directors. Any nominee in an uncontested election who receives a greater number of votes "*withheld*" than votes "*for*" shall be considered not to have received the support of shareholders. Such nominee is expected to tender his or her resignation to the Chair of the Board promptly following the applicable shareholders' meeting. The Board expects that resignations will be accepted unless extenuating circumstances warrant the refusal of the director's resignation. The Board will make its final decision and announce it in a news release within 90 days following the Meeting and provide a copy of the news release with the Board's decision to the TSX. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board or the CG&N Committee at which such resignation is considered.

Subject to any corporate law restrictions, where the Board accepts the offer of resignation of a director and that director resigns, the Board may exercise its discretion with respect to any resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to elect a new nominee to fill the vacant position.

Nominees

Our CG&N Committee and our Board have determined that each of the seven nominees proposed to serve as directors possesses the necessary skills and qualifications to collectively comprise a highly effective board. For further detail, please refer to the Board's skills matrix on page 28.

The following section provides biographical information about each nominee and highlights certain notable skills that contribute to the nominee's selection as a member of our Board.

Committee memberships and Board and committee attendance in this section are from January 1, 2019 to December 31, 2019.

The section also shows the nominees' equity ownership as of the Record Date consisting of common shares of Capstone beneficially owned, directly or indirectly, or controlled or directed, and/or Deferred Share Units ("DSUs") (for Darren Pylot, Performance Share Units ("PSUs") and Restricted Share Units ("RSUs")), and/or options (each equivalent to a common share) credited to each nominee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the best of management's knowledge, except as disclosed immediately below, no proposed director is, or has been within the last ten years, a director or executive officer of any company that, while that person was acting in that capacity:

- a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except:

Mr. Peter Meredith served as a director of Ivanhoe Energy Inc. ("Ivanhoe Energy") from December 2007 to December 2014. On February 20, 2015, Ivanhoe Energy filed a Notice of Intention to Make a Proposal under subsection 50.4(1) of the Bankruptcy and Insolvency Act (Canada). Cease trade orders were issued against Ivanhoe Energy in Alberta (July 15, 2015), Quebec (May 7, 2015), Manitoba (May 6, 2015), Ontario (May 4, 2015) and British Columbia (April 14, 2015) in respect of the company failing to file its audited financial statements and annual management's discussion and analysis, annual information form and certification of annual filings for the year ended December 31, 2014. The foregoing cease trade orders remain in effect. On June 2, 2015, having failed to file a proposal, Ivanhoe Energy was assigned into bankruptcy. Ivanhoe Energy dissolved on May 16, 2017.

To the best of management's knowledge, no proposed director has, within the ten years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the best of management's knowledge, no proposed director of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.



Capstone's Board of Director Nominees, 2020



George Brack

North Vancouver, British Columbia, Canada

Age: 58

Independent

Director since: May 19, 2009

Other Current Public Boards:

Wheaton Precious Metals Corp., Alio Gold Inc.

Area of Expertise:

Banking/Finance

Governance

Human Resource Management/Labour

Relations/Compensation

Mergers and Acquisitions

Strategic Planning

Mr. Brack serves as the non-Executive Chair of Capstone and as a director of Wheaton Precious Metals Corp. and Alio Gold Inc. Mr. Brack's 34-year career in the mining industry has focused on exploration, corporate development and investment banking, specifically identifying, evaluating and executing strategic mergers and acquisitions, and raising equity capital. Until 2009, he was Managing Director and Industry Head, Mining at Scotia Capital. Prior to joining Scotia in 2006, George spent seven years as President of Macquarie North America Ltd. and led its northern hemisphere mining industry mergers and acquisitions advisory business. Previously, Mr. Brack was Vice President, Corporate Development at Placer Dome Inc., Vice President in the mining investment banking group at CIBC Wood Gundy and worked on the corporate development team at Rio Algom.

In addition to his current board roles, during the past 17 years, Mr. Brack served as a director on the boards of Geologix Explorations, Aurizon Mines, Newstrike Capital, NovaGold Resources, Red Back Mining and chaired the board of Alexco Resource Corp. Mr. Brack earned an MBA at York University, a B.A.Sc. in Geological Engineering at the University of Toronto and the CFA designation.

Capstone Board/Committee Memberships

	2019 Attendance	
Board ⁸	9 of 9	100%
HR&C Committee	5 of 5	100%
CG&N Committee	5 of 5	100%

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs
815,698	2,000,000	1,381,322	3,381,322

2019 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
190,407,839	98.85%	2,221,219	1.15%

⁸ Mr. Brack currently serves as Chair of the Board of Directors.



Robert Gallagher

Vancouver, British Columbia, Canada

Mr. Gallagher has worked in the mining industry for more than 41 years and has extensive experience in the development and operation of large-scale mining projects. In addition to Capstone, Mr. Gallagher serves as a director of Southern Arc Minerals Inc., Japan Gold Corp., and BC Hydro (a crown corporation). Previously, he served as a director of Yamana Gold Inc. and New Gold Inc.

Age: 69

Independent

Director since: November 1, 2016

Other Current Public Boards:

Southern Arc Minerals Inc., Japan Gold Corp.

Area of Expertise:

Environmental, Health, Safety and Sustainability
Metallurgy

Mining Operations

Project Management

Risk Management

Mr. Gallagher was President & CEO of New Gold Inc., and prior to the merger of Peak Gold, Metallica Resources and New Gold, he was the President and CEO of Peak Gold. Previously, he spent fifteen years with Placer Dome Inc. and seven years with Newmont Mining Corporation, most recently as Vice President Operations of Newmont Asia Pacific. During his time at Newmont, Mr. Gallagher oversaw the completion of development and operation of the Batu Hijau Mine, the billion-ton, world-class copper-gold mine located in Indonesia and was responsible for seven smaller mines in Australia and New Zealand. Mr. Gallagher earned a B.A.Sc. from the University of British Columbia

Capstone Board/Committee Memberships

	2019 Attendance	
Board	9 of 9	100%
CG&N Committee	5 of 5	100%
THES&S Committee ⁹	5 of 5	100%

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs
310,568	n/a	465,393	465,393

2019 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
191,445,554	99.39%	1,183,504	0.61%

⁹ Mr. Gallagher currently serves as the Chair of the THES&S Committee

**Peter Meredith**

Vancouver, British Columbia, Canada

Mr. Meredith is a corporate director and currently serves on the board of Ivanhoe Mines Ltd. and serves as Chairman of the Board of Great Canadian Gaming Corporation. Previously, Mr. Meredith served as a director of Cordoba Minerals Corp., Turquoise Hill Resources Ltd. (formerly the original Ivanhoe Mines), Kaizen Discovery Inc., SouthGobi Resources Ltd. and Peregrine Diamonds Ltd. Mr. Meredith served as Deputy Chairman and Chief Financial Officer of Turquoise Hill Resources Ltd. Prior to joining Ivanhoe Mines Ltd., Mr. Meredith spent 31 years with Deloitte LLP, Chartered Professional Accountants, and retired as a partner in 1996. Mr. Meredith is a Chartered Professional Accountant, (CPA, CA) and is a member of the Chartered Professional Accountants of British Columbia and the Chartered Professional Accountants of Ontario.

Age: 76

Independent

Director Since: April 25, 2019**Other Current Public Boards:**

Ivanhoe Mines Ltd.

Great Canadian Gaming Corporation

Area of Expertise:

Banking/Treasury

Finance

Mining Operations

Capstone Board/Committee Memberships

	2019 Attendance	
Board ¹⁰	4 of 4	100%
Audit Committee ¹¹	2 of 2	100%
HR&C Committee ¹²	3 of 3	100%

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs
183,218	50,000	256,584	306,584

2019 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
189,940,630	98.60%	2,688,428	1.40%

¹⁰ Mr. Meredith was elected to the Board of Directors effective April 25, 2019

¹¹ Mr. Meredith was appointed to the Audit Committee effective April 25, 2019

¹² Mr. Meredith was appointed to the HR&C Committee effective April 25, 2019 and currently serves as Chair

**SeungWan Shon**

Seoul, Korea

Mr. Shon currently leads KORES' Metals Team, managing overseas copper projects. Mr. Shon has been with KORES since 2001 and held numerous positions which include Mine Manager, Senior Manager of KORES Corporate Partnership Team and Senior Manager of the Exploration Team for Non-metal Mineral Deposits in South Korea. Mr. Shon holds a Master of Science in Geology from Kyungpook National University, Korea.

Age: 46**Director Since:** February 12, 2020**Other Current Public Boards:**

Nil

Area of Expertise:

Exploration/Geology

Human Resource Management/Labour

Project Management

Capstone Board/Committee Memberships

	2019 Attendance	
N/A ¹³	N/A	N/A

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs
Nil	Nil	Nil	Nil

2019 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
N/A	N/A	N/A	N/A

¹³ Mr. Shon was appointed to Capstone's Board of Directors effective February 12, 2020 as Korea Resources Corporation's nominee and will be standing for election at the upcoming Annual General & Special Meeting

**Dale Peniuk**

West Vancouver, British Columbia, Canada

Age: 60

Independent

Director since: May 19, 2009**Other Current Public Boards:**

Lundin Mining Corporation, Argonaut Gold Inc.,

Miramont Resources Corp.

Area of Expertise:

Accounting

Banking/Treasury

Human Resource Management/Labour

Relations/Compensation

Mergers & Acquisitions

Mr. Peniuk is a Chartered Professional Accountant (CPA, CA) and corporate director. Mr. Peniuk has a B.Comm from the University of British Columbia and received his Chartered Accountant designation from the Institute of Chartered Accountants of British Columbia (now the Chartered Professional Accountants of British Columbia). He spent more than twenty years with KPMG LLP and predecessor firms, the last ten years as an Assurance Partner with a focus on mining companies. In addition to his position on Capstone's Board, Mr. Peniuk serves as a director and Audit Committee Chair of Lundin Mining Corporation, Argonaut Gold Inc. and Miramont Resources Corp.

Capstone Board/Committee Memberships

	2019 Attendance	
Board	9 of 9	100%
Audit Committee ¹⁴	5 of 5	100%
HR&C Committee	5 of 5	100%

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs
542,478	99,018	883,740	982,758

2019 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
190,312,394	98.80%	2,316,664	1.20%

¹⁴ Mr. Peniuk currently serves as Chair of the Audit Committee.

**Darren Pylot**

Vancouver, British Columbia, Canada

Mr. Pylot is the founder of Capstone Mining Corp. and Capstone's President and CEO and former Vice Chair. Mr. Pylot has over twenty-five years of executive management experience in the resource sector. In 2006 he created Silverstone Resources Corp., a spin out from Capstone and served as its President and Chief Executive Officer until its sale to Silver Wheaton Corp. (now Wheaton Precious Metals Corp.) in May 2009. Mr. Pylot also serves as Chair of the Board of Zena Mining Corp.

Age: 52

Non-Independent

Director since: October 23, 2003**Other Current Public Boards:**

Zena Mining Corp.

Area of Expertise:

Banking/Treasury

Communications/Media Relations/Stakeholder Issues

Human Resource Management/Labour

Relations/Compensation

Mergers & Acquisitions

Risk Management

Strategic Planning

Capstone Board/Committee Memberships

	2019 Attendance	
Board	9 of 9	100%

Securities Held as of the Record Date

Options	Common Shares	PSUs	RSUs	Total of Common Shares, PSUs and RSUs
6,567,123	3,119,350	3,054,134	1,527,068	7,700,552

2019 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
191,631,712	99.48%	997,346	0.52%



Richard Zimmer

North Vancouver, British Columbia, Canada

Age: 71

Independent

Director since: June 20, 2011

Other Current Public Boards:

Alexco Resources Corp., Ascot Resources Ltd.
and MG Capital Corporation

Area of Expertise:

Environment, Health, Safety, Sustainability
Exploration/Geology
Metallurgy
Mining Operations
Project Management
Risk Management

Mr. Zimmer is a corporate director and is the former President and Chief Executive Officer of Far West Mining Ltd., which was acquired by Capstone in 2011. Prior to Far West, Mr. Zimmer worked for Teck Corporation, Teck-Cominco and Teck-Pogo Inc. from 1992 to 2007. He served in various engineering and operating roles, including from 1998 to 2007, as Vice President and Project Manager for Teck-Pogo on the design and construction of the Pogo Mine near Fairbanks, Alaska. Before joining Teck, Mr. Zimmer was employed with Bow Valley Industries as Senior Staff Engineer responsible for evaluation of new mining ventures and the operation of its coal mining division. Mr. Zimmer has over forty years of experience in the mining industry and has a B.Sc. degree, B. Eng., MBA and is a P.Eng. in the Province of British Columbia. Mr. Zimmer also serves as the Chair of Ascot Resources Ltd. and a director of Alexco Resources Corp. and MG Capital Corporation.

Capstone Board/Committee Memberships

	2019 Attendance	
Board	9 of 9	100%
CG&N Committee ¹⁵	5 of 5	100%
THES&S Committee	5 of 5	100%

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs
1,156,578	77,069	905,789	982,858

2019 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
178,036,869	92.42%	14,592,189	7.58%

¹⁵ Mr. Zimmer currently serves as Chair of the CG&N Committee.

GOVERNANCE OF CAPSTONE

Capstone and the Board believe in the importance of good corporate governance and the central role played by directors in the governance process. We strongly believe that good corporate governance practices are essential for an effectively managed company which in turn enhances shareholder value.

Capstone's corporate governance practices comply with all applicable securities regulatory requirements and we continue to monitor developments in best practices to ensure we have strong governance practices. The Board believes that Capstone's governance system is effective and appropriate to its circumstances, and that there are appropriate structures and procedures in place to ensure the Board's independence from management. In the past four years, our strong governance framework resulted in an **ISS Governance Score of 1, indicating the highest level of governance quality and the lowest level of governance risk.**

The mandate of the Board, which it discharges directly or through one of its four Board committees, is to supervise the management of the business and affairs of Capstone, and includes responsibility for approving strategic goals and objectives, reviewing operations, disclosure and communication policies, oversight of financial reporting and other internal controls, oversight of Capstone's Enterprise Risk Management ("ERM") system including Capstone's cyber security and global insurance programs, corporate governance, director orientation and education, executive compensation and succession planning oversight, and director nomination, compensation and assessment. The frequency of Board and committee meetings may be increased when Capstone is facing new opportunities or risks that require oversight by the Board. The Board is kept informed of the operations of Capstone on a continuous basis through reports from, and discussions with management during and between Board and committee meetings.

Governance Guideline

The Board has adopted a Corporate Governance Guideline that complies with the listing standards of the TSX which guides the Board in exercising its duties and provides a framework of corporate governance, including outlining the Board's goals and responsibilities, the organization and composition of the Board, and the conduct of the Board. A copy of our Corporate Governance Guideline is available on our website at www.capstonemining.com.

Changes to the Board of Directors in 2019 and 2020

Mr. Yong Jun Park retired from the Board in July 2019 and was replaced by Mr. Min Geol Ryu. Mr. Ryu retired from the Board in February 2020 and was replaced by Mr. SeungWan Shon. Both Mr. Ryu and Mr. Shon were nominees put forth by KORES and were appointed by the Board of Directors. Capstone would like to thank Mr. Park and Mr. Ryu for their service on the Board.

Current Members of our Board of Directors and Committees of the Board of Directors

The Board discharges some of its mandate through four committees of the Board. The members of the Board and the committees on which they serve as of the Record Date are identified below:

Name of Director	Independent	Committees			
		Audit	HR&C	CG&N	THES&S
George Brack	✓		M	M	
Robert Gallagher	✓			M	C
Peter Meredith	✓	M	C		
Dale Peniuk	✓	C	M		
Darren Pylot					
SeungWan Shon	✓				M
Richard Zimmer	✓	M		C	M

C = Chair of Committee M = Member of Committee

The CG&N Committee nominates to the Board for approval, an independent director as Chair of each committee based on an assessment of the appropriate skills for a given committee. The Board has the authority to appoint *ad hoc* committees as needed.

Meetings of the Board and Committees of the Board

The Board has eight regularly scheduled meetings per year with provisions for additional meetings as required. At any time, the Board may convene a special meeting with notice. The committees typically meet between four to five times per year depending upon the nature of the committee. All directors are expected to attend Board meetings and committee meetings in person or by telephone conference call unless they recuse themselves from such meetings. All directors have a standing invitation to attend committee meetings as guests. In practice, directors attend meetings of other committees on a regular basis. The Chair and the CEO attend portions of committee meetings *ex officio* with a portion of each meeting held *in camera* (independent directors only).

Attendance of Directors at Board and Committee Meetings

Since the beginning of Capstone's last financial year, the Board held a total of nine meetings, four of which were held after the election of directors at the 2019 Annual General Meeting of shareholders. The chart on the right shows the attendance record for all Board and committee meetings in 2019.

Board	100%
Audit	100%
CG&N	100%
HR&C	100%
THES&S	100%

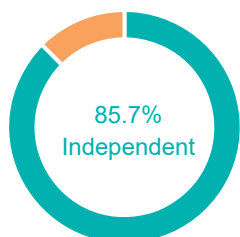
Independence of the Board

The Board has considered the relationship of each director to Capstone and determined that the majority of directors (six of seven) are independent, and were independent in 2019, within the meaning of independence under NI 52-110 and NI 58-101.

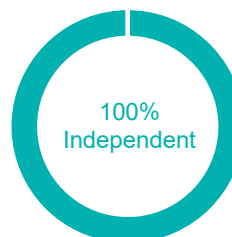
Mr. Pylot is the only non-independent director and is considered to have a material relationship with Capstone as President & Chief Executive Officer.

Mr. Brack, an independent director, is the Non-Executive Chair who acts as Chair of Board meetings and meetings of the independent members of the Board, and acts as the liaison between management and the Board.

2019 Board Independence



2019 Committee Independence



To facilitate the ability of the Board to function independently of management, the following structures and processes are in place:

1. The Chair of the Board is an independent director;
2. The CEO of Capstone is the only member of management on the Board;
3. The CEO of Capstone does not serve on any of the Committees of the Board;
4. Pursuant to the Articles of Capstone, any one director may call a meeting of the Board;
5. The CEO's compensation is considered, in the CEO's absence, by the HR&C Committee and at a Board meeting of the independent members of the Board at least once a year;
6. In addition to the standing committees of the Board, *ad hoc* committees are appointed from time to time, when appropriate; and
7. The independent directors of the Board hold *in camera* meetings at the end of all Board and committee meetings.

Delineation of the Roles of Chair of the Board and Chief Executive Officer

Chair of the Board

The Chair of the Board, Mr. George Brack, is responsible for Board administration with the support and assistance of the CEO and other management of Capstone. These responsibilities include, but are not limited to, presiding as Chair of all meetings of the Board and shareholders, setting the meeting agenda and ensuring the Board is organized properly and meets its obligations and responsibilities. The Chair is also responsible for ensuring the Board has a strategic focus and represents the best interests of Capstone, acting as the liaison between the Board and the CEO as well as other members of management when required, and ensuring the Board is operating effectively. The Chair represents Capstone to shareholders and external stakeholders and acts as the primary spokesperson for the Board. The Chair maintains regular communication with the CEO and Corporate Secretary of Capstone. The Chair and the CEO work together to ensure that all matters of importance are brought to the Board's attention in a timely manner to allow for fulsome discussions of critical issues.

Chief Executive Officer

The CEO, Mr. Darren Pylot, is responsible for directly overseeing the day to day operations of Capstone. The CEO is the leader of an effective and cohesive management team and sets the tone for management by exemplifying consistent values of performance in enhancing shareholder value and advancing the direction of Capstone; demonstrating high ethical standards and fairness; leading the definition of Capstone's vision and strategy; and bearing the chief responsibility to ensure Capstone meets its short-term operational and long-term strategic goals. The CEO works with, and is accountable to, the Board with due regard to the Board's requirement to be informed and to be independent.

