



MANAGEMENT INFORMATION CIRCULAR

And Notice of 2021 Annual General and Special Meeting of Shareholders

April 28, 2021





March 8, 2021

Dear Fellow Capstone Mining Corp. Shareholders,



On behalf of Capstone Mining Corp.'s ("Capstone" or the "Company") Board of Directors (the "Board" or the "Directors") and employees, we are pleased to enclose the Notice of our Annual General and Special Meeting (the "Meeting") to be held at **1:00 pm (Pacific Time) on Wednesday, April 28, 2021** 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 Capstone's executive compensation program. In addition to the election of directors and appointment of auditors, we will be asking our shareholders to consider and approve a proposed Treasury Share Unit Plan for executives and, on an advisory basis, Capstone's approach to executive compensation.

Capstone had a successful 2020, with results that proved Management's ability to execute its business strategy in challenging times. We are pleased to report that, despite the pandemic, all safety and environmental objectives were exceeded, and operational performance targets were achieved while also managing the Company's capital requirements. Capstone did an exceptional job ensuring the health and safety of our people, communities and operations throughout the pandemic.

We encourage you to please take the time to read through our Management Information Circular in advance of the Meeting. Your vote is important in electing directors and conducting the other business brought before the Meeting.

On behalf of the Board of Directors and Management, we thank you for your continued support and confidence in Capstone.

Sincerely,

"George Brack"

George Brack
Chair of the Board of Directors
Capstone Mining Corp.

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 2020 Results

Capstone finished 2020 as the best performing base metals equity on the Toronto Stock Exchange (“TSX”) with a 213% return. Despite pandemic-related restrictions, Capstone stayed on track to deliver 2020 milestones and positioned the Company for 20% production growth and 5% lower costs in 2021. Below is a high-level summary of the Company’s achievements in 2020; refer to the 2020 Corporate Scorecard section on page 52 for in-depth details.

Corporate:

- Surpassed production and cost guidance and set new safety records.
- Generated US\$131.2 million in operating cash flow before changes in working capital, a 64% increase from 2019. During Q2, Management took a series of proactive actions to strengthen liquidity and manage compliance with banking covenants and did not trip any financial covenants in 2020.
- Maintained a peer leading Net Debt/EBITDA¹ ratio of 0.88x. As of December 31, 2020, net debt was \$124.9 million and was reduced to zero in February 2021, upon closing of the Cozamin Silver Stream Agreement announced in December 2020.
- Capstone published an interim sustainability summary for the period January 1, 2018 to June 30, 2020.

Cozamin:

- Optimized the mine’s underground haulage network by developing a one-way ramp to increase production capacity and vehicle-flow safety.
- Installed a 818m ventilation shaft that improved air quality and lowered underground temperature by 5 degrees
- Work throughout 2020 resulted in the release of an updated Technical Report for Cozamin on January 27, 2021, with an updated life of mine plan to 2031.
- The Technical Report also included pre-feasibility results for a drystack tailings filtration system and a paste backfill system.
- Identified and started drill testing a new exploration target on the Mala Noche Footwall Zone (MNFWZ) vein system.

Pinto Valley:

- Completion of PV3 Optimization Phase 1 work led to Pinto Valley delivering 10% sustainable throughput improvements, compared to the 2019 annual average, towards the end of 2020.
- In July, the Company announced that Pinto Valley has successfully demonstrated positive economics from increased dump leach performance using a novel patented catalytic technology developed by Jetti Resources, LLC. We expect to recover up to 350 million pounds of cathode copper over the next two decades from historic and new mineralized waste piles.
- In December, a pilot plant test of Eriez HydroFloat coarse particle technology at Pinto Valley surpassed expectations of a 6% improvement target to overall copper recovery, showing a 6 to 8% increase in overall copper recovery is achievable, which when combined with expected higher throughput rates could result in an additional 9 to 12 million pounds of copper production per year.

Santo Domingo:

- In September, Capstone announced it had entered into a memorandum of understanding (“MOU”) with Puerto Ventanas S.A. (“Puerto Ventanas”) for Santo Domingo’s port and rail infrastructure.

¹ Net Debt and EBITDA are Alternative Performance Measures, refer to the “Alternative Performance Measures” section of the Company’s Management’s Discussion and Analysis for the year ended December 31, 2020 for more details.

COVID-19 Response

In early 2020, we took a strong stance with regards to COVID-19 and followed the requirements and advice of government authorities and the World Health Organization. Our priority is to ensure the health and safety of our people and the communities in which we operate. We have a dedicated response team in place and are continually assessing any potential health and business impacts across all our operations. We focused our actions within four key principles aimed at supporting the health of our employees and our business:

1. **PREVENT** the workplace from becoming a vector for the COVID-19 virus to spread.
2. **SUPPORT** our employees who are ill or who are tending to family members affected by COVID-19.
3. **ENABLE** full value chain capacity by enlisting the support of our vendors and employees.
4. **STOP** all non-essential spending and focus on cash today without jeopardizing our future growth.

Board of Directors (“Board”) Nominees

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

	INDEPENDENT							
	George Brack ²	Robert Gallagher	Anne Giardini	Peter Meredith	Dale Peniuk	SeungWan Shon	Richard Zimmer	Darren Pylot ³
PLANNED COMMITTEE MEMBERSHIPS								
Audit Committee			✓	✓	C			
Corporate Governance & Nominating Committee		✓	✓				C	
Human Resources & Compensation Committee	✓			C	✓			
Technical, Health, Environmental, Safety & Sustainability Committee		C				✓	✓	
ADDITIONAL INFORMATION								
Age	59	70	61	77	61	47	72	53
Gender	M	M	F	M	M	M	M	M
Director Since	2009	2016	-	2019	2009	2020	2011	2003
2020 “For” Votes	99.21%	99.19%	-	99.26%	99.24%	99.25%	90.48%	99.27%
Other Public Company Boards	1	2	2	2	3	-	3	1

C = Chair of the Committee ✓ = Member of the Committee M = Male F=Female

Board Nominee Statistics

Diversity⁴

25%

Average Age

62.5 years

Independence

87.5%

Average Tenure

5.9 years*

* Independent Directors

² Mr. Brack currently serves as Chair of the Board of Directors.

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

⁴ Includes gender, racial and ethnic diversity

NOTICE OF 2021 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 28, 2021, 1:00 p.m. (Pacific Time)

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

At the Meeting, Shareholders will be asked to:

1. Receive the audited consolidated financial statements of Capstone for the year ended December 31, 2020 and the auditors’ report thereon;
2. Determine the number of directors as eight;
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 and Ratify Capstone’s Treasury Share Unit Plan and all grants awarded by the Board of Directors on March 2, 2021 under such plan;
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.

You can read about each item of business starting on page 5.

If you were a shareholder of Capstone on March 8th, 2021, you have the right to vote. **Due to the COVID-19 pandemic, to mitigate risk to the health and safety of our communities, shareholders, employees and other stakeholders, Capstone encourages shareholders 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 26, 2021.** Detailed voting instructions can be found on page 2. Shareholders wishing to attend the Meeting in person are requested to call (604.684.8894) or email (corporatesecretary@capstonemining.com) the Corporate Secretary of the Company at least 48 hours prior to the date of the Meeting for further instructions.

DATED at Vancouver, British