In Camera Sessions

The Board's policy is to hold *in camera* sessions at the end of each Board meeting and committee meetings at which non-independent directors and members of management do not attend. The following table shows the number of *in camera* sessions held by the Board during the year ended December 31, 2019. In addition, each committee holds an *in camera* session at the end of each committee meeting. Additional *in camera* sessions are held as required.

Board/Committee	Total Number of Meetings	<i>In Camera</i> Meetings ¹⁶
Board	9	8
Audit Committee	5	4
HR&C Committee	5	4
CG&N Committee	5	4
THES&S Committee	5	4

¹⁶ In certain meetings, the independent directors determined that an *in camera* session was not necessary.

Directorships

In addition to their positions on the Board, the following directors or nominees for director also serve as directors of the following reporting issuers or reporting issuer equivalent(s):

Name of Director	Reporting Issuer(s) or Equivalent(s)
George Brack	Wheaton Precious Metals Corp. and Alio Gold Inc.
Robert Gallagher	Southern Arc Minerals Inc. and Japan Gold Corp.
Peter Meredith	Ivanhoe Mines Ltd. and Great Canadian Gaming Corporation
Dale Peniuk	Argonaut Gold Inc., Lundin Mining Corporation and Miramont Resources Corp.
Darren Pylot	Zena Mining Corp.
SeungWan Shon	Nil
Richard Zimmer	Alexco Resource Corp., Ascot Resources Ltd. and MG Capital Corporation

Directors Serving Together

The Board's approach to director interlocking board relationships is aligned with Canadian Coalition of Good Governance principles limiting the number of directors sitting together on another public company board to two directors. The Board considers director interlocks when considering new candidates and approving requests to join additional boards. Currently, no directors of Capstone serve together on interlocking boards.

Board and Committee Terms of Reference

The Board has developed written terms of references for the Board and each committee of the Board. These terms of references are reviewed annually by the respective committees and the Board. The Board's and each committee's terms of references are available on Capstone's website at www.capstonemining.com and a copy of the Board's terms of reference is attached as Schedule "B" to this Management Information Circular.

Position Descriptions

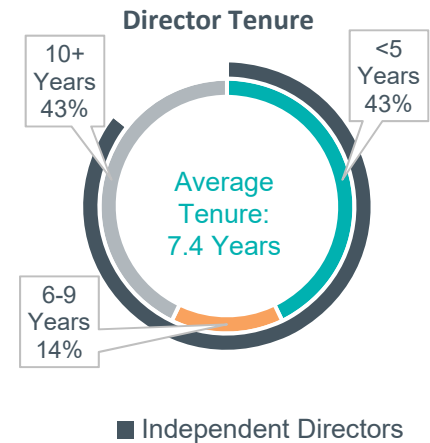
The Board has developed and approved written position descriptions for the following:

- Chair of the Board;
- President and Chief Executive Officer;
- Audit Committee Chair;
- CG&N Committee Chair;
- THES&S Committee Chair;
- HR&C Committee Chair; and
- Chief Financial Officer ("CFO").

The position descriptions are reviewed by the CG&N Committee and the Board annually.

Director Tenure

The Board has chosen not to implement mandatory retirement or term limits for directors. The Board believes that limits on a director's term is not in the best interest of Capstone. Limits on tenure discount the value of experience and continuity of board members and risks excluding potentially valuable members of the Board as a result of an arbitrary determination. The Board has a rigorous process to review directors and Board effectiveness, including a skills gap analysis and a diversity policy which all assist in Board renewal and ensuring the strong performance and independence of directors. The average tenure of our Independent Directors is 7.4 years



The below table shows Capstone's Board renewal in the last 6 years:

Year Appointed	Director
2015	Soon Jin Kwon
2016	Robert Gallagher and Jill Gardiner
2018	Yong Jun Park
2019	Min Geol Ryu and Peter Meredith
2020	SeungWan Shon

Director Orientation and Education Process

The Board has adopted a written Director's Orientation and Education Process which sets out the education support provided to the Board. The Director's Orientation and Education Process also provides the onboarding process for new directors that includes a comprehensive board manual, site visits, and an in-depth seminar covering an introduction to mining (as needed), and an education session with the members of management to familiarize the new director with Capstone's business and operations, including but not limited to:

- corporate and financial strategy;
- risk, governance, legal and regulatory compliance programs;
- operations overview;
- marketing strategy;
- industry education, as needed;
- investor presentation;
- exploration strategy; and
- an orientation to the Board and committees.

EACH ORIENTATION PROGRAM IS TAILORED TO THE INDIVIDUAL NEEDS AND AREAS OF EXPERTISE OF THE NEW DIRECTOR.

Board members are provided with:

- a digital board manual which provides information such as position descriptions for the Chair of the Board and the committee Chairs, the terms of reference for the Board and all committees, copies of Capstone's corporate governance policies, governance related articles, materials relating to the operations of Capstone and other industry related materials;
- access to recent, publicly filed documents of Capstone, technical reports and Capstone's internal financial information;
- access to recent Board and committee meeting materials;
- access to management, technical experts and consultants; and
- a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors, technical consultants and compensation consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry and governance seminars and visit Capstone's operations. Board members have full access to Capstone's records.

The Board believes that continuing education is important for directors to keep informed on changes in governance best practices and legal regulatory requirements and to better understand the issues facing Capstone. As such, the Board encourages all directors to participate in continuing education. In addition, the directors receive regular educational presentations and updates from management on matters of emerging significance.

Board Site Visits		Board Education Sessions Provided by Management	
Date	Site	Presented By	Topic
February 2019	Pinto Valley	Blakes	Engineering, Procurement & Construction Contract vs. Engineering, Procurement, Construction & Management Contract
November 2019	Cozamin	Osler, Hoskin & Harcourt LLP	Tailings Storage Facility: From Design to Closure... A Liability Lifecycle
		Management	Capstone Tailings Management (February 2020)
Director	Additional Professional Development		
George Brack	Mr. Brack attended the National Association of Corporate Directors Board Leaders Summit, Scotia Mining Conference and various seminars presented by service providers on corporate governance, ESG and compensation topics.		
Robert Gallagher	Mr. Gallagher attended various seminars held by the Institute of Corporate Directors.		
Peter Meredith	Mr. Meredith reported a total of 80.5 hours in 2019 as part of his continuing professional development requirements for the Chartered Professional Accountants of British Columbia. This included attending various professional meetings, seminars and webinars related to capital markets, export development, financial reporting, cyber security, risk management, human resources and government matters.		
Dale Peniuk	Mr. Peniuk reported a total of 41.5 hours in 2019 as part of his continuing professional development requirements for the Chartered Professional Accountants of British Columbia. This included presenting and attending various seminars and webinars related to financial reporting, income taxes, cyber security, risk management, human resources and government matters.		
Darren Pylot	Mr. Pylot attended the KPMG Annual Mining Executive and Director Forum, Wood Mackenzie Forum, Macquarie Base Metal Summit and the BMO Research Seminar. He also attended various seminars on topics relating to the global commodity markets.		
Min Geol Ryu	Mr. Ryu attended a workshop relating to project management.		
Richard Zimmer	Mr. Zimmer attended a panel discussion on Tailings Storage Facilities held by Marsh in Vancouver, as well as various seminars relating to governance.		

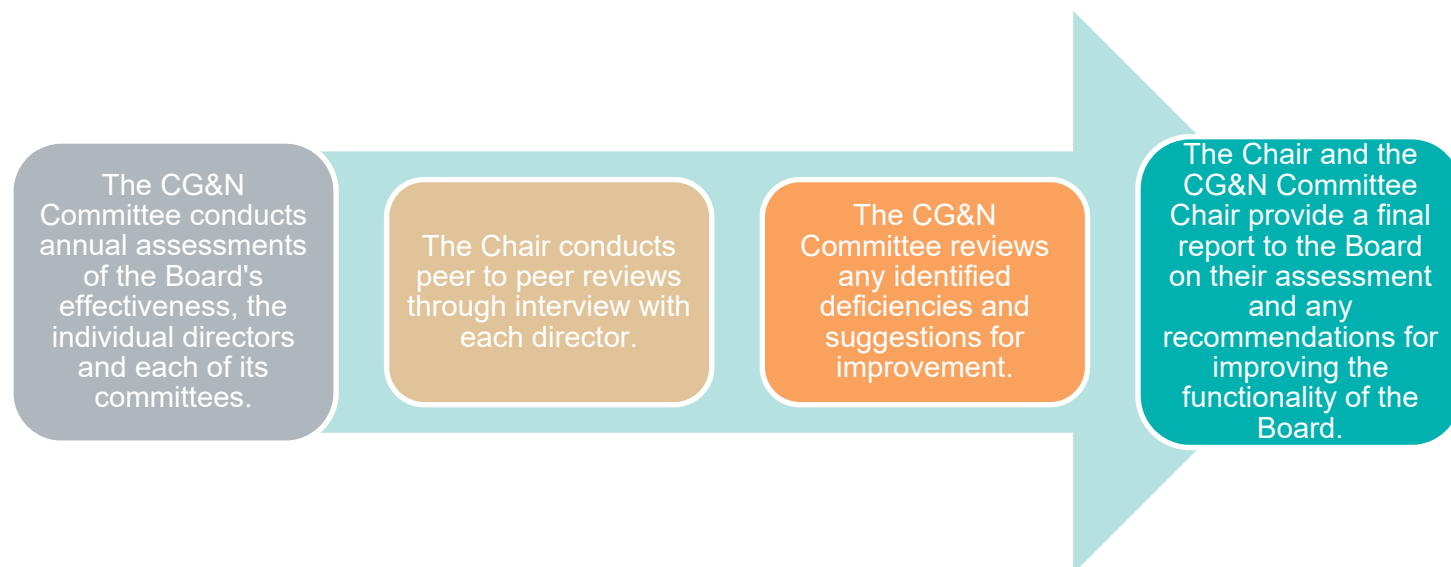
Board Performance Assessments

The CG&N Committee is responsible for overseeing the annual assessment process of the Board, its committees and individual directors. The assessments are intended to provide the Board and each committee with an opportunity to evaluate performance for the purpose of improving Board and committee processes and effectiveness.

The process is comprised of the following steps:

- Board and committee performance evaluation questionnaires including a self-assessment by each director;

- Chairman evaluation questionnaire;
- Committee chairs evaluation questionnaire; and
- One-on-one confidential meetings between the Chair and every director covering comments provided in the questionnaire and peer evaluations. In addition, the Board may from time to time, retain an independent advisor to assist the Board in independently assessing the performance of the Board, Board committees, Board and committee chairs and individual directors.



As part of the Board assessment process, directors are asked to rate items such as structure and size of the Board, the knowledge and diversity of the collective Board, the timeliness and completeness of information received from management, the relationship with management and the overall effectiveness of the decision-making process. The assessment is intended to identify any deficiencies and any areas for improving the functionality of the Board. The CG&N Committee is responsible for evaluating and implementing any suggestions elicited through the evaluation process.

Nomination of Directors

The CG&N Committee, with oversight from the Board, has responsibility for identifying and recruiting potential Board candidates for nomination to the Board.

The Board has developed a Director Succession Plan and Board Recruitment Process Guideline (the “Guideline”) to ensure orderly identification and selection of new directors in the event of an opening on the Board, whether through anticipated retirement, unanticipated departure, expansion of the Board or otherwise. The Guideline outlines a robust nomination and selection process which is fundamental to board effectiveness.

Under the Guideline, the CG&N Committee assesses potential candidates to fill the needs of the Board based on an analysis of the skills matrix, and the long-term plan for Board composition to ensure the appropriate industry, market, technical and professional skills are represented to enable good governance. A recruitment firm may be retained to identify a broad slate of candidates. An assessment of each candidate’s skills, expertise, experience, independence, diversity and personality fit are some of the key factors considered. The Board has a Diversity Policy that is an integral part of the nomination process.

In March 2019, the CG&N Committee reviewed the current needs and size of Capstone’s Board and determined, for recommendation to the shareholders, that the number of Board members should be reduced to seven. Capstone had female representation on the Board from 2010 to 2019. The Board has set a target of one female director no later than 2022.

As previously noted, Capstone has implemented a majority voting policy for directors. Information on the majority voting for directors is set out in this Management Information Circular under the heading Majority Voting for Directors on page 10.

Skills Matrix

The CG&N Committee annually reviews and updates a matrix of skill sets of the current directors that are important for oversight of Capstone's business. The skills matrix review has been enhanced with the use of a more comprehensive skills analysis to assist the CG&N Committee with its gap analysis when reviewing the needs of the Board. The review is a critical part of director recruitment when changes are made to the Board. The skills matrix and gap analysis are also used to identify board development opportunities and when a change in Board composition is required.

- ✓ Gold – Expert - worked directly or had individuals directly reporting to you in specific area
- Silver – Experienced – a reasonable wide range of understanding and knowledge in specific area
- Bronze – Knowledgeable - limited expertise in specific area

Summary of Director Qualification and Experience Base on the Proposed Slate of Directors	Brack	Gallagher	Meredith	Peniuk	Pylot	Shon	Zimmer
Environmental, Health, Safety and Sustainability	●	✓	●	●	✓	●	✓
Mining Operations	●	✓	●	●	✓	●	✓
Metallurgy	●	✓	●	●	✓	●	✓
Exploration/Geology	✓	●	●	●	●	✓	✓
Banking/Treasury	✓	●	✓	✓	✓	●	●
Risk Management	●	✓	✓	●	✓	●	✓
Mergers & Acquisitions	✓	●	✓	✓	✓	●	●
Accounting	●	●	✓	✓	●	●	●
Governance	✓	✓	✓	●	✓	●	✓
Legal	●	●	✓	●	●	●	●
Government Relations/Social, Economic, Foreign Policy	●	✓	✓	●	●	●	●
Information Technology/Cyber Security	●	●	●	●	●	●	●
Human Resource Management/Labor Relations/Compensation	●	✓	✓	●	✓	●	●
Marketing	●	●	●	●	✓	●	●
Project Management	●	●	✓	●	●	●	✓
Strategic Planning	✓	✓	✓	●	✓	●	●
Communications/Media Relations/Stakeholder Issues	●	✓	✓	●	✓	●	●

Risk Oversight

Our Corporate Governance Guideline explicitly recognizes that our Board has the responsibility to oversee Capstone's Enterprise Risk Management Framework and risk management activities ("ERM System"). Management is responsible for identifying, evaluating, managing and mitigating Capstone's exposure to risk. It is the Board's responsibility to assess key risks facing Capstone and to review management's strategies for risk mitigation. Our Board committees assist the Board in fulfilling its risk oversight responsibilities in certain areas of risk.

The Audit Committee

- Oversight responsibility for financial risks, including but not limited to the significant financial risks identified by management in Capstone's corporate risk register and the significant financial risks disclosed in Capstone's continuous and other public disclosure documents.

The Human Resources and Compensation Committee

- Oversight responsibility related to succession planning risks and the business risk implications of our compensation policies and programs, as well as the compensation of directors.

The Corporate Governance and Nominating Committee

- Oversight responsibility for risks related to Board structure, membership and corporate governance compliance.

The Technical, Health, Environmental, Safety and Sustainability Committee

- Oversight responsibility for technical risk and operational risk related to production and costs, environmental protection, occupational health and safety, sustainability, environmental and social risks facing Capstone.

Enterprise Risk Management (ERM)

Capstone's robust ERM System is implemented across Capstone to ensure that the risks affecting Capstone's business objectives and strategy are identified, evaluated and managed. Our framework is used to navigate both negative risk and positive risk in order to better achieve our objectives. Additionally, Capstone's ERM system is integrated and aligned with our insurance program and operations to establish a more efficient, effective and transparent risk management system. This strategic alignment allows Capstone to successfully transfer risk as appropriate through a robust global insurance program.

Each quarter, committees of the Board receive reports from management on the risk areas they oversee. The Board also receives an update from management on the key risks facing Capstone. The update includes a risk matrix, indicating the potential impact of the principal risks supported by a document that details each key risk, including reasons for reporting and the mitigation strategies. A number of risk management activities are completed by management quarterly, to support the summary reporting to the Board, including but not limited to the following:

- Detailed risk registers are developed for the operating sites, major projects and corporate activities.
- The site and project risk registers are assessed, evaluated and updated through regular workshops and meetings with the general managers and their respective management teams.

THE BOARD HAS A STRONG PROCESS IN PLACE TO MONITOR SIGNIFICANT RISKS.

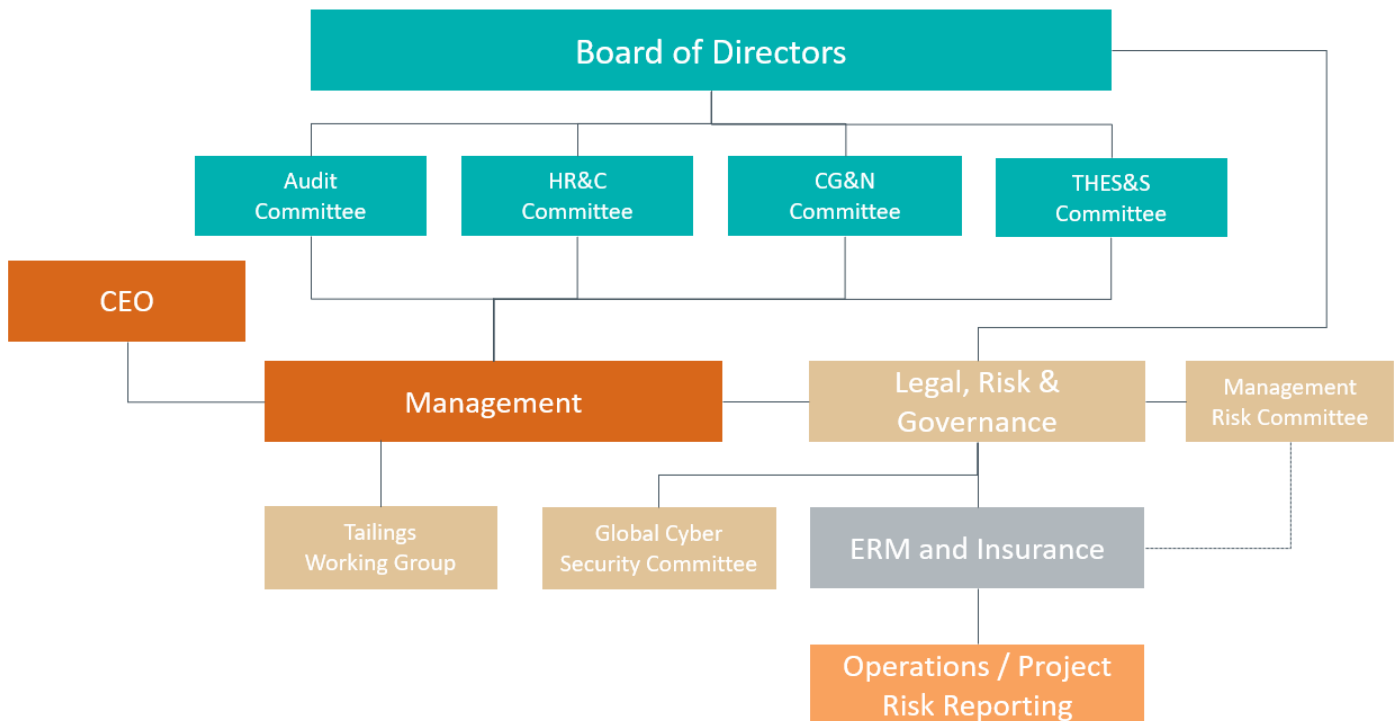
- The corporate risk register is developed, reviewed and updated with input from site management followed by a review by the management team.
- Risk training and awareness programs are implemented across Capstone.
- Risks facing Capstone are discussed at each committee of the Board, as appropriate.

Risk champions are identified and trained at the operating sites and development projects; this coupled with on-going training and awareness programs for the management teams, assists in embedding our ERM System and enhancing our risk awareness culture and risk-based decision making.

Capstone's ERM framework includes a cross functional management risk committee which meets to identify and discuss emerging and disruptive risks, and the interconnectivity between identified risks and mitigation strategies. Additionally, committees and working groups are established to manage key risks. The Global Cyber Security Committee manages cyber risk through ongoing governance, policies, practices and cyber security training initiatives. The Tailings Working Group is lead by our Director, Technical Services, a tailings management professional, and provides tailings management guidance and oversight to ensure tailings risks and mitigation efforts are adequately understood and communicated and responsible tailings management practices are applied across all operations and projects. Capstone also has a Global Pandemic Response Team and a robust Pandemic Response Plan. The Global Cyber Security Committee, Tailings Working Group and Global Pandemic Response Team report regularly to the Board of Directors.

Capstone's ERM System is regularly assessed against best practices and enhanced where appropriate. In addition to traditional measures of likelihood and impact, Capstone includes a third dimension of risk analysis, risk velocity. Velocity measures how fast the occurrence of a risk may affect the organization and can significantly influence the mitigation strategy. In addition to the quarterly reports to the Board, additional risk reports are provided to the Board and the appropriate committee of the Board following any special reviews or investigations completed internally or by consultants.

The following chart highlights the governance structure of Capstone's ERM framework:



Corporate Governance Related Policies

Anti-Bribery Policy

The Board has an Anti-Bribery Policy which provides guidance and procedures to ensure that Capstone, as well as the third parties who have an arrangement with Capstone and interact with government officials on Capstone's behalf, conduct themselves in an honest and ethical manner when dealing with government officials and all other parties, and in compliance with all applicable laws and regulations pertaining to bribery and corruption. The Anti-Bribery Policy, amongst other things, prohibits the provision of facilitation payments, gifts, entertainment and political and charitable contributions to government officials. The Anti-Bribery Policy also establishes guidelines for internal controls to facilitate compliance with the policy. Training or other awareness initiatives on the Anti-Bribery Policy is provided on an ongoing basis.

Anti-Hedging Policy

A summary of Capstone's Anti-Hedging Policy for directors and management can be found on page 47.

Clawback Policy

A summary of Capstone's Clawback Policy can be found on page 47.

Corporate Policy Framework

Capstone has a robust Corporate Policy Framework which establishes a standardized and single point of reference for the development, implementation, approval and management of Capstone's policies.

Cyber Security Policy

The Board has a Cyber Security Policy which establishes procedures and practices to mitigate internal and external cyber security threats, protect Capstone's information technology systems and infrastructure, data and reputation, and ensure that information technology related change management, business continuity and disaster recovery plans are developed to avoid changes or circumstances that could compromise Capstone's operations. The Cyber Security Policy also includes processes regulating how third parties are permitted access to our systems and guidelines in connection with the use of employees' personal devices. The Cyber Security Policy applies to all employees of Capstone and its subsidiaries as well as third parties who are users of Capstone's information technology resources. A global cross-functional cyber security team, with support from independent third-party service providers with cyber security expertise, is responsible for overseeing Capstone's cyber security strategy and plan, and ongoing education and engagement.

Disclosure & Confidentiality Policy

The Board has a Disclosure and Confidentiality Policy which establishes procedures to permit the disclosure of information about Capstone and its subsidiaries to the public in a timely manner, and to ensure that undisclosed non-public information remains confidential. Training or other awareness initiatives on the Disclosure & Confidentiality Policy is provided on an ongoing basis.

Diversity Policy

The Board has a Diversity Policy which recognizes and embraces the benefits of having diversity on the Board and in Capstone's management, including but not limited to gender diversity. Capstone's "Our Values and Ethics – Code of Conduct" (the "Code of Conduct" or "Code") also supports diversity within Capstone.

While the objective of the Diversity Policy is to ensure that gender diversity is taken into account when reviewing Board composition and identifying suitable candidates for Board appointment or nomination for election to the Board, a merit-based competitive process is also maintained where the CG&N Committee also considers the following:

- The competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- The competencies and skills that the Board considers each existing director to possess; and
- The competencies and skills each new nominee will bring to the boardroom.

The Board had female representation from 2011-2019 and has set a target to appoint a female to the Board no later than 2022.

On an annual basis, the CG&N Committee assesses the effectiveness of Capstone's performance in meeting the objectives outlined in the Diversity Policy by a review of our progress in increasing diversity amongst management and on the Board.

In 2019, the Board set a target of one female director and 20% female in executive officer positions no later than 2022. As of the Record Date, 20% of executive direct reports to the CEO are female.

The Diversity Policy may be accessed on Capstone's website at www.capstonemining.com.

Ethical Business Conduct

The Board views conduct of its businesses legally, ethically, responsibly and in accordance with Capstone's values as an integral component to the success of Capstone and part of its responsibilities to stakeholders.

The Board has adopted the Code of Conduct that is posted on our website at www.capstonemining.com and under Capstone's profile at www.sedar.com. The Board has instructed management and employees to abide by the Code. Management reports significant breaches of the Code of Conduct to the CG&N Committee on an annual basis, allowing the CG&N Committee to monitor any trends. The Board also conducts an annual review of the performance of Capstone personnel under the Code of Conduct with a view to making any required changes in Capstone practice or policy to enhance compliance with the Code of Conduct. The Board keeps a record of any departures from the Code of Conduct and waivers requested and granted, and confirms that no material change reports have been filed by Capstone since the beginning of Capstone's most recently completed financial year pertaining to any conduct of a director or executive officer that constitutes a departure from the Code of Conduct. Employees and directors are required to annually certify their understanding of and adherence to the Code of Conduct.

All directors of Capstone have the obligation to perform their duties and assume their responsibilities in the best interests of Capstone. Capstone expects all of its directors to comply with the laws and regulations governing their conduct and further is committed to promoting integrity and maintaining the highest standard of ethical conduct in all of its activities.

Directors and executive officers who have an interest in a transaction or agreement with Capstone are required to promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed, and abstain from discussions and voting in respect to same if the interest is material or if required to do so by corporate or securities law. As part of the Director Orientation and Education Process, new directors are provided with education on directors' duties including conflicts of interest and duty of confidentiality.

Insider Trading Policy

The Board has an Insider Trading Policy to ensure that any purchase or sale of securities occurs in accordance with applicable securities laws. The Insider Trading Policy applies to the directors, officers, employees, contractors, and their respective family members, other persons living in their household, or partnerships,

trusts, corporations or other similar entities under their control, of Capstone and its subsidiaries. The Insider Trading Policy prohibits trading of securities based on inside information, speculating, short-selling, purchasing or selling puts and calls, and tipping, and sets out trading restrictions and reporting requirements.

Training or other awareness initiatives on the Insider Trading Policy is provided on an ongoing basis.

Integrated Environmental, Health, Safety and Sustainability (“EHS&S”) Policy

Capstone has an EHS&S Policy that supports Capstone’s principles and values of safeguarding the health and safety of people, minimizing the impact of our activities on the ecosystem, respecting the conditions of the natural environment and communities in which we operate, while safeguarding Capstone’s assets. The EHS&S Policy guides Capstone to incorporate integrated resource protection into all of our activities.

Policy on Hiring from External Auditors

The Board has a Policy on Hiring from External Auditors which establishes a process for hiring current or former partners, principals or employees of the current or former external auditors by Capstone and its subsidiaries into a position considered to be a financial reporting oversight role. The purpose of the Policy on Hiring from External Auditors is to avoid compromising auditors’ independence from such actions.

Subsidiary Governance Policy

The Board has a Subsidiary Governance Policy to ensure adequate and appropriate governance and controls as well as consistency amongst all of Capstone’s controlled subsidiaries. The Subsidiary Governance Policy establishes various guidelines, including guidelines surrounding the categorization of the various entities, the approval process relating to structural changes, the composition of a subsidiary’s board and management, board meeting policies and the delegation and limit of authority.

Tax Policy

The Board has a Tax Policy which establishes a fundamental set of principles in which the tax function shall be embodied within Capstone and provides the overall strategy of how the tax function should carry out its duties, role and responsibilities. The Tax Policy, amongst other things, sets out the level of tax risk acceptable to Capstone and the process to determine and approve such risks with any necessary mitigation actions.

Whistleblower Policy

Capstone has a Whistleblower Policy to assist employees, directors, shareholders and contractors of Capstone to report actual or suspected fraud or other ethical concerns. The Whistleblower Policy outlines the process for reporting an ethical concern and the investigation based on the whistleblower report and confirms Capstone’s commitment to employee protection. Concerns can be raised by individuals through the process on a confidential and anonymous basis. Training or other awareness initiatives on the Whistleblower Policy are provided on an ongoing basis. The Whistleblower Policy may be accessed on Capstone’s website at www.capstonemining.com.

BOARD COMMITTEES

Audit Committee

The Audit Committee provides assistance to the Board in fulfilling its oversight responsibilities with respect to Capstone's:

- financial statements and MD&A and related earnings news release;
- financial reporting processes;
- internal financial controls;
- internal and external audit functions;
- oversight of financial related risks;
- Whistleblower Policy and related procedures; and
- compliance with regulatory and statutory requirements relating to tax and disclosure.

Members	Independent	2019 Attendance	
Dale Peniuk (Chair)	✓	5 of 5	100%
Peter Meredith ¹⁷	✓	2 of 2	100%
Richard Zimmer	✓	5 of 5	100%

The Audit Committee consists of three independent members of the Board that are financially literate, meaning that each member can read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by Capstone's consolidated financial statements.

The Audit Committee's terms of reference is located on our website at www.capstonemining.com.

Human Resources & Compensation Committee

The HR&C Committee provides assistance to the Board in fulfilling its oversight responsibilities with respect to Capstone's:

- compensation policies and guidelines;
- executive compensation and general compensation;
- management succession planning;
- annual performance evaluations; and
- oversight of human resource and compensation related risks.

Members	Independent	2019 Attendance	
Peter Meredith (Chair) ¹⁷	✓	3 of 3	100%
George Brack	✓	5 of 5	100%
Dale Peniuk	✓	5 of 5	100%

The HR&C Committee consists of three independent members of the Board that have previous industry experience in setting executive salaries and have served on compensation committees of other issuers of similar size.

The HR&C Committee's terms of reference is located on our website at www.capstonemining.com.

¹⁷ Mr. Meredith was appointed to the Audit Committee and HR&C Committee effective April 25, 2019.

Corporate Governance and Nominating Committee

The CG&N Committee provides assistance to the Board in fulfilling its oversight responsibilities with respect to:

- developing and implementing principles and systems for the management of corporate governance;
- establishing and leading the process for identifying and recruiting qualified individuals for Board and Board committee membership;
- evaluating the Board, Board committee and individual director performance;
- oversight for Code of Conduct;
- oversight of risks related to board structure, membership and corporate governance; and
- establishing the process for ongoing development for directors.

Members	Independent	2019 Attendance	
Richard Zimmer (Chair)	✓	5 of 5	100%
George Brack	✓	5 of 5	100%
Robert Gallagher	✓	5 of 5	100%

The CG&N Committee consists of three directors, all of whom are independent.

The CG&N Committee's terms of reference is located on our website at www.capstonemining.com.

Technical, Health, Environmental, Safety and Sustainability Committee

The THES&S Committee provides assistance to the Board in fulfilling its oversight responsibilities with respect to:

- environmental policies and activities;
- health and safety policies and activities;
- policies and activities related to engagement with communities, government and stakeholders;
- oversight for Capstone's Integrated EHS&S Policy;
- oversight of risks related to safety, operations, environmental and social impacts;
- management and reporting of mineral resources and reserves; and
- policies and activities related to major capital projects and mine development.

Members	Independent	2019 Attendance	
Robert Gallagher (Chair)	✓	5 of 5	100%
Min Geol Ryu ¹⁸	✓	1 of 1	100%
Richard Zimmer	✓	5 of 5	100%

The THES&S Committee consists of three directors, all of whom are independent.

The THES&S Committee's terms of reference is located on our website at www.capstonemining.com.

¹⁸ Mr. Ryu was appointed to the THES&S Committee effective July 31, 2019.

ADDITIONAL INFORMATION

Interest of Informed Persons in Material Transactions

Except as disclosed herein, since the commencement of Capstone's most recently completed financial year, no informed person of Capstone, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect Capstone or any of its subsidiaries. An "informed person" means: (a) a director or executive officer of Capstone; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of Capstone; (c) any person or company who beneficially owns, directly or indirectly, voting securities of Capstone or who exercises control or direction over voting securities of Capstone, or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) Capstone itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

Interest of Certain Persons in Matters to be Acted Upon

Except as disclosed herein, no Person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors. For the purpose of this paragraph, "Person" shall include each person or company: (a) who has been a director or executive officer of Capstone at any time since the commencement of Capstone's last financial year; (b) who is a proposed nominee for election as a director of Capstone; or (c) who is an associate or affiliate of a person or company included in subparagraphs (a) or (b).

Indebtedness of Directors and Executive Officers

As of the date of this Management Information Circular, no executive officer, director, employee or former executive officer, director or employee of Capstone or any of its subsidiaries is indebted to Capstone, or any of its subsidiaries, nor are any of these individuals indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Capstone, or any of its subsidiaries.

Shareholder Engagement

Capstone is committed to transparent, timely and effective communication and encourages regular dialogue with shareholders. In line with this mandate, Capstone has a Disclosure & Confidentiality Policy which is reviewed annually. Quarterly and annual financial disclosures are reviewed by Capstone's Disclosure Committee before being recommended to the Audit Committee and Board for approval. Capstone holds quarterly conference calls with analysts and investors which are broadcast live and archived on our website at www.capstonemining.com. Disclosure of news releases are reviewed by Capstone's Disclosure Committee and information about all significant corporate activities, including news releases, disclosure documents and investor presentations are posted on our website. An email list is maintained, and shareholders and other interested parties can request to receive news releases directly when published. Capstone maintains ongoing dialogue with shareholders through members of management attending mining-specific investor conferences to meet with current and prospective shareholders and regularly traveling to major mining investment centers in Canada, US and Europe to meet with current and prospective shareholders in their offices.

Investor relations is considered a priority at Capstone, with responsibility for communications with investors maintained at the executive level. Information requests and inquiries are handled by Investor Relations.

In 2018, Capstone's Chair of the Board and Chair of the HR&C Committee, met in person or via telephone with seven shareholders, including Capstone's two largest shareholders. The feedback provided insight into shareholder views on a variety of matters including our executive compensation program.

In 2019, members of Capstone's Board and Management, met in person or via telephone with Capstone's largest shareholders to have an open dialogue and to solicit feedback on topics of interests to those

shareholders including our executive compensation program and our environmental social governance practices.

It is the Board's intention to continue to regularly consult with shareholders on compensation and governance matters.

	Contact Capstone's Investor Relations at:	Contact Capstone's Board of Directors at:
	2100-510 West Georgia Street Vancouver, BC, V6B 0M3	2100-510 West Georgia Street Vancouver, BC, V6B 0M3
	604-684-8894	604-684-8894
	info@capstonemining.com	directors@capstonemining.com

Additional Information

Additional information relating to Capstone is on the SEDAR website at www.sedar.com under "Capstone Mining Corp."

Financial information is provided in Capstone's comparative financial statements and MD&A for its most recently completed financial year, copies of which will be mailed to shareholders who requested them, are available on our website at www.capstonemining.com and on the SEDAR website at www.sedar.com. Shareholders may request copies of Capstone's financial statements and MD&A by contacting the Corporate Secretary at 604-684-8894.

Other Business

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

COMPENSATION DISCUSSION AND ANALYSIS

An introduction by Peter Meredith
Chair, Human Resources & Compensation Committee
Capstone Mining Corp.



Dear Shareholders,

On behalf of the Board and the HR&C Committee, I am pleased to introduce the Compensation Discussion and Analysis (“CD&A”). The Board is keenly aware of our responsibility to ensure our approach to executive compensation supports our strategy, aligns with the interests of our shareholders and provides a competitive compensation program that motivates and retains talent for long term sustainability and growth. We are also aware that our compensation decisions must be logical and understandable to our employees, shareholders and other stakeholders, and we are committed to providing clarity and transparency through a comprehensive CD&A.

Our Philosophy

Capstone’s compensation philosophy is to target total direct compensation (“TDC”) within a competitive range of the market median, with the ability to earn compensation above median for very strong performance. Our objective is to attract and retain the caliber of executive officers necessary to deliver sustained high performance and growth.

Pay for Performance

Our executive compensation program is performance-based and payouts are directly linked to both Capstone and individual achievements. A significant proportion of executive target pay is at risk, in the form of performance based short- and long-term equity incentives. Our equity incentives reward achievement of long-term results, which align with Capstone’s goals and the interests of our shareholders.

Say on Pay

In early 2017, the Board adopted a “Say on Pay” advisory vote on executive compensation to give shareholders a formal opportunity to provide their views on Capstone’s disclosed objectives, program design and philosophy used to make executive compensation decisions. We were pleased to receive the support of our shareholders, receiving 97.80% of the votes in favor of our executive compensation program in 2019.

Capstone’s 2019 Performance

Macroeconomic factors continued to place downward pressure on commodity prices and base metal equities throughout 2019, bottoming in August. During 2019, Capstone traded on the TSX between the range of \$0.41 to \$0.78 per share. Capstone shares started to outperform peers during the last three months of the year following successful analyst tours of both Cozamin and Pinto Valley mines which highlighted the successful programs to enhance value through expansion and reduced costs at each site.

Corporate:

- Generated US\$79.8 million in operating cash flow before changes in working capital.
- Maintained a peer leading Net Debt/EBITDA ratio of 1.56x. As of December 31, 2019, net debt was \$165.5 million; repayments on the revolving credit facility in 2019 totaled \$10 million.
- Delivered higher than the mid-point of production guidance, delivered lower than guided cash costs from continuing operations and improved safety performance.
- Sold Minto mine, eliminating the ongoing care and maintenance costs.
- Extended and improved its \$300 million senior secured corporate revolving credit facility to July 2022, with improved terms and resulting saving of approximately \$1 million per year in interest costs.

- Company-wide cost reduction program that resulted in a total of \$27.5 million of annualized savings.

Cozamin:

- Commenced development work to optimize Cozamin's underground haulage network to debottleneck the mine and increase vehicle-flow safety. Concurrently, a ventilation raise using a raiseborer was started and the first leg was completed two months ahead of schedule, by year end.
- Initiated a 2019/2020 infill drilling program to move Inferred Mineral Resources to the Mineral Reserve category, with the expectation of adding additional Mineral Resources to support doubling the mine life. Positive drill results are pointing to higher grades and wider intercepts than in the current Mineral Reserves.

Pinto Valley:

- Preliminary work on Pinto Valley's future expansion to 100,000+ tonnes per day ("tpd") (PV4 Expansion), to take advantage of the one billion tonnes of Mineral Resources not currently scheduled in the current mine plan pit shell (PV3). An updated study is expected in H2 2020.
An operational test conducted in December, aimed at pushing throughput levels up 15% to 60,000 tpd or more, was successfully executed. The test realized an all-time daily throughput record of 70,334 tpd and an all-time average weekly throughput record of 63,517 tpd. Data from this test is currently being studied to determine what is the peak capacity run rate tied to a low capital, quick payback expansion of Pinto Valley (PV3 Optimization).

Santo Domingo:

- Launched a strategic process for Santo Domingo to right size or monetize Capstone's ownership.
- Obtained all critical long-lead permits required for the start of construction from Chilean authorities.
- Worked to improve project economics. Project opportunities being assessed include a higher level of CAPEX/OPEX certainty, additional key permits and the development of a Preliminary Economic Assessment with respect to cobalt production. An updated NI 43-101 expected in early 2020.

Key Compensation Activities in 2019

The HR&C Committee continued to monitor emerging trends in executive compensation practices and engaged actively in reviewing the need for any changes required to ensure continued alignment with the market. Our key activities in 2019 included:

- Continuing our shareholder engagement;
- Managing executive compensation risk;
- Enhancing the design of the executive compensation structure to align with shareholder feedback, market practices, strategy and the creation of long term shareholder value; and
- Reviewing CEO and executive team succession plans.

Additionally, given market conditions, the Board exercised its discretion by reducing the 2019 long-term incentive awards made to all executives and directors by 20%.

2019 CEO Pay

In considering CEO compensation, we assess overall performance relative to safety, environmental, financial, operational and strategic objectives established by the Board at the start of the year, as well as individual performance. Overall, corporate performance in 2019 resulted in an annual corporate scorecard incentive payout of 100% of target. Combined with Mr. Pylot's individual leadership achievements at 110% of target, his overall performance rating resulted in a bonus payment that was **102%** of target, which reflects the link between company performance and CEO pay. Year over year, Mr. Pylot's bonus is somewhat higher in 2019 which reflects the corporate performance results as noted above. A detailed description of the performance evaluation for Mr. Pylot is included on page 60.

In summary, the Board awarded the CEO \$2.89 million in TDC, which included a short-term incentive award of \$716,040 and mid- and long-term incentives awards totaling \$1.40 million. The mid- and long-term incentives were in the form of performance share units (50%), restricted share units (25%) and stock options (25%) to align with long-term shareholder interests.

We believe the compensation awarded to our CEO in 2019 appropriately reflects Capstone's operating performance as well as Mr. Pylot's delivery on key strategic objectives that contribute to long-term shareholder value.

Conclusion

In summary, the Board, the HR&C Committee and management are committed to creating long-term value for our shareholders and believe in aligning our executive compensation program with this purpose in mind. Our compensation philosophy and principles drive our compensation program. We believe the design of our current program provides the ability to motivate, reward and retain high performing executives to create and deliver value as well as providing the flexibility required to support Capstone's long-term success in a cyclical and volatile industry.

Yours sincerely,



Peter Meredith, Chair, HR&C Committee
Capstone Mining Corp.

Executive Summary

We have adopted the following leading practices that drive performance, build culture and teamwork, and instill Capstone values and ensure alignment with shareholder interests.

What We Do

✓	We pay for performance
✓	We conduct an annual Say on Pay advisory vote on executive compensation
✓	We engage an independent compensation advisor
✓	We benchmark our executive compensation program against an appropriate peer group
✓	More than 75% of CEO compensation and 62% of other NEO compensation is at risk
✓	We have maximum payouts on our short- and long-term incentive programs
✓	50% of the CEO and other NEO's equity-based compensation is in the form of Performance Share Units
✓	We have Share Ownership Guidelines for our directors and executive officers
✓	We have a Clawback Policy, an Anti-Hedging Policy and an Insider Trading Policy
✓	The Board may exercise discretion when considering compensation decisions to reduce or increase the size of any award or payout to reflect extraordinary events, prevailing circumstances or market conditions

What We Do Not Do

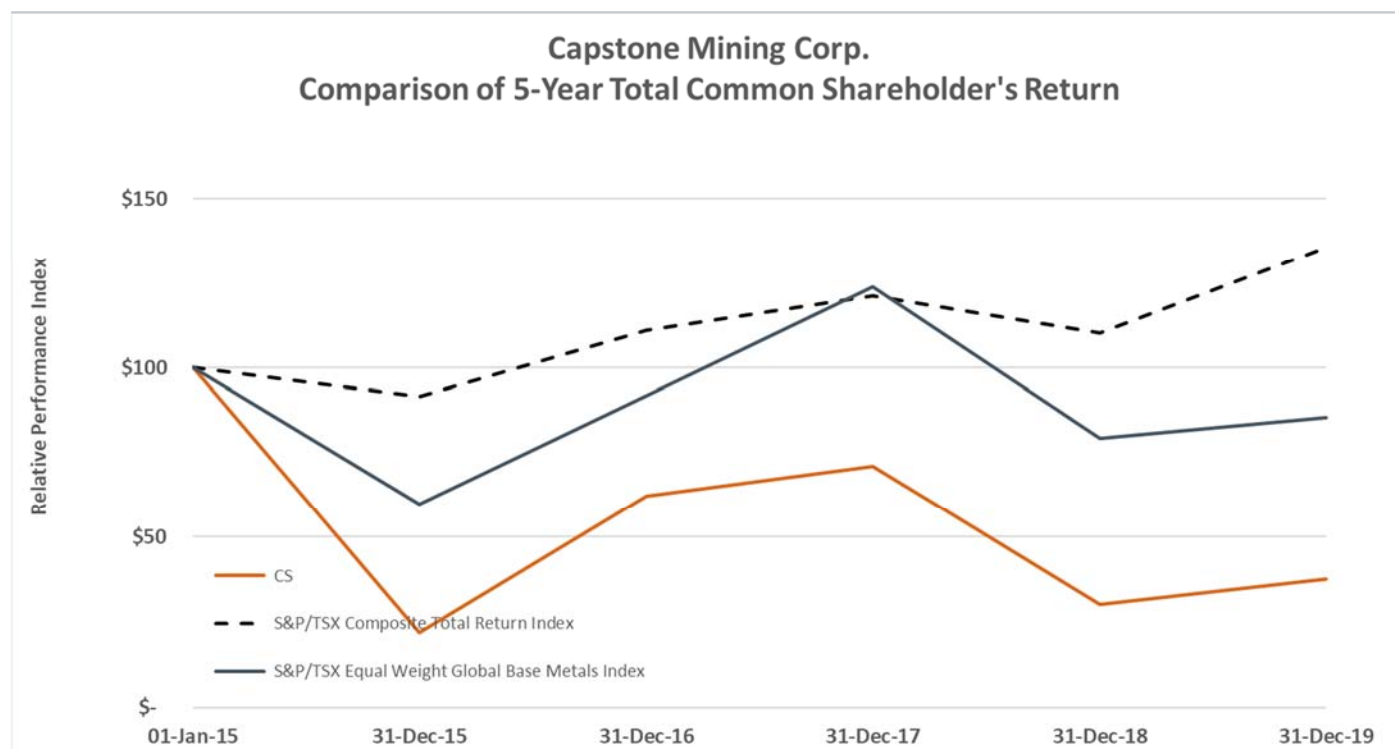
✗	We do not guarantee annual base salary increases or incentive compensation
✗	We do not reprice stock options
✗	We do not offer excessive perquisites
✗	We do not offer loans to directors or executives

Where to Find It

Compensation Philosophy	49
Compensation Mix	57
Share Ownership Guidelines	47
Clawback Policy	47
Anti-Hedging Policy	47
Insider Trading Policy	32
Performance Based Equity	63

Share Performance

The following graph compares the cumulative total shareholder return (“TSR”) on \$100 invested in common shares of Capstone from January 1, 2015 through December 31, 2019 with the cumulative TSR for the same period of the Standard & Poor’s 500 Index (“S&P”)/TSX Composite Index and S&P/TSX Equal Weight Global Base Metals Index.



For the five-year period ended December 31, 2019, Capstone’s share price declined 62%, underperforming the S&P/TSX Equal Weight Global Base Metals Index, which was down 15%. With the market currently uncertain on the timing of a copper price recovery, Capstone’s high leverage to the copper price has resulted in underperformance compared to peers, the base metals index and the broader market.

Over the past five years, copper commodity prices and equity stocks have been cyclically low, falling to a 6.5 year low in 2016 to \$1.96 per pound before breaking out to increase nearly 25% by the end 2016. This recovery continued into 2017 and the first half of 2018, hitting a high of \$3.33 per pound in June 2018, to only fall again during the second half of 2018 on international trade conflicts. The downward pressure on copper commodity pricing and base metal equities continued into 2019, due to ongoing global macroeconomic factors such as the escalating global trade war, Brexit uncertainty and unrest in both Hong Kong and Chile. As 2019 ended, demand risk remained elevated, capital under-investment continued and overall sentiment remained negative while commodity and equity prices starting to show signs of recovery from the year’s low points.

For the one-year period ended December 31, 2019, Capstone’s share price showed signs of recovery, in line with cautiously optimistic market sentiment, finishing the year at 25% higher than the previous year.

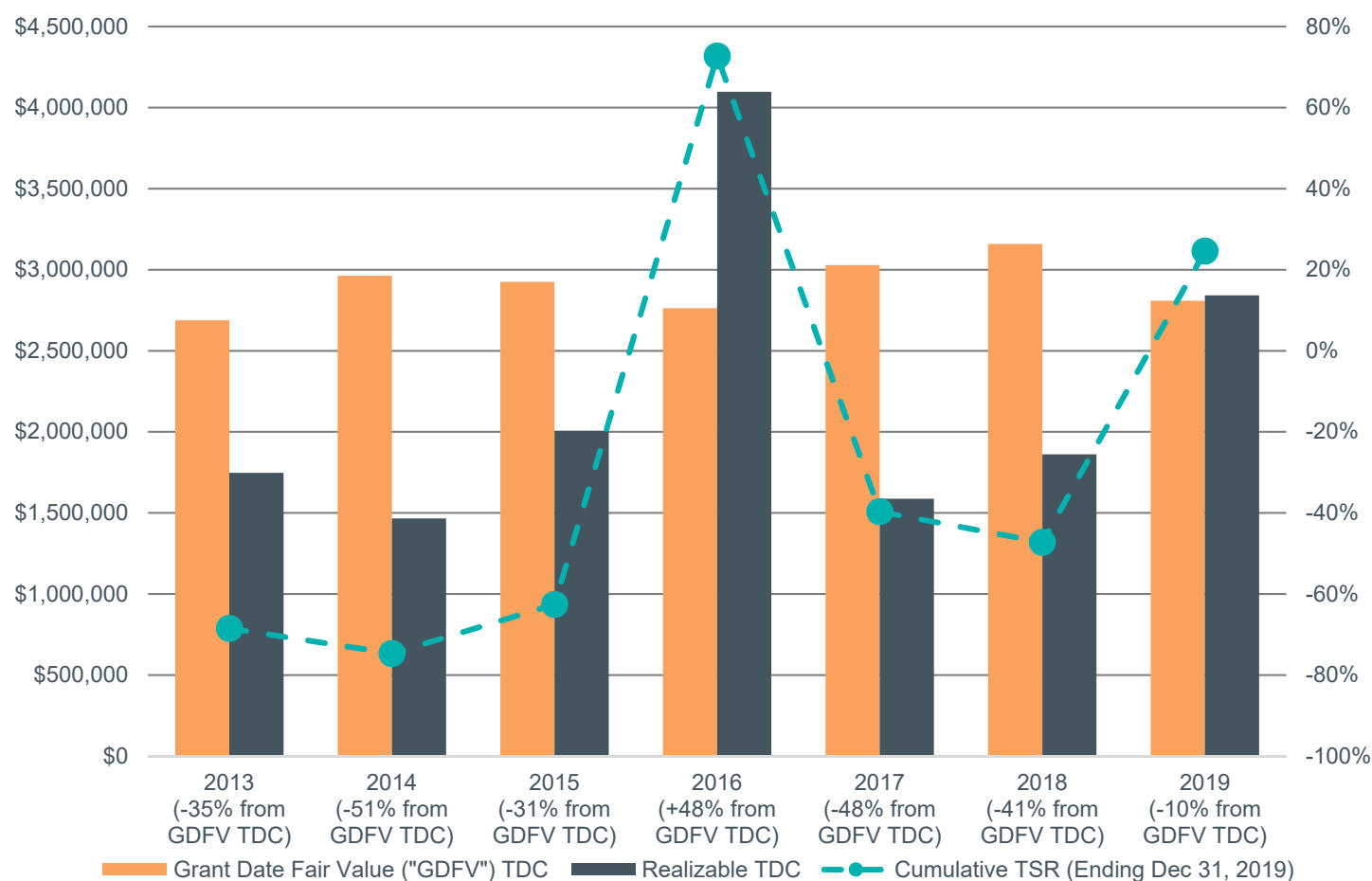
Realizable Compensation

Realizable compensation demonstrates the value of compensation executives may actually realize after the impact of Capstone’s performance (i.e. stock price and other performance metrics) has been reflected. Realizable compensation demonstrates how equity compensation programs are operating and is a much stronger indicator of whether compensation is aligned with performance, than the grant date compensation values disclosed in the summary compensation table. Comparing realizable compensation to the Company’s TSR demonstrates the degree of alignment between executive pay and company performance.

As illustrated in the chart below, there is strong directional alignment between Capstone's CEO's realized TDC and TSR over the past seven years.

- In 2019, realizable TDC for Capstone's CEO was slightly higher than its grant date fair value TDC. This is strongly aligned with our total shareholder return of 24.6% in 2019.
- Outstanding options granted in 2015, 2017 and 2018 are underwater (options granted in 2013 and 2014 expired with no value) and share units granted during that same period (with the exception of 2016 and 2019) are generally below grant date expected value.
- Our CEO's TDC is generally more leveraged than our peers, since a larger proportion of his pay is in Long-Term Incentive ("LTI"), and therefore more closely tied to total shareholder return.

CEO 7-Year Target vs Realized/Realizable Compensation



2019 NAMED EXECUTIVE OFFICERS SUMMARY COMPENSATION TABLE

For the financial year ended December 31, 2019, our NEOs include our CEO, CFO and the three other most highly compensated executive officers. The following table is a summary of compensation paid to our NEOs for each of Capstone's three most recently completed financial years (2017, 2018 and 2019).

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$)	Option Based Awards (\$) ¹⁹	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$) ²⁰	Long-Term Incentive Plans (\$)		
Darren Pylot President and CEO and Director ²¹	2019	702,000	1,053,000	351,000	716,040	-	65,572	2,887,612
	2018	702,000	1,316,250	438,750	543,348	-	70,300	3,070,648
	2017	702,000	1,218,750	406,250	477,360	-	63,699	2,868,059
Raman Randhawa CFO ²²	2019	360,000	302,400	100,800	251,550	-	36,185	1,049,977
	2018	210,000	470,000	70,000	85,428	-	219,981 ²³	1,055,409
	2017	-	-	-	-	-	-	-
Brad Mercer Senior Vice President, Operations & Exploration	2019	360,000	302,400	100,800	269,100	-	33,499	1,065,799
	2018	334,544	313,635	104,545	210,495	-	33,806	997,025
	2017	298,700	268,830	89,610	168,915	-	29,782	855,837
Jason Howe Vice President, Corporate Development	2019	350,000	252,000	84,000	206,938	-	32,481	925,419
	2018	326,700	294,030	98,010	139,615	-	35,407	893,763
	2017	326,700	207,563	69,188	150,282	-	33,653	787,386
Albert Garcia Vice President, Projects ²⁴	2019	376,652	237,371	79,124	203,392	-	61,594	951,704
	2018	159,157	119,368	-	106,642	-	18,963	404,129
	2017	-	-	-	-	-	-	-

¹⁹ Option-based compensation is valued using the Black-Scholes option pricing model. We selected the Black-Scholes model because it is widely used in estimating option based compensation values by Canadian public companies. The Black-Scholes model resulted in a value of an option of \$0.29 on February 20, 2019, \$0.58 on February 21, 2018 and \$0.60 on January 12, 2017.

²⁰ The amounts earned as non-equity incentive pay compensation were paid during the subsequent financial year.

²¹ Mr. Pylot does not receive any remuneration in his role as a Director of Capstone.

²² Mr. Randhawa was appointed Vice President, Finance, Financial Planning & Analysis on April 1, 2018 and was promoted to Chief Financial Officer on January 1, 2019.

²³ Upon joining Capstone in 2018, Mr. Randhawa was provided with a hire grant of bonus shares worth \$200,000. This grant was grossed-up for tax purposes and the amount is included in the 'All Other Compensation' section above.

²⁴ Mr. Garcia was appointed Vice President, Projects on August 1, 2018 at an annual salary of US\$280,000. Mr. Garcia is remunerated in US dollars and his compensation data has been converted to Canadian dollars using Bank of Canada's exchange rate as at December 31 of each year reported which may result in year to year exchange rate fluctuations.

COMPENSATION GOVERNANCE

Role of the Human Resources & Compensation Committee and Management

The HR&C Committee is responsible for implementing and assisting the Board in fulfilling its oversight responsibilities in relation to executive and general compensation, human resources policies, labour relations strategy and succession planning.

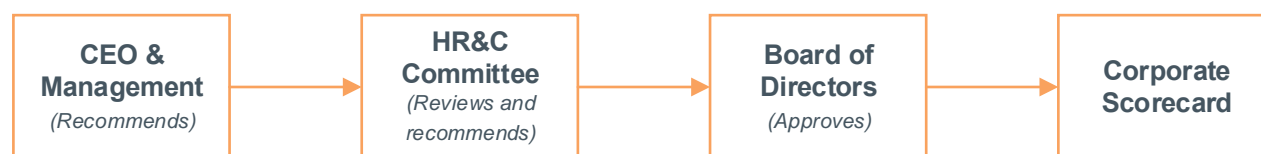
Management plays an important role in executive compensation and human resources policy decisions by making recommendations to the HR&C Committee.

Role of HR&C Committee	Role of Management
<p>In fulfilling its mandate, the HR&C Committee is responsible for the following:</p> <ul style="list-style-type: none"> • reviewing the annual Corporate Scorecard objectives, which are ultimately approved by the Board, and then approving the Corporate Scorecard rating each year; • reviewing and evaluating the CEO's annual leadership effectiveness objectives, which are ultimately approved by the Board; • considering matters of compensation with respect to the CEO and making recommendations to the Board; • approving compensation of the NEOs, other than the CEO, and reviewing compensation for all other senior executives, all within the human resources and compensation policies; • guiding broader policies on compensation, benefits, human resources and overall labour relations strategy; • annually assessing the risk, competitiveness and appropriateness of Capstone's human resources and compensation policies and guidelines; • ensuring the development of the CEO succession plan as well as a succession plan for other key executive officers; and • reporting regularly to the Board on all of the HR&C Committee activities and findings during the year. 	<p>Management makes recommendations to the HR&C Committee and keeps the HR&C Committee informed of best practices regarding the following:</p> <ul style="list-style-type: none"> • the annual Corporate Scorecard objectives and weightings; • the annual leadership effectiveness objectives of the NEOs, other executive officers and Capstone employees to ensure they are aligned to the Corporate Scorecard; • NEOs, other than the CEO, and senior executive officer proposed compensation adjustments; • Capstone's broader policies on compensation, benefits, diversity and inclusion, labour relations and human resources; • equity-based compensation plans and amendments to such plans, as necessary; and • talent development plans for the executives.

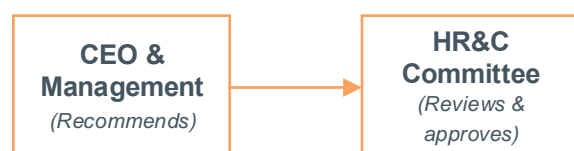
With respect to executive pay decisions, management acts in an advisory and informational capacity only. The HR&C Committee recommends CEO compensation to the Board for approval. The HR&C Committee approves compensation for all executives who report directly to the CEO.

Decision Making Process

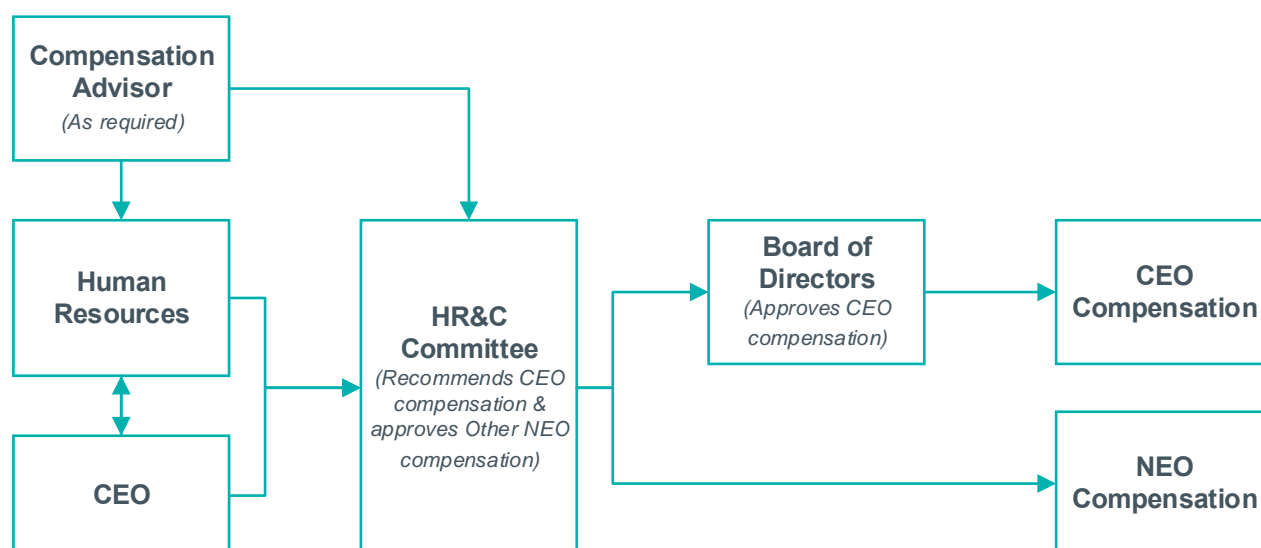
Corporate Scorecard Objectives & Weightings



Corporate Scorecard Rating



CEO and NEO Compensation



Compensation Risk Management

The Board has overall responsibility for the oversight of our risk management policies, plans and practices. The HR&C Committee is responsible for overseeing our compensation policies and practices to ensure they do not encourage management to take risks that are outside of our risk tolerance and would be reasonably likely to have a material adverse effect on Capstone. Management reports annually to the HR&C Committee on the steps taken to identify, monitor and control compensation risk exposures. Annually, a third-party consultant reviews the following:

- the appropriateness of the peer group;
- compensation levels by role to ensure that levels are consistent with compensation philosophy and peer group practices;
- pay mix to ensure that there is an appropriate mix of fixed and variable (at-risk) compensation; and
- pay-for-performance programs to ensure that there is appropriate alignment between executive pay and shareholder returns.

In addition, our Anti-Hedging Policy and Clawback Policy have been designed to complement our risk management approach.

Anti-Hedging Policy

Capstone prohibits directors and management from directly or indirectly hedging against future declines in the market value of any securities of Capstone through the purchase of financial instruments designed to offset such risk. Prohibited transactions include the purchase by a director or management of financial instruments, including, without limitation, prepaid variable forward contracts, equity swaps, collars, puts, calls or other derivative securities that are designed to hedge or offset a decrease in market value of equity securities of Capstone.

Hedging or monetizing transactions to fix the value of equity holdings in Capstone could potentially break the alignment between the holder's interests and those of other Capstone shareholders, thus defeating the purpose of LTI compensation.

Clawback Policy

The Board adopted a Clawback Policy in 2015 which allows Capstone to recover performance-based compensation from the CEO, CFO, Senior Vice Presidents and Vice Presidents if there is a restatement of Capstone's previous financial results (other than a restatement caused by a change in applicable accounting rules or interpretations), the result of which is that any performance-based compensation paid would have been a lower amount had it been calculated based on the restated results.

Performance-based compensation means all bonuses and other incentive and equity compensation awarded based on achievement of financial results.

Share Ownership Guidelines

The Board adopted Share Ownership Guidelines in 2013 that apply to the independent directors and officers of Capstone and its subsidiaries (includes independent directors, CEO, CFO, Senior Vice Presidents, Vice Presidents and Mine General Managers).

The following shares (collectively, the "Qualifying Shares") qualify under the guidelines:

- shares owned outright;
- share units granted through Capstone's Share Unit Plans (RSUs, PSUs and DSUs);
- shares owned through Capstone's Employee Share Purchase Plan; and
- shares held by immediate family members or held in trust or held by family holding companies.

Stock options granted through the Incentive Stock Option & Bonus Share Plan are excluded from the definition of share ownership.

The below table summarizes share ownership requirements for the independent directors, CEO and all other executives (including the NEO's).

Level	Requirement
Independent Directors	3x Annual Retainer
CEO	3x Base Salary
Other Executives (CFO, Senior Vice Presidents, Vice Presidents and Mine General Managers)	2x Base Salary

Participants are required to achieve ownership of a number of Qualifying Shares meeting the required market value by the later of five years after adoption of the Share Ownership Guidelines (July 2013 for independent directors and the CEO; February 2015 for all other executives), or five years after first being designated as a participant.

After a change in base salary or annual retainer fee and, if appropriate, a change in title, Participants are required to meet the additional incremental value requirement within three (3) years.

The following table provides information about the stock-based holdings of Capstone's NEOs, as at December 31, 2019.

Executive	Guideline: Multiple of Salary (\$)	Status as at December 31, 2019 ²⁵	Meets Requirement
Darren Pylot President and CEO and Director	3X \$2,106,000	9.2X \$6,447,045	✓
Raman Randhawa ²⁶ CFO	2X \$720,000	2.3X \$840,685	✓
Brad Mercer Senior Vice President, Operations & Exploration	2X \$720,000	3.5X \$1,248,574	✓
Jason Howe Vice President, Corporate Development	2X \$700,000	5.7X \$2,002,666	✓
Albert Garcia ²⁷ Vice President, Projects	2X \$753,304	1.1X \$410,663	On track to meet by 2023 deadline

The following table provides information about the stock-based holdings of Capstone's independent directors, as at December 31, 2019.

Independent Director	Guideline: Multiple of Retainer (\$)	Status as at December 31, 2019 ²⁵	Meets Requirement
George Brack	3X \$375,000	22.9X \$2,859,980	✓
Robert Gallagher	3X \$195,000	5.4X \$351,791	✓
Peter Meredith ²⁸	3X \$195,000	2X \$127,575	On track to meet by 2024 deadline
Dale Peniuk	3X \$195,000	15.6X \$1,012,365	✓
Richard Zimmer	3X \$195,000	15X \$972,366	✓

*Ms. Gardiner and Mr. Madhavpeddi resigned from the Board effective April 25, 2019, Mr. Park resigned from the Board effective July 30, 2019 and Mr. Ryu resigned from the Board effective February 12, 2020. Therefore, their share ownership has not been included as at December 31, 2019.

²⁵ The value calculated per share is the higher of the December 31, 2019 market price, being \$0.76 on the TSX, and the original purchase price or exercise price on acquisition of the share.

²⁶ Mr. Randhawa was appointed Vice President, Finance, Financial Planning & Analysis on April 1, 2018 and was promoted to Chief Financial Officer on January 1, 2019.

²⁷ Mr. Garcia was appointed Vice President, Projects on August 1, 2018.

²⁸ Mr. Meredith was appointed to the Board effective April 25, 2019.

EXECUTIVE COMPENSATION OBJECTIVES

Our executive compensation program is designed to provide an attractive, market-based total rewards program tied to performance and aligned with the interests of our shareholders. Our objective is to attract and retain the caliber of executive officers necessary to deliver sustained high performance and growth. On a regular basis, we benchmark our programs against the best practices of our compensation peer group to remain competitive. The goals of our program are to:

- **attract and retain top-caliber executives:** executive officers have base salaries and employee benefits that are market competitive and allow us flexibility to hire and retain high-caliber individuals at all levels;
- **pay for performance:** a significant portion of executive compensation is at risk based on company and individual performance;
- **reward long-term growth and profitability:** a significant portion of executive compensation is in long term equity based programs that reward achievement of long-term results, aligned with Capstone's goals and the interests of our shareholders;
- **align compensation with shareholder interests:** the interests of our executive officers are linked with those of our shareholders through the risks and rewards of ownership of our securities and units; and
- **reinforce succession planning:** the overall compensation program for our executive officers reinforces our robust succession planning process and the expected leadership behaviours.

EXECUTIVE COMPENSATION PRACTICES

Compensation Philosophy

Capstone's compensation philosophy is to target TDC within a competitive range of the market median, with the ability to earn compensation above median for very strong performance.

Peer Benchmarking

Capstone management engaged Meridian Compensation Partners ("Meridian") to assist with a review of peer companies' executive and independent director pay levels and practices.

To identify appropriate peer companies, Meridian used the following criteria²⁹:

- publicly-traded North American companies in the Copper, Gold, Silver and Diversified Metals and Mining sectors;
- a target size scope of 1/3 to 3 times Capstone's total assets, with revenue and market capitalization used as secondary lenses;
- corporations whose recent history has demonstrated good financial results and governance; and
- corporations with a similar mining operations profile to Capstone's.

These criteria were validated by Capstone's HR&C Committee and management.

Compensation Peer Group

The below table summarizes the compensation peer group for 2019, and how Capstone compares in terms of assets, revenue and market capitalization:

²⁹ The HR&C Committee may expand these criteria as necessary to maintain an appropriately sized peer group.

Company Name	Total Assets (\$ millions) ³⁰	Trailing 12 Month's Revenue (\$ millions) ³⁰	Market Cap (\$ millions) ³¹
Hudbay Minerals Inc.	5,807	1,674	1,406
Pan American Silver Corp.	4,575	1,482	6,448
Centerra Gold Inc.	3,572	1,925	3,033
Hecla Mining Company	3,539	774	2,226
New Gold Inc.	2,979	859	774
Coeur Mining Inc.	2,237	874	2,521
SSR Mining Inc.	2,235	706	3,073
Sherritt International Corp.	1,974	143	75
SEMAFO Inc.	1,482	647	903
First Majestic Silver Corp.	1,327	452	3,262
Dundee Precious Metals Inc.	1,194	480	1,002
Fortuna Silver Mines Inc.	1,154	328	878
Imperial Metals Corp.	1,024	326	265
Trevali Mining Corp.	961	469	185
Taseko Mines Ltd.	961	350	155
Copper Mountain Mining Corp.	706	288	136
Capstone Mining Corp.	1,708	534	304
Percentile Positioning	At 50 th percentile	Between 25 th and 50 th percentile	Between 25 th and 50 th percentile

Moving forward, the peer group was amended as follows for 2020:

- Imperial Metals Corp. was removed from the 2020 peer group as they sold 70% of their flagship asset and are currently not operating any mines; and
- Ero Copper Corp. met the criteria and was added to the 2020 peer group.

Compensation Advisor

Since 2017, Meridian has been engaged to provide the HR&C Committee with independent advice on our compensation program. Meridian provided the following support to the HR&C Committee in 2019:

- advised on trends in executive compensation and reviewed compensation philosophy;
- provided views on alignment with market practices, good governance principles and proxy advisory policies;
- reviewed and advised on compensation and PSU performance peer groups;
- conducted market analysis, advised on trends and reviewed executive compensation;
- conducted market analysis, advised on trends and reviewed independent directors' compensation; and
- advised on director and executive compensation programs and policies, including short-term incentives and long-term incentives.

³⁰ Trailing-twelve month's revenue and most recently reported annual assets.
³¹ Market capitalization as of December 31, 2019.

Executive Compensation-Related Fees

A summary of the fees paid to our compensation advisors and their affiliates for 2018 and 2019 are outlined in the following table.

Consultant	2018		2019	
	Executive Compensation Related Fees (\$)	All Other Fees (\$)	Executive Compensation Related Fees (\$)	All Other Fees (\$)
Meridian	52,598	-	88,006	-
Mercer Canada	67,240	390,252	28,499	233,718

In 2018 and 2019, Mercer Canada's other fees include benefit commission and retirement consulting fees, including pension valuations and funding reports, for Capstone's US-based operation.

Mercer Canada previously provided executive compensation services to management, but these services ended in 2019.

Succession Planning

The Board is accountable for succession planning with respect to the position of the CEO and monitoring and advising on management's succession planning for other executive officers. The Board's goal is to be in a position to appoint an acting or a replacement CEO in the event of a planned or unplanned departure of the CEO.

The HR&C Committee supports the Board with respect to CEO and other executive officers' succession planning.

The CEO is responsible for identifying and developing internal CEO successor candidates and other executive officer candidates, and supporting the Board with the succession planning process. The CEO ensures Capstone has a long-term continuous program for effective senior leadership development and succession.

The following table outlines the role of the Board, HR&C Committee and CEO.

Role of Board	Role of HR&C Committee	Role of CEO
<p>The Board is responsible for:</p> <ul style="list-style-type: none"> • approving the CEO succession plan; • receiving appropriate briefings and acquiring sufficient knowledge of potential internal and external CEO successor candidates to make an informed decision on future appointments; and • ensuring Capstone has appropriate plans in place to regularly review the CEO and other executive officers' attributes relevant to Capstone's strategy. 	<p>The HR&C Committee is responsible for:</p> <ul style="list-style-type: none"> • reviewing and updating the CEO succession guidelines for recommendation to the Board, including an annual review of successor CEO and other executive officer attributes relevant to Capstone's strategy; • reviewing the plans for developing potential CEO successor candidates and other executive officer successor candidates, to ensure appropriate planning is in place; and 	<p>The CEO is responsible for:</p> <ul style="list-style-type: none"> • identifying the experience and attributes required for future CEO and other executive officer roles; • identifying and developing potential internal CEO successor candidates; • reviewing the readiness of potential internal CEO candidates and other executive officer candidates; • identifying emergency CEO and other executive officer candidates; and • reviewing and supporting the nature and scope of the

Role of Board	Role of HR&C Committee	Role of CEO
	<ul style="list-style-type: none"> leading an annual discussion with the Board on CEO attributes, potential CEO successor candidates and developmental plans for those key internal candidates. 	development plans for the succession candidates.

Executive Continuing Education

Capstone believes that continuing education is important for executives to build on their skills and expertise, to keep up to date on industry trends and best practices, and to help gain better understanding of the issues facing Capstone. As such, executives are encouraged to participate in continuing education which is discussed in the development plan component of our performance management program.

Diversity

Capstone is committed to having an executive team with the appropriate background, knowledge and skills with gender and other diversity, in accordance with our Diversity Policy, to effectively carry out its duties and deliver on Capstone's strategy and Corporate Scorecard.

When assessing potential candidates, the following factors are also considered:

- the executive team's overall mix of skills and experience;
- the alignment of their values with Capstone's;
- their character, integrity, judgment and background; and
- diversity.

In 2019, the Board set a target of 20% female in executive officer positions no later than 2022. As of the Record Date, 20% of executive direct reports to the CEO are female.

For more information, please refer to page 31.

2019 CORPORATE SCORECARD

Capstone bases short-term variable compensation on predetermined objectives that are recommended annually by management, reviewed by the HR&C Committee and approved by the Board. These objectives are documented on the annual Corporate Scorecard, with a significant proportion based on the performance of Capstone's operating mines. The objectives are based on what management can control. Internal targets are also set for safety, environmental and financial performance and strategic growth initiatives.

Summary of Market Performance

The downward pressure on commodity prices and base metal equities at the end of 2018 continued into 2019 with signs of a recovery in June, but then prices fell due to heightened macroeconomic factors such as the escalating global trade war, Brexit uncertainty and unrest in both Hong Kong and Chile. Towards the end of 2019, slightly increasing commodity prices and base metal equities showed signs of a recovery from the year's low points, however the global market was cautiously optimistic as 2019 ended with continued elevated demand risk and capital under-investment.

During 2019, Capstone's share price experienced volatility, with an intraday low of \$0.41 per share but ended the year strong, closing December 31st at \$0.76 per share and showing signs of increased market appreciation. Capstone's high leverage to copper continues to be one of the main drivers of the Company's share price performance.

We remain optimistic about the outlook for the copper industry. Our positive sentiment is supported by the industry's lack of investment in growth and a declining global grade profile. In the near term, however, uncertainty around global trade conflicts and the pace of expected global economic growth, particularly in China, has weighed on copper prices.

Scorecard Results

The following performance factors and relative weightings were approved by the Board based on 2019 results as outlined below:

Objective	Weight	Score (0-200% of weighting)	Measure	2019 Performance Results
Safety				
Safety	15%	17.5%	Leading Indicators: site specific programs	<ul style="list-style-type: none"> 100% compliance
			Lagging Indicators: rolling 12-month Lost Time Incident Frequency Rate (LTIFR); Total Reportable Incident Frequency Rate (TRIFR)	<ul style="list-style-type: none"> LTIFR decreased by 80% from 2018 TRIFR decreased by 50% from 2018
Environmental	5%	2.5%	Consolidated reportable/ non-reportable incidents	<ul style="list-style-type: none"> One reportable incident Increase in non-reportable incidents
Operational Performance				
Production of contained copper (Cu) + cathode	25%	20%	<ul style="list-style-type: none"> 145 m – 160 m lbs 	<ul style="list-style-type: none"> 2019 consolidated Cu production totaled 153.4m lbs, resulting in an 80% payout
C1 cost per pound of payable copper	25%	27.5%	<ul style="list-style-type: none"> C1 of \$1.80 – \$2.00/lb 	<ul style="list-style-type: none"> Consolidated C1 costs were \$1.78/lb Cu, resulting in a 110% payout
Capex	5%	7.5%	<ul style="list-style-type: none"> Total budgeted absolute sustaining and expansionary capital = \$65.5m 	<ul style="list-style-type: none"> Managed absolute sustaining and expansionary capital within budget at \$59.8m
Strategic				
Growth	15%	20%	<ul style="list-style-type: none"> Pinto Valley: establish Long Term Infrastructure Strategy Water/ Resources; deliver PV4 Scoping Study Cozamin: Implement Materials Handling Schedule; evaluate and make decision on Ore Sorter Technologies Santo Domingo: complete Strategic Process; initiate Financing Package; advance to shovel ready for 2020; cobalt PEA Q4 Exploration: drill test 2/3 targets: Mexico Properties, Brazil and Chile, Positive Indicators to advance 2/3 	<ul style="list-style-type: none"> Pinto Valley: established water strategy with source identified; PV4 Scoping Study work ongoing Cozamin: Crucero's Ramp on schedule, ventilation & drilling ahead of schedule; completed evaluation of Ore Sorter Technology, inappropriate for our geology Santo Domingo: Strategic Process ongoing due to low copper price environment; continue to improve economics (Au recovery/Cobalt); all pre-construction permits received as well as mine closure plan; EPC fixed price contract received Exploration: all 3 targets tested in 2019; targets identified in Mexico; completed 2 successful drill programs in Brazil and restricted Chile
Financial				
Financial	10%	5%	<ul style="list-style-type: none"> EBITDA Positive Free Cash Flow 	<ul style="list-style-type: none"> Met EBITDA target Free cash flow below target
Total Score	100%			

EXECUTIVE COMPENSATION COMPONENTS

The following table describes the different compensation components that make up total executive pay to meet the objectives of Capstone's compensation philosophy. The table provides a description of each component's key features and objectives:

Compensation Elements, Key Features and Objectives

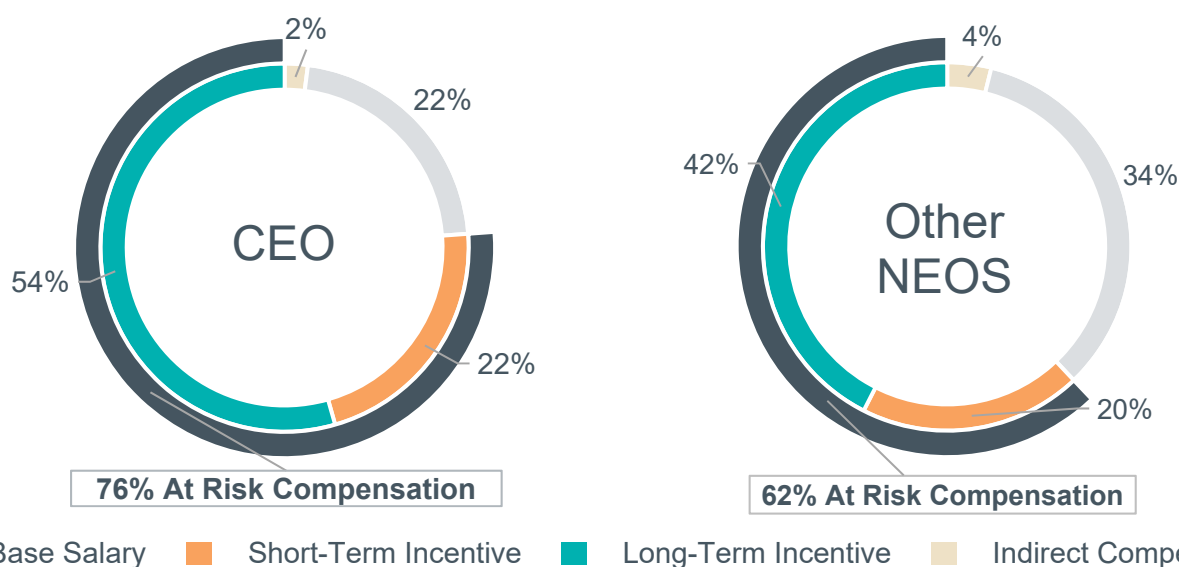
Compensation Elements	Key Features	Objectives
Base Salary	<ul style="list-style-type: none"> Set in the first quarter of each year for the 12-month period from January to December 	<ul style="list-style-type: none"> Attract and retain talented and experienced executives Recognize individual experience, level of responsibility and performance
Annual Short-Term Incentive ("STI")	<ul style="list-style-type: none"> Annual bonus based on the achievement of corporate and leadership effectiveness goals in the context of the overall performance of Capstone as set out in the Corporate Scorecard Payments can be above (up to 150%) or below target (to zero) depending on performance NEO weightings of corporate and leadership effectiveness ratings vary by level 	<ul style="list-style-type: none"> Motivate and reward NEOs and other executives to meet Capstone's near-term objectives using a performance-based compensation program with objectively determined goals Recognize individual contributions
Long-Term Incentive ("LTI")		
Performance Share Units	<ul style="list-style-type: none"> Performance vesting: at the end of three years based on the average annual performance ratings (effective 2018, PSUs vest based on a three-year rolling average performance rating) Performance ratings are obtained by measuring Capstone's annual TSR relative to a predetermined peer group using a 0-150% performance scale (effective 2018, performance will be measured using a 0-200% scale) 	<ul style="list-style-type: none"> Ensure that long-term incentive plan payouts are directly linked to relative share price performance Reward executives for industry out-performance Promote retention Will not dilute common shareholders if cash settled
Stock Options	<ul style="list-style-type: none"> Vesting: $\frac{1}{3}$ on first anniversary, $\frac{1}{3}$ on second anniversary and $\frac{1}{3}$ on third anniversary of the grant Expire after five years 	<ul style="list-style-type: none"> Encourage participants to pursue opportunities that increase shareholder value over the long term Promote retention
Restricted Share Units	<ul style="list-style-type: none"> Time vesting: at the end of three years based on continued employment 	<ul style="list-style-type: none"> Promote retention Provide immediate sense of ownership Allow greater resiliency under all market conditions

Compensation Elements	Key Features	Objectives
Bonus Shares	<ul style="list-style-type: none"> • Common shares • No vesting • No expiry date 	<ul style="list-style-type: none"> • Used in exceptional circumstances to attract talent or reward extraordinary performance
Benefits		
Registered Retirement Savings Plan (Canada)	<ul style="list-style-type: none"> • Annual personal contributions of up to 5% of base salary are matched by Capstone up to 5% 	<ul style="list-style-type: none"> • Provide market competitive benefits to increase income security in retirement
Health and Other Benefits and Perquisites	<ul style="list-style-type: none"> • Health, dental, life, critical illness and disability insurance plans • Annual executive medical examinations • Employee Share Purchase Plan (Canada) allows employees to contribute up to 7% of base salary (to a maximum of \$5,000) per calendar year to purchase Capstone shares; Capstone will match 50% of employee contributions 	<ul style="list-style-type: none"> • Provide market competitive benefits to support a healthy and focused team • Promote ownership in Capstone

Compensation Mix

The following charts demonstrate the target pay mix for Capstone's NEOs. A large portion of NEO pay is performance-based in the form of short-term annual incentive bonuses and long-term incentives. The long-term incentive component is calculated using a Black-Scholes valuation approach and is based on a dollar value that aligns the NEOs to the market against other NEOs as defined by our compensation peer group.

The following charts show the target CEO and average NEO compensation mix for 2019.



Base Salary

Capstone's approach is to pay its executives a base salary that is competitive with those of other executive officers in similar companies. We believe that a competitive base salary, targeting the median of the peer group, is a necessary and balanced element to attract and retain talented and experienced executives. The base salary of each executive is reviewed annually and may be adjusted to reflect experience in the role, scope of the role, change in responsibility, performance, internal equity, retention risk and market competitive salary levels.

Capstone entered into employment agreements with its NEOs at the time of their appointment that set base salaries at an initial negotiated level considering the following factors:

- base salaries for comparable positions at similar companies;
- individual experience and skills of, and expected contribution from, each executive;
- roles and responsibilities of the executive; and
- base salaries of Capstone's other executives and other factors.

The following table shows the annualized base salaries of our NEOs over the 2017-2019 periods:

Executive	Salary 2017 (\$)	Salary 2018 (\$)	Salary 2019 (\$)	2018-2019 Change
Darren Pylot President and CEO and Director	702,000	702,000	702,000	0%
Raman Randhawa CFO	-	280,000 ³²	360,000 ³³	28.6%
Brad Mercer Senior Vice President, Operations & Exploration	298,700	334,544	360,000	7.6%
Jason Howe Vice President, Corporate Development	326,700	326,700	350,000	7.1%
Albert Garcia Vice President, Projects ³⁴	-	381,976 ³⁵	376,652	3.6%

Annual Short-Term Incentive Bonus

The executive officers of Capstone have an opportunity to earn an annual short-term incentive bonus based on corporate and leadership effectiveness goals in the context of the overall performance of Capstone. The corporate goals are defined and communicated using Capstone's annual Corporate Scorecard (as outlined in the 2019 Corporate Scorecard section above), which may include production and costs, sustainable performance initiatives such as safety, environmental, risk management, sustainability and people, and strategic initiatives such as socially responsible growth and project development objectives.

Each year, the HR&C Committee recommends to the Board for their approval performance targets for STI that reflect Capstone's short-term business objectives.

The STI considers a balanced mix of performance measures, which include:

1. **Corporate Objectives**, which outline Capstone's annual objectives, including specific weightings, targets and criteria for measurement, as outlined in the Corporate Scorecard.
2. **Leadership Effectiveness Objectives**, which vary for each NEO and consist of key initiatives and projects aligned with their role, their leadership and personal development and the overall strategic plan of the organization.



³² Mr. Randhawa was appointed Vice President, Finance, FP&A on April 1, 2018.

³³ Mr. Randhawa was promoted to CFO on January 1, 2019.

³⁴ Mr. Garcia is remunerated in US dollars and his compensation data has been converted to Canadian dollars using Bank of Canada's exchange rate as at December 31 of each year reported which may result in year to year exchange rate fluctuations.

³⁵ Mr. Garcia was appointed Vice President, Projects on August 1, 2018.

Short-Term Incentive Weightings

The following table describes the target performance weightings for the CEO and other NEOs.

Executive	Corporate Scorecard	Leadership Effectiveness
Darren Pylot President and CEO and Director	80%	20%
Raman Randhawa CFO	70%	30%
Brad Mercer Senior Vice President, Operations & Exploration	70%	30%
Jason Howe Vice President, Corporate Development	70%	30%
Albert Garcia Vice President, Projects	60%	40%

STI awards are calculated using an actual performance multiplier as described below.

$$\begin{array}{c}
 \text{Base Salary} \\
 (\$)
 \end{array}
 \times
 \begin{array}{c}
 \text{STI Target} \\
 (\%)
 \end{array}
 \times
 \left[\begin{array}{c}
 \text{Corporate Performance} \\
 \text{Multiplier} \\
 (0-200\%) * \text{Weighting}
 \end{array}
 +
 \begin{array}{c}
 \text{Individual Performance} \\
 \text{Multiplier} \\
 (0-150\%) * \text{Weighting}
 \end{array}
 \right]
 =
 \begin{array}{c}
 \text{STI Award} (\$)
 \end{array}$$

The primary objective of Capstone's STI payments is to motivate and reward NEOs for meeting our near-term objectives using a performance-based compensation program with objectively determinable goals. The 2019 goals and performance are described under the Corporate Scorecard section on page 53.

Short-Term Incentive Targets

Capstone's target STI awards are positioned to align total cash compensation within a competitive range of the market median, with the ability to earn compensation above median for very strong performance. The table below summarizes the STI targets for the CEO, CFO, Senior Vice Presidents (including Mr. Mercer) and Vice Presidents (including Mr. Howe and Mr. Garcia).

Executive Level	2017 - 2019 Targets (% of Base Salary)
CEO	100%
CFO & Senior Vice Presidents	65%
Vice Presidents	45% - 55%

2019 Named Executive Officer Individual Performance



Darren Pylot, President and CEO and Director

Age: 52

British Columbia, Canada

Darren Pylot has more than 24 years of executive management experience in the resource sector and is the founder of Capstone Mining, serving as the Company's President and Chief Executive Officer and former Vice Chairman. Under his leadership since 2002, Capstone has grown from a single asset company operating the Cozamin Mine, into a leading intermediate copper producer, developer and exploration company by merging with Sherwood Copper (Minto and Kutcho), acquiring Far West Mining (Santo Domingo), developing the strategic partnership with Korea Resources Corporation and acquiring the Pinto Valley Mine from BHP Billiton Ltd.

2019 Performance Summary

Highlights of initiatives completed under Mr. Pylot's leadership in 2019 includes the successful sale of the Minto Mine, a consolidated total of \$27.5 million in annual cost reductions company-wide, the commencement of a mine expansion development project at Cozamin as well as a successful drilling program, the launch of a PV3 Optimization initiative for Pinto Valley after systematically pushing the mill's operational limits and the receipt of the final pre-construction permits for the Santo Domingo project. Mr. Pylot played a critical role in the development of a capital stability program at Pinto Valley, which resulted in the approval of a capital project to modernize the mill. In addition, Mr. Pylot streamlined the executive leadership team which enhanced communication and improved decision making.

Compensation Component	2017(\$)	2018(\$)	2019(\$)	2018-2019 Change
Base Salary	702,000	702,000	702,000	0%
Bonus	477,360	543,348	716,040	\$172,692



Raman Randhawa, CFO

Age: 42

British Columbia, Canada

Raman Randhawa is a Canadian Chartered Professional Accountant (CPA, CA) with over 17 years of financial and leadership experience in the mining industry. Prior to joining Capstone in 2018, Raman spent 13 years at Goldcorp Inc., a Canadian based global senior gold producer. At Goldcorp, Raman held a series of senior management roles, including Vice President, Business Planning, Vice President, Business Performance & Reporting and Vice President, Finance, Operations. His background includes roles in Controllershship, Treasury, Supply Chain in addition to Regional CFO of the Canadian & USA mines. He has broad management and financial experience with exposure to capital markets and corporate development. He led the development of a Global Supply Chain department and management of multi-billion dollar capital budgets. Raman started his career at the international firm of Ernst & Young.

2019 Performance Summary

Mr. Randhawa was promoted to the position of Chief Financial Officer on January 1, 2019. Since his promotion, Mr. Randhawa led a company-wide cost reduction program that resulted in a total of \$27.5 million of annualized savings. In addition, Mr. Randhawa amended and extended the \$300 million revolving credit facility and optimized cash management, resulting in annualized interest savings of \$3.5 million. Other achievements include improving the business planning and management reporting processes and development of a capital investment plan for Pinto Valley.

Compensation Component	2017(\$)	2018(\$) ³⁶	2019(\$) ³⁷	2018-2019 Change
Base Salary	-	210,000	360,000	28.6%
Bonus	-	85,428	251,550	\$166,122

³⁶ Mr. Randhawa was appointed Vice President, Finance, Financial Planning & Analysis on April 1, 2018.

³⁷ Mr. Randhawa was promoted to CFO on January 1, 2019.


Brad Mercer, Senior Vice President, Operations & Exploration
Age: 60

Alberta, Canada

Brad Mercer is a Geoscientist with over 35 years of experience managing mineral exploration programs and feasibility evaluations of mineral properties focused in the Americas. Brad is responsible for Capstone's Cozamin operations and leads the global exploration team on a portfolio of exploration properties. He has been instrumental in several key exploration discoveries at our Minto and Cozamin mines. Brad graduated from Memorial University of Newfoundland in 1984 with a Bachelor of Earth Science.

2019 Performance Summary

In 2019, Mr. Mercer was responsible for advancing Capstone's exploration growth strategy and achieved significant success at Cozamin in Mexico, including a successful drilling campaign aimed at doubling the current mine life and advancing the development of the raisebore development two months ahead of schedule, while the one-way ramp development progresses on-time and on-schedule. In addition, Mr. Mercer prioritized tailings management at Capstone to ensure Company practices reflected best practices and complied to external guidelines. Through a combination of results-driven program reductions and efficiencies, all exploration programs were executed on schedule and under budget with an excellent safety and environmental record.

Compensation Component	2017(\$)	2018(\$)	2019(\$)	2018-2019 Change
Base Salary	298,700	334,544	360,000	7.6%
Bonus	168,915	210,495	269,100	\$58,605


Jason Howe, Vice President, Corporate Development
Age: 49

British Columbia, Canada

Jason Howe is responsible for leading Capstone's Marketing, Business Development and Human Resources activities. He is a Chartered Professional Accountant (CPA, CA) who has spent 15 years in the mining industry and was previously CFO of Capstone Mining. Jason has spent the last 25 years working in accounting and finance, spending ten years in public practice including four years with PriceWaterhouseCoopers LLP before joining Capstone. Jason was a co-founder of Silverstone Resources and formerly served as Silverstone's CFO before the company was acquired by Wheaton Precious Metals (formerly Silver Wheaton) in 2009. He also played a critical role in the negotiations for Capstone's acquisition of the Pinto Valley Mine in Arizona from BHP Billiton Ltd. in 2013.

2019 Performance Summary

In 2019, Mr. Howe completed the sale of Minto Mine for up to US\$20 million. In addition, Mr. Howe initiated and led the strategic process aimed at evaluating alternatives for Capstone's 70% owned Santo Domingo copper-iron-gold development project in Chile. Furthermore, Mr. Howe led the corporate restructuring, as well as marketing and human resources initiatives while continuing to oversee and implement Capstone's corporate scorecard.

Compensation Component	2017(\$)	2018(\$)	2019(\$)	2018-2019 Change
Base Salary	326,700	326,700	350,000	7.1%
Bonus	150,282	139,615	206,938	\$67,322



Albert Garcia, Vice President, Projects

Texas, United States of America

Age: 64

Albert Garcia is a Professional Engineer with leadership experience in engineering, construction, mining, and executive project management in large capital-intensive projects in challenging locations. His global engineering experience includes responsibility for design and construction of large capital projects in the United States, Latin America, Asia, Africa, Europe and the Mid-East. His previous experience includes consulting as the Engineering Director on Capstone's Santo Domingo project. Albert is also a retired Two Star Admiral from the United States Navy, Civil Engineer Corps with active experience in foreign ports and facilities and extensive knowledge of contracting with foreign and local labor. He has a PhD in Engineering from the University of Missouri-Columbia, a MS in Civil Engineering from San Jose State University and a BS in Engineering Honors Scholar from the University of Missouri-Columbia.

2019 Performance Summary

In 2019, Mr. Garcia advanced the Santo Domingo project by receiving the final pre-construction permits that will allow the project to begin construction as soon as financing is available. In addition, Mr. Garcia increased confidence in the project's CAPEX and OPEX, as well as advance the cobalt opportunity to a Preliminary Economic Assessment as reported in the 2020 NI43-101 Technical Report. Mr. Garcia also increased visibility of Capstone as a foreign investor in Chile by developing relationships with key stakeholders, including the Mining Ministry and the Canadian Embassy and Trade Commission.

Compensation Component ³⁸	2017(\$)	2018(\$) ³⁹	2019(\$)	2018-2019 Change
Base Salary	-	159,157	376,652	3.6%
Bonus	-	106,642	203,392	\$96,750

³⁸ Mr. Garcia is remunerated in US dollars and his compensation data has been converted to Canadian dollars using Bank of Canada's exchange rate as at December 31 of each year reported which may result in year to year exchange rate fluctuations.

³⁹ Mr. Garcia was appointed Vice President, Projects on August 1, 2018.

Long-Term Incentive Plans

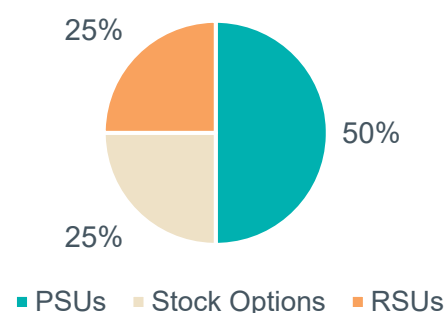
Capstone's long-term incentive plans are designed to align management's interests with those of shareholders through grants of stock options, PSUs and RSUs (collectively, "Share Units"). The value of earned share units as well as vested stock options fluctuate with the value of Capstone's shares. PSUs vest only when performance-based criteria are achieved over a three-year period, while RSUs vest at the end of a three-year term based on the executive's continued employment.

Our long-term incentive equity vehicles support Capstone's strategic business objectives in relation to performance, retention of critical talent, ability to manage costs as well as our ability to minimize the dilutive impact of stock options while remaining competitive within the industry.

Long-Term Incentive Mix

Senior executives receive a combination of stock options, PSUs and RSUs. The LTI mix for senior executives has evolved to increase the weighting on PSUs and reduce the weighting on stock options. This evolution was as a result of alignment to best practice and designed to strengthen the link to relative shareholder returns. The chart shows the senior executives LTI mix for 2017-2019 and the increased weighting on PSUs which are directly linked to Capstone's share price performance relative to a pre-determined group of base metals peers.

2017-2019 Senior Executive LTI Mix



The LTI mix is reviewed on an annual basis to ensure it aligns with trends in compensation best practices, shareholder interests, and peer benchmarking while supporting attraction and retention objectives. In the PSU portion of the LTI, we focus on TSR relative to a group of primarily copper mining companies. The combination of measuring relative TSR in the PSUs which are denominated in shares, so reflect absolute and relative performance, and stock options, which only payout to the extent share price increases, allows us to reward industry and commodity price out performance, in a shareholder aligned way.

Long-Term Incentive Targets

Capstone's target LTI awards are positioned to align TDC within a competitive range of the market median with the ability to earn compensation above median for very strong performance. The table below summarizes the LTI targets for the CEO, CFO, Senior Vice Presidents (including Mr. Mercer) and Vice Presidents (including Mr. Howe and Mr. Garcia).

Executive Level	2017 Target (% of Base Salary)	2018 Target (% of Base Salary)	2019 Target (% of Base Salary)
CEO	250%	250%	200% ⁴⁰
CFO & Senior Vice Presidents	120%	140%	112% ⁴⁰
Vice Presidents	100%	100% - 120%	80% - 96% ⁴⁰⁰

Effective 2018, the LTI targets were adjusted in response to market conditions. The target for Senior Vice Presidents was increased from 120% to 140% and the target for select Vice Presidents was increased from 100% to 120%.

⁴⁰ A 20% reduction in target LTI value was applied in 2019 in response to market conditions.

Capstone generally expects future LTI awards to be based on the following factors:

- executive responsibilities,
- executive's past performance and anticipated future contribution,
- competitive market practices, and
- terms and conditions of the employment agreements.

Types of Equity Awards

The purpose and characteristics of each type of grant are summarized in the following table:

Type of Grant	Purpose of Grant	Vesting and Expiration	Payment Characteristics
PSUs	<ul style="list-style-type: none"> • Ensure that long-term incentive plan payouts are directly linked to relative share price performance • Reward executives for industry out-performance • Promote retention long term 	<ul style="list-style-type: none"> • Performance vesting: at the end of three years based on the average annual performance ratings (effective 2018, PSUs vest based on a 3-year rolling average performance rating) • Performance ratings are obtained by measuring Capstone's annual TSR relative to a predetermined peer group using a 0-150% performance scale (effective 2018, performance will be measured using a 0-200% scale) 	<ul style="list-style-type: none"> • Vested awards can be settled in cash, or in shares purchased on the open market, at Capstone's discretion
Stock Options	<ul style="list-style-type: none"> • Encourage participants to increase shareholder value over the long term • Promote retention over the long term 	<ul style="list-style-type: none"> • Vesting occurs $\frac{1}{3}$ on first anniversary, $\frac{1}{3}$ on second anniversary and $\frac{1}{3}$ on third anniversary of the grant • Expire after five years 	<ul style="list-style-type: none"> • Issued with an exercise price equal to or above the weighted average price of the common shares traded on the TSX for the five days preceding the date of grant • Provide value to participants only if the share price increases above the exercise price before the end of the term
RSUs	<ul style="list-style-type: none"> • Promote retention over the long term • Provide an immediate sense of "ownership" • Allow greater resiliency under all market conditions 	<ul style="list-style-type: none"> • Time vesting: at the end of three years based on continued employment 	<ul style="list-style-type: none"> • Vested awards can be settled in cash, or in shares purchased on the open market, at Capstone's discretion

Type of Grant	Purpose of Grant	Vesting and Expiration	Payment Characteristics
Bonus Shares	<ul style="list-style-type: none"> Used in exceptional circumstances to attract talent or reward extraordinary performance 	<ul style="list-style-type: none"> Common shares No vesting No expiry date 	<ul style="list-style-type: none"> Provide immediate value to participants

Incentive Stock Options and Bonus Shares

Stock option grants and bonus shares are used to attract and retain executives and to give them an incentive to participate in the long-term development of Capstone and increase shareholder value.

Capstone's Incentive Share Option and Bonus Share Plan (the "Plan") includes the following key features and practices:

- A double-trigger Change of Control provision;
- No financial assistance is provided to participants for the purpose of exercising or settling equity awards;
- For the past 3 years, our CEO's stock options have a vesting schedule of $\frac{1}{3}$ on the first anniversary, $\frac{1}{3}$ on the second anniversary and $\frac{1}{3}$ on the third anniversary of the grant;
- For the past 3 years, our CEO has received an annual equity grant comprised of 50% PSUs, 25% RSUs and 25% stock options;
- Our Clawback Policy applies to equity awards;
- Capstone has not re-priced stock options in the past 3 years;
- A Non-Employee Director Participation limit, which includes bonus shares, with an annual maximum of \$150,000 in grant value per director; and
- The full Plan can be found on the SEDAR website at www.sedar.com.

Particulars of the Plan

The Plan provides for the issuance of options to acquire at any time up to a maximum of 10% of Capstone's issued and outstanding common shares (subject to standard anti-dilution adjustments) to employees or directors of Capstone. The Plan allows for the issuance of up to 500,000 Bonus Shares in any one calendar year to employees or directors of Capstone.

The Plan is considered a "rolling" plan as the number of shares available for issuance under the Plan increases with the number of our issued and outstanding shares. The Plan is also considered an "evergreen" plan because when: (a) an option is exercised, additional shares become available for subsequent grants under the Plan because each exercise reduces the number of shares that are currently covered by options and increases the outstanding share capital of Capstone; and (b) an option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares reserved for issuance under that expired or terminated option again become available for the purpose of the Plan. Any option outstanding when the Plan is terminated will remain in effect until it is exercised or expires.

Incentive Stock Options

The following table sets out information with respect to compensation plans under which equity securities of Capstone are authorized for issuance as at December 31, 2019.

Plan Category	No. of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$) (b)	Number of Securities Remaining Available for Future Issuances Under Equity Compensation Plans (excluding securities reflected in (a)) (c)
Equity Compensation Plans Approved by Security Holders	23,309,912	0.94	16,659,733
Equity Compensation Plans Not Approved by Security Holders	-	-	-
Total	23,309,912	0.94	16,659,733

Under our Plan, (a) the maximum number of shares reserved for issuance under the Plan is up to 10% of our issued and outstanding common shares, (b) stock options in favor of any one individual may not exceed 5% of the issued and outstanding shares of common stock, (c) no stock option is transferable by the optionee other than by will or the laws of descent and distribution, (d) a stock option is exercisable during the lifetime of the optionee only by such optionee, (e) the maximum term of each stock option is ten years, with the vesting period determined at the discretion of the Board, and (f) the minimum exercise price for a stock option is the volume weighted average trading price of the common shares of Capstone on the TSX calculated by dividing the total value by the total volume of common shares traded, for the five trading days immediately preceding the granting of the option.

In accordance with s. 613(d) of the TSX Company Manual, the following table presents the annual burn rate, of each of our security-based compensation arrangements for the three most recently completed financial years:

	2017 Burn Rate	2018 Burn Rate	2019 Burn Rate
Incentive Share Option and Bonus Share Plan	0.76%	1.01%	1.26%

Stock options to purchase securities of Capstone may be granted to its directors, officers, employees and consultants on terms and conditions acceptable to the regulatory authorities in Canada.

Since the number of common shares issuable under the Plan is based on a fixed percentage of Capstone's total outstanding and issued shares rather than a fixed maximum number of shares, the TSX requires a majority of the Shareholders to approve, every three years, the unallocated share awards under the Plan. The last approval was April 26, 2017. As of March 9, 2020, there were 16,464,993 unallocated share awards under the Plan. At the upcoming Annual General and Special Meeting, an ordinary resolution will be placed before the Shareholders to allow Capstone to grant all unallocated entitlements, including options and bonus shares, under the Plan in accordance with its terms until April 29, 2023.

Bonus Shares

Bonus Shares allow for more ownership in Capstone by management and provide additional incentives for employees to remain with us. The Bonus Shares are also used as an incentive tool to attract new employees to Capstone. We may issue up to 500,000 common shares annually for bonus compensation in lieu of cash for annual or long-term bonus plans. No bonus shares were issued in 2017. In 2018, 166,666 bonus shares were issued to Mr. Randhawa, with $\frac{1}{3}$ releasing on the first anniversary, $\frac{1}{3}$ on the second anniversary and $\frac{1}{3}$ on the third anniversary of his date of hire. In 2019, 98,685 bonus shares were issued. Any bonus shares issued are subject to approval by the Board.

Share Unit Plan - Restricted Share Units and Performance Share Units

The objectives of the Share Unit Plan (“Share Plan”) are to:

- promote further alignment of interests between employees and shareholders of Capstone;
- associate a portion of employees’ compensation with the returns achieved by shareholders of Capstone; and
- attract and retain employees with the knowledge, experience and expertise required by Capstone.

The Share Plan provides that the HR&C Committee may award grants of Share Units to certain officers, employees and consultants who make contributions to the organization. A PSU is a right to receive the value of a common share, that vests at the end of three years based on the relative TSR rating. An RSU is a right to receive the value of a common share that vests following three years of continued employment with Capstone.

The Share Plan is non-dilutive: payment of PSUs or RSUs after vesting are made in cash, in common shares purchased in the secondary market, or a combination thereof, as determined by the HR&C Committee, under the terms and conditions of the Share Plan. The Share Plan does not allow for the issuance of shares from treasury, nor are there any corresponding shares reserved in treasury for the purposes of the Share Plan.

The Share Plan and any grant of Share Units made under the Share Plan may be amended, modified or terminated by the Board without approval of the shareholders. However, amendments to the Share Plan or grants made under the Share Plan may not be made without the consent of a participant. Participant consent is not required where the amendment is mandated by applicable laws.

PSU Performance

PSU award levels are determined by relative TSR which is the return on investment including share price return and dividends relative to the TSR of other companies in the PSU comparator group.

For PSU awards granted in 2017, Capstone’s performance is measured on an annual basis against the predetermined base metals peer group and PSU award levels are based on the average of the three annual ratings from 2017, 2018 and 2019. For PSU awards granted in 2018 and 2019, Capstone’s performance is measured on a 3-year rolling basis against the predetermined base metals peer group and PSU award levels are based on this same 3-year period.

In 2019, Capstone’s annual TSR was 24.6% compared to the average total return of the 2019 peer group of 11.0%, which resulted in a rating of 150% of target for 2019 as Capstone’s TSR aligned to the 75th percentile. The 2019 peer group comprised of the following companies⁴¹:

- | | |
|---------------------------------|---------------------------------|
| • Amerigo Resources Ltd.; | • Lundin Mining Corp.; |
| • Antofagasta PLC; | • OZ Minerals Ltd.; |
| • Atalaya Mining PLC; | • Sandfire Resources NL; |
| • Copper Mountain Mining Corp.; | • Southern Copper Corp.; |
| • ERO Copper Corp.; | • Taseko Mines Ltd.; |
| • First Quantum Minerals Ltd.; | • Teck Resources Ltd.; and |
| • Freeport-McMoRan Inc.; | • Turquoise Hill Resources Ltd. |
| • Hudbay Minerals Inc.; | |

⁴¹ Imperial Metals Corp. was removed in 2019 as they recently sold 70% of their flagship asset and are currently not operating any mines.

The following table summarizes the annual PSU performance ratings for 2017-2019:

Year	Capstone's TSR	Peer Group TSR	Percentile Ranking	PSU Performance Rating
2017	14.3%	48.2%	33 rd	33.3%
2018	(57.6%)	(29.6%)	15 th	0%
2019	24.6%	11.0%	75 th	150%

The following table shows the PSU performance ranges and associated payout percentages. Effective 2018, the maximum performance rating was increased from 150% to 200% to align with industry standards.

PSU Payout Performance Range	2017 (0-150%)	2018 & 2019 (0-200%)
Performance <25 th percentile	0%	0%
Performance at 25 th percentile	-	50% of target
Performance at 37.5 th percentile	50% of target	75% of target
Performance at median	100% of target	100% of target
Performance at 62.5 th percentile	125% of target	125% of target
Performance at 75 th percentile	150% of target	150% of target
Performance at 87.5 th percentile	-	175% of target
Performance at 100 th percentile	-	200% of target

Board discretion can be applied to the percentage payout range as required.

The full Share Unit Plan document can be found on the SEDAR website at www.sedar.com.

Outstanding Share-Based and Option-Based Awards

The following table sets out all share-based and option-based awards outstanding for each NEO at December 31, 2019.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date ⁴²	Value of Unexercised In-The-Money Options (\$) ⁴³	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) ⁴⁴	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Darren Pylot	1,599,913	1.38	Feb 27, 2020	-	3,337,899	2,393,823	-
	2,512,368	0.33	Jan 29, 2021	1,080,318			
	612,192	1.68	Feb 22, 2022	-			
	754,177	1.44	Feb 21, 2023	-			
	1,210,345	0.58	Feb 20, 2024	217,862			
Raman Randhawa	144,390	1.20	Apr 4, 2023	-	712,331	541,372	111,111
	347,587	0.58	Feb 20, 2024	62,566			
Brad Mercer	352,906	1.38	Feb 27, 2020	-	865,565	626,291	-
	554,174	0.33	Jan 29, 2021	238,295			
	135,037	1.68	Feb 22, 2022	-			
	179,705	1.44	Feb 21, 2023	-			
	347,587	0.58	Feb 20, 2024	62,566			
Jason Howe	265,831	1.38	Feb 27, 2020	-	734,191	533,634	-
	417,439	0.33	Jan 29, 2021	179,499			
	104,261	1.68	Feb 22, 2022	-			
	168,472	1.44	Feb 21, 2023	-			
	289,656	0.58	Feb 20, 2024	52,138			
Albert Garcia	272,840	0.58	Feb 20, 2024	49,111	507,792	385,922	-

⁴² All options vest one-third per year commencing on the first anniversary of the award.

⁴³ Calculated based on the difference between the market price of our shares on the TSX on December 31, 2019, which was \$0.76, and the exercise price of the options.

⁴⁴ Market value based on the closing price of Capstone's shares on the TSX on December 31, 2019 (\$0.76), PSU multiplier is 0.33x target for 2017; 0x target for 2018; 1.5x target for 2019 and 1.0x target assumed for all other years.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-Based Awards - Value Vested During the Year (\$) ⁴⁵	Share-Based Awards - Value Vested During the Year (\$) ⁴⁶	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Darren Pylot	-	1,606,422	716,040
Raman Randhawa	-	-	251,550
Brad Mercer	-	354,341	269,100
Jason Howe	-	266,912	206,938
Albert Garcia	-	-	203,392

Termination and Change of Control Benefits

We have entered into employment agreements with each of our NEOs which were negotiated at the time of appointment to align with market. **Since 2008, no new employment agreements have included severance provisions in excess of 24 months. In alignment with industry standards, any future agreements will be scaled based on position level, with severance provisions not to exceed 24 months.** Under the terms of the employment agreements, our NEOs are entitled to compensation, based on their remuneration at the time, in the event of:

- termination without cause; or
- a change of control, if the NEO is terminated without cause or resigns their employment for Good Reason (as defined below) within 12 months (6 months for the CEO) of the change of control.

A change of control, in general, occurs when a person or group of persons acting together through a transaction or series of transactions beneficially acquires or exercises control or direction over 50% or more of Capstone's common shares. The events selected for triggering payment in connection with termination without cause and on a change of control were determined by the HR&C Committee, with advice from independent consultants, based on industry standards at the time the agreements were entered into with each NEO.

"Good Reason" means the occurrence, within 12 months (6 months for the CEO) of a Change of Control, of any of (i) a meaningful or detrimental change in the employee's position, duties or responsibilities; or (ii) a reduction in the employee's salary; or (iii) a demand by the employer that the employee cease working or providing services to another entity where the employer and employee had previously agreed that the employee could engage in such activities.

No NEO is entitled to compensation on resignation, retirement or termination for cause.

⁴⁵ Total value that would have been realized if the stock options had been exercised on the vesting date.

⁴⁶ Calculated using the 5-day Volume-Weighted Average Price of the Common Shares on the TSX on January 29, 2019 of \$0.60, the date on which the Share Units were settled.

The following table outlines the dates in which the NEO employment agreements were negotiated:

Name	Employment Agreement Negotiation Date
Darren Pylot	November 24, 2008
Raman Randhawa	December 31, 2018
Brad Mercer	November 24, 2008
Jason Howe	November 24, 2008
Albert Garcia	July 23, 2018

The following table outlines the NEO termination and change of control benefits, which were negotiated at the time of appointment:

Termination Type	Severance	Bonus	LTI ⁴⁷
Termination without Cause	Lump sum payment of salary (18 months for VP, Projects, 18-24 months ⁴⁸ for CFO, and 24 months for all other NEOs)	<ul style="list-style-type: none"> • Average bonus paid in the last 3 years (1.5x for VP, Projects, 1.5-2x⁴⁹ for CFO, 2x for all other NEOs, 2.5x for CEO); plus • a prorated amount for the year in which the termination occurs 	<ul style="list-style-type: none"> • PSUs are forfeited • Pro-rated amount of RSUs vest based on service • Vested stock options must be exercised within 90 days⁵⁰ or by the end of the original term (if sooner) • Unvested stock options are cancelled
Change of Control (and NEO is terminated without cause or resigns their employment for Good Reason within 6 months for the CEO and 12 months for all other NEOs)	Lump sum payment of salary (30 months for CEO, 18 months for VP, Projects and 24 months for all other NEOs)	<ul style="list-style-type: none"> • Average bonus paid in the last 3 years (2.5x for CEO, 1.5x for VP, Projects and 2x for all other NEOs); plus • a prorated amount for the year in which the termination occurs 	<ul style="list-style-type: none"> • PSUs immediately vest • RSUs immediately vest • Vested stock options remain exercisable until original term • Unvested stock options vest immediately and remain exercisable until original term
Resignation or Retirement	-	-	<ul style="list-style-type: none"> • PSUs are forfeited • RSUs are forfeited • Vested stock options must be exercised within 30 days or by the end of the original term (if sooner) • Unvested stock options are cancelled
Termination for Cause	-	-	<ul style="list-style-type: none"> • PSUs are forfeited • RSUs are forfeited • Vested and unvested stock options are cancelled

⁴⁷ Equity plans allow for Board discretion.

⁴⁸ In the event of a termination without cause, Mr. Randhawa shall receive a lump sum payment equal to 18 months' Salary plus 1 additional months' Salary for each completed year of service, up to a maximum of 24 months' Salary.

⁴⁹ In the event of a termination without cause, Mr. Randhawa shall receive an amount equivalent to 1.5 times plus 1 additional month for each completed year of service, up to a maximum of 2 times, the Average Bonus Payment.

⁵⁰ Mr. Randhawa's and Mr. Garcia's Employment Agreements specify that vested stock options must be exercised within 30 days or by the end of the original term (if sooner).

The following table provides the total value of severance, incremental payments, payables and any other termination benefits that would have been paid to each NEO, had employment been terminated on December 31, 2019 under various termination scenarios.

Name		Termination Without Cause (\$) ⁵¹	Change of Control (\$) ⁵¹	Resignation or Retirement (\$)	Termination for Cause (\$)
Darren Pylot	<i>Salary</i>	1,404,000	1,755,000	-	-
	<i>Bonus</i>	1,736,748	2,026,206	-	-
	<i>Equity</i>	439,437	2,611,685	-	-
	<i>Other</i>	20,751	25,939	-	-
Raman Randhawa	<i>Salary</i>	570,000	720,000	-	-
	<i>Bonus</i>	660,319	754,650	-	-
	<i>Equity</i>	82,534	688,382	-	-
	<i>Other</i>	8,227	10,970	-	-
Brad Mercer	<i>Salary</i>	720,000	720,000	-	-
	<i>Bonus</i>	648,510	648,510	-	-
	<i>Equity</i>	107,545	688,856	-	-
	<i>Other</i>	13,854	13,854	-	-
Jason Howe	<i>Salary</i>	700,000	700,000	-	-
	<i>Bonus</i>	496,835	496,835	-	-
	<i>Equity</i>	90,813	585,772	-	-
	<i>Other</i>	14,851	14,851	-	-
Albert Garcia⁵²	<i>Salary</i>	564,978	564,978	-	-
	<i>Bonus</i>	508,480	508,480	-	-
	<i>Equity</i>	71,094	435,033	-	-
	<i>Other</i>	16,760	16,760	-	-

⁵¹ Equity value is based on the termination and change of control benefits as outlined in the previous table.

⁵² Mr. Garcia is remunerated in US dollars and his compensation data has been converted to Canadian dollars using Bank of Canada's exchange rate as at December 31 of each year reported which may result in year to year exchange rate fluctuations.

DIRECTOR COMPENSATION

Director Compensation Objectives

The goals of the Board's compensation program are to:

- reflect the responsibility, commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board;
- reflect director compensation consistent with companies in Capstone's compensation peer group; and
- align the interests of Capstone's directors with those of its shareholders.

Directors' compensation is reviewed in consultation with a third-party consulting firm and the same peer group is used as for the NEO and other senior executives' compensation review.

Director Compensation Components

Directors' compensation for service on the Board is comprised of:

- a cash retainer; and
- an equity retainer.

Directors who are also employees of Capstone do not receive any compensation for their service as a director of Capstone.

The HR&C Committee reviews Board compensation on a regular basis and recommends revisions to the annual retainers paid to the Board when warranted. In addition, the Board may award special remuneration to any director undertaking any special services on Capstone's behalf other than services ordinarily required of a director.

Directors' Compensation – Cash Retainer

Directors receive an annual cash retainer and the Board chair and committee chairs receive an additional cash amount for their increased responsibilities. The following table provides a breakdown of the 2019 annual cash retainers.

Role	Director Retainer (\$)	Audit Committee (\$)	HR&C Committee (\$)	CG&N Committee (\$)	THES&S Committee (\$)
Chair	125,000	20,000	15,000	10,000	10,000
Member	65,000	-	-	-	-

Directors' Compensation – Equity Retainer

Directors' equity retainers are positioned to align total direct compensation within a competitive range of the market median. The below table summarizes the equity retainers for the Board Chair and Board Members.

Level	2017 (\$)	2018 (\$)	2019 (\$) ⁵³
Board Chair	200,000	200,000	160,000
Board Member	135,000	135,000	108,000

⁵³ A 20% reduction in target LTI value was applied in 2019 in response to market conditions.

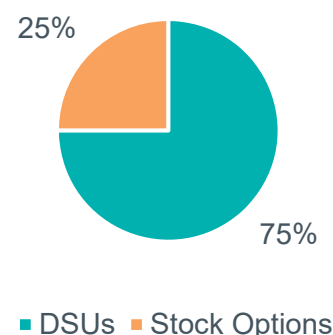
Equity Retainer Mix

Capstone grants a combination of 75% DSUs and 25% stock options to align the interests of independent directors with those of shareholders. The equity mix is reviewed on an annual basis to ensure it aligns with market, shareholder interests and supports retention. Additionally, a 20% reduction in total equity value was applied in 2019 for independent directors. In 2017, the equity compensation value for the Board chair and directors was permanently reduced by 13% and 10% respectively.

The chart shows the director's equity retainer mix for 2017-2019 and the increased weighting on DSUs which is aligned with market and shareholder interests.

The LTI mix is reviewed on an annual basis to ensure it aligns with trends in compensation best practices, shareholder interests and peer benchmarking.

2017-2019 Director Equity Retainer Mix



2019 Director Compensation Table

The following table sets out all amounts of compensation provided to our non-executive directors for the year ended December 31, 2019.

Name of Director	Fees Earned (\$)	Share-Based Awards (\$) ⁵⁴	Option-Based Awards (\$) ⁵⁵	Non-Equity Incentive Plan Awards (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
George Brack	125,000	120,000	40,000	-	-	-	285,000
Robert Gallagher	71,667	81,000	27,000	-	-	-	179,667
Jill Gardiner ⁵⁶	26,667	81,000	27,000	-	-	-	134,667
Kalidas Madhavpeddi ⁵⁷	25,000	81,000	27,000	-	-	-	133,000
Peter Meredith ⁵⁸	53,333	75,000	25,000	-	-	-	153,333
Yong Jun Park ⁵⁹	40,625	-	-	-	-	-	40,625
Dale Peniuk	85,000	81,000	27,000	-	-	-	193,000
Min Geol Ryu ⁶⁰	24,375	-	-	-	-	-	24,375
Richard Zimmer	75,000	81,000	27,000	-	-	-	183,000

Directors' Deferred Share Unit Plan

Capstone has a DSU Plan to align the interests of non-executive directors with those of Capstone's shareholders and to provide a compensation system for eligible directors that, together with the other director compensation mechanisms of Capstone, is reflective of the responsibility, commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board.

⁵⁴ Share-based awards are granted in the form of DSUs. In addition, independent directors may elect to receive up to 100% of their fees for serving as a director in the form of DSUs.

⁵⁵ Option-based compensation is valued using the Black-Scholes option pricing model. We selected the Black-Scholes model because it is widely used in estimating option based compensation values by Canadian public companies. Awards vest one-third per year commencing on the first anniversary of the award.

⁵⁶ Ms. Gardiner resigned from the Board effective April 25, 2019.

⁵⁷ Mr. Madhavpeddi resigned from the Board effective April 25, 2019.

⁵⁸ Mr. Meredith was appointed to the Board effective April 25, 2019.

⁵⁹ Mr. Park resigned from the Board effective July 30, 2019.

⁶⁰ Mr. Ryu was appointed to the Board effective July 30, 2019.

Under the DSU Plan, independent directors may elect to receive up to 100% of their fees for serving as a director in the form of DSUs. Directors receiving DSUs will be credited with additional DSUs whenever cash dividends are paid on common shares. While DSUs received by directors vest immediately, directors will only be able to redeem their DSUs after they cease to be directors of Capstone.

The Board may amend the DSU Plan as it deems necessary or appropriate or terminate the Plan at any time, but no such amendment or termination will, without the consent of the eligible director or unless required by law, adversely affect the rights of an eligible director with respect to any amount in respect of which an eligible director has then elected to receive DSUs or DSUs which the eligible director has been granted under the DSU Plan.

The full Directors' Deferred Share Unit Plan document can be found on the SEDAR website at www.sedar.com.

Outstanding Share-Based and Option-Based Awards

The following table sets out all share-based and option-based awards outstanding for each of our non-executive directors at December 31, 2019.

Name of Director	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date ⁶¹	Value of Unexercised In-The-Money Options (\$) ⁶²	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) ⁶³	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
George Brack	196,912	1.38	Feb 27, 2020	-	-	-	886,947
	355,596	0.33	Jan 29, 2021	152,906	-	-	-
	75,347	1.68	Feb 22, 2022	-	-	-	-
	85,947	1.44	Feb 21, 2023	-	-	-	-
	137,932	0.58	Feb 20, 2024	24,828	-	-	-
Robert Gallagher	50,859	1.68	Feb 22, 2022	-	-	-	243,770
	58,014	1.44	Feb 21, 2023	-	-	-	-
	93,104	0.58	Feb 20, 2024	16,759	-	-	-
Jill Gardiner⁶⁴	50,859	1.68	Feb 22, 2022	-	-	-	243,770
	58,014	1.44	Feb 21, 2023	-	-	-	-
	93,104	0.58	Feb 20, 2024	16,759	-	-	-
Kalidas Madhavpeddi⁶⁵	147,684	1.38	Feb 27, 2020	-	-	-	-
	231,910	0.33	Jan 29, 2021	99,721	-	-	-
	50,859	1.68	Feb 22, 2022	-	-	-	-
	58,014	1.44	Feb 21, 2023	-	-	-	-
	93,104	0.58	Feb 20, 2024	16,759	-	-	-
Peter Meredith⁶⁶	74,627	0.67	May 1, 2024	6,716	-	-	85,075
Yong Jun Park⁶⁷	-	-	-	-	-	-	99,291
Dale Peniuk	147,684	1.38	Feb 27, 2020	-	-	-	561,714
	231,910	0.33	Jan 29, 2021	99,721	-	-	-
	50,859	1.68	Feb 22, 2022	-	-	-	-
	58,014	1.44	Feb 21, 2023	-	-	-	-
	93,104	0.58	Feb 20, 2024	16,759	-	-	-
Min Geol Ryu⁶⁸	-	-	-	-	-	-	-
Richard Zimmer	147,684	1.38	Feb 27, 2020	-	-	-	578,471
	614,100	2.59	Mar 22, 2020 ⁶⁹	-	-	-	-
	231,910	0.33	Jan 29, 2021	99,721	-	-	-
	50,859	1.68	Feb 22, 2022	-	-	-	-
	58,014	1.44	Feb 21, 2023	-	-	-	-
	93,104	0.58	Feb 20, 2024	16,759	-	-	-

⁶¹ All options (except otherwise noted) granted vest one-third per year commencing on the first anniversary of the award.

⁶² Calculated based on the difference between the market price of our shares on the TSX on December 31, 2019, which was \$0.76, and the exercise price of the options.

⁶³ Market value based on the closing price of Capstone's shares on the TSX on December 31, 2019 (\$0.76).

⁶⁴ Ms. Gardiner resigned from the Board effective April 25, 2019.

⁶⁵ Mr. Madhavpeddi resigned from the Board effective April 25, 2019.

⁶⁶ Mr. Meredith was appointed to the Board effective April 25, 2019.

⁶⁷ Mr. Park resigned from the Board effective July 30, 2019.

⁶⁸ Mr. Ryu was appointed to the Board effective July 30, 2019.

⁶⁹ Options vest one-third per year commencing on the grant of the award and have a ten-year term.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value of incentive plan awards for each of our non-executive directors vested or earned during the year ended December 31, 2019.

Name of Director	Option-Based Awards - Value Vested During the Year (\$) ⁷⁰	Share-Based Awards - Value Vested During the Year (\$) ^{71,72}	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
George Brack	-	120,000	-
Robert Gallagher	-	81,000	-
Jill Gardiner ⁷³	-	81,000	-
Kalidas Madhavpeddi ⁷⁴	-	81,000	-
Peter Meredith ⁷⁵	-	75,000	-
Yong Jun Park ⁷⁶	-	81,000	-
Dale Peniuk	-	81,000	-
Min Geol Ryu ⁷⁷	-	-	-
Richard Zimmer	-	81,000	-

Director's Share Ownership Guidelines

Independent directors are required to own shares equal to three times their annual retainer. For more details on share ownership guidelines refer to page 47.

The contents of this Management Information Circular, and the delivery of it to each shareholder entitled to receive notice of the Meeting, to each director of Capstone, to the auditors of Capstone, and to the appropriate regulatory agencies, has been authorized by the Board.

On Behalf of the Board,



Darren Pylot
President and Chief Executive Officer
Capstone Mining Corp.

⁷⁰ Total value that would have been realized if the stock options had been exercised on the vesting date.

⁷¹ The amount represents the aggregate dollar value of the share units as of the vesting date. As directors' DSUs vest immediately, the market value for DSUs was as of the grant date.

⁷² DSUs vest on the grant date but are not redeemable until the Director ceases to hold office. The value of the DSUs is based on the fair market value on the redemption date(s), accordingly, the amount of the final payout will not be known until that time.

⁷³ Ms. Gardiner resigned from the Board effective April 25, 2019.

⁷⁴ Mr. Madhavpeddi resigned from the Board effective April 25, 2019.

⁷⁵ Mr. Meredith was appointed to the Board effective April 25, 2019 and received a New Hire Grant worth \$75,000 in DSUs.

⁷⁶ Mr. Park resigned from the Board effective July 30, 2019.

⁷⁷ Mr. Ryu was appointed to the Board effective July 30, 2019.

SCHEDULE “A”

ADVANCE NOTICE POLICY

INTRODUCTION

The Corporation is committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote.

The purpose of this Advance Notice Policy (the Policy) is to provide shareholders, directors and management of the Corporation with direction on the nomination of directors. This Policy is the framework by which the Corporation seeks to fix a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

It is the position of the Corporation that this Policy is beneficial to shareholders and other stakeholders. This policy will be subject to an annual review, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

NOMINATIONS OF DIRECTORS

1. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of director of the Corporation (the Board) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
 - a. by or at the direction of the Board, including pursuant to a notice of meeting;
 - b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the British Columbia Business Corporations Act (the Act), or a requisition of the shareholders made in accordance with the provisions of the Act; or
 - c. by any person (a Nominating Shareholder): (A) who, at the close of business on the Notice Date (as defined below) and on the record date for notice at such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Policy.
2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation in accordance with the provisions of this Policy.
3. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
 - a. in the case of an annual meeting of shareholders, not less than 35 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the Notice Date) on which the first public announcement (as defined below) of the date of the

annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the later of: (i) the date of the public announcement (as defined below) of this Policy; and (ii) the Notice Date in respect of such meeting; or

- b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement (as defined below) of the date of the special meeting of shareholders was made.
4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:
- a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, province or state and country of residence of the person; (B) the principal occupation, business or employment of the person; (C) the number of securities of each class of voting securities beneficially owned, or controlled or directed, directly or indirectly, by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
 - b. as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information as may be required by the Act and Applicable Securities Law to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation.

5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Policy; provided, however, that nothing in this Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. For purposes of this Policy:
- a. "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
 - b. "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments,

multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

7. Notwithstanding any other provision of this Policy, notice given to the Corporate Secretary of the Corporation pursuant to this Policy may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Policy.

This policy was approved by the Board of Directors on February 14, 2018 and ratified by ordinary resolution of shareholders on April 25, 2018.

SCHEDULE “B”

BOARD’S TERMS OF REFERENCE

1. INTRODUCTION

The Board of Directors (the “Board”) has the responsibility for the overall stewardship of the conduct of the business of Capstone Mining Corp. (“Capstone”) and the activities of management. Management is responsible for the day-to-day conduct of the business. The Board’s fundamental objectives are to enhance and preserve long-term shareholder value, and to ensure Capstone meets its obligations on an ongoing basis and that Capstone operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests that its other stakeholders, such as employees, customers and communities, may have in Capstone. In overseeing the conduct of the business, the Board, through the Chief Executive Officer (“CEO”), shall set the standards of conduct for Capstone.

In performing its function, the Board will act honestly and in good faith with a view to the best interest of Capstone.

2. COMPOSITION

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board and constituting committees of the Board. Subject to the Articles of Capstone and the British Columbia Business Corporations Act (the “Act”), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

3. CORE RESPONSIBILITIES

The Board’s principal duties and responsibilities fall into a number of categories which are outlined below.

A. Legal Requirements

The Board has the responsibility to direct management to ensure that all legal requirements have been met and documents and records have been properly prepared, approved and maintained.

The Board has the statutory responsibility to:

- i. Manage or, to the extent it is entitled to delegate such power, to supervise the management of the business and affairs of Capstone by the senior officers of Capstone;
- ii. Act honestly and in good faith with a view to the best interests of Capstone;
- iii. Exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances;
- iv. Act in accordance with its obligations contained in the Act and the regulations thereto, Capstone’s Articles, applicable securities legislation of Canada, and other relevant legislation and regulations; and
- v. To ensure that management has established an effective risk management system.

B. Independence

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management, including endeavoring to have a majority of independent directors as well as an independent Chair or an independent Lead Director, as the term “independent” is defined in National Instrument 58-101 “Disclosure of Corporate Governance Practices”.

C. Strategy Determination

The Board has the responsibility to ensure that long term goals and a strategic planning process for Capstone is put in place and to participate with management through its committees in approving the mission of the business of Capstone and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of Capstone’s business.

D. Managing Risk and Insurance

The Board has the responsibility to identify and understand the principal risks of the business in which Capstone is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure management has put in place systems which effectively identify, monitor and manage those risks with a view to the long-term viability of Capstone. The Board also has the responsibility to take appropriate steps to minimize material risk exposures by assessing Capstone’s risk profile, categories of risk Capstone faces, strategies implemented to mitigate identified risks, and maintaining appropriate insurance programs to transfer risks where appropriate, including Capstone’s captive insurance program. Board Committees assist the Board in fulfilling its risk oversight responsibilities in certain areas of risk, as outlined in each Board Committee’s Terms of Reference document.

E. Division of Responsibilities

The Board has the responsibility to:

- i. Appoint the delegate responsibilities to committees where appropriate to do so; and
- ii. Develop position descriptions for:
 - a) The Board;
 - b) The Chairman of the Board;
 - c) The Chair of each Board Committee;
 - d) The President and Chief Executive Officer;
 - e) The Chief Financial Officer; and
 - f) The Chief Operating Officer; and
- iii. Ensure that the directors of Capstone’s subsidiaries are qualified and appropriate and that they are provided with copies of Capstone’s policies for consideration for implementation by the subsidiaries.

To assist it in exercising its responsibilities, the Board has established four standing committees of the Board: the Audit Committee, the Human Resources & Compensation Committee, the Corporate Governance & Nominating Committee and the Technical, Health, Environment, Safety & Sustainability Committee. The Board may also establish other standing committees from time to time.

Each committee shall have written Terms of Reference that clearly establishes its purpose, composition, responsibilities, authority, accountability and meetings.

F. Appointment, Training and Monitoring Senior Management

The Board has the responsibility:

- i. to appoint the CEO, to monitor and assess the CEO's performance, to satisfy itself as to the integrity of the CEO, and to provide advice and counsel in the execution of the CEO's duties;
- ii. to approve the corporate goals or objectives that the CEO is responsible for;
- iii. to approve the appointment of all corporate officers, acting upon the advice of the CEO and to satisfy itself as to the integrity of such corporate officers;
- iv. to ensure that adequate provision has been made to train and develop management and for the orderly succession of management;
- v. to ensure that all new directors receive a comprehensive orientation, to fully understand the role of the Board and its committees, the nature and operation of Capstone's business and the contribution that individual directors are required to make;
- vi. to ensure a culture of integrity throughout Capstone;
- vii. to set out expectations and responsibilities of directors including attendance at meetings and review of meeting materials.
- viii. to ensure that management is aware of the Board's expectations of management;
- ix. to ensure that succession plans have been made for corporate officers; and

G. Policies, Procedures and Compliance

The Board has the responsibility:

- i. to ensure that Capstone has in place a corporate policy framework that enables Capstone to operate at all times within applicable laws, regulations and its ethical standards; and
- ii. to approve and monitor compliance with significant policies and procedures by which Capstone is operated.
- iii. To adopt a code of conduct and ensure effective systems are in place such that all directors, officers and employees comply with the code.

H. Reporting and Communication

The Board has the responsibility:

- i. to ensure Capstone has in place policies and programs to enable Capstone to communicate effectively with its shareholders, other stakeholders and the public generally;
- ii. to ensure that the financial performance of Capstone is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;

- iii. to ensure that the financial results are reported fairly and in accordance with international financial reporting standards (“IFRS”)
- iv. to ensure the timely reporting of developments that have a significant and material impact on the value of Capstone;
- v. to report annually to shareholders on its stewardship of the affairs of Capstone for the preceding year;
- vi. to develop appropriate measures for receiving shareholder feedback; and
- vii. to develop Capstone’s approach to corporate governance and to develop a corporate governance guideline.

I. Monitoring and Acting

The Board has the responsibility:

- i. to monitor Capstone’s progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- ii. to take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- iii. to ensure that Capstone has implemented adequate control and information systems which ensure the effective discharge of its responsibilities; and
- iv. to conduct regular assessments of the Board and Directors effectiveness.

J. Non-Delegation

The following are responsibilities of the Board that cannot be delegated to management or any Committee of the Board.

- i. Declare dividends;
- ii. On behalf of the Company, purchase, redeem, or otherwise acquire shares issued by the Company
- iii. Approve a management proxy circular
- iv. Approve a take-over bid circular
- v. Approve any financial statements or other statutory disclosure documents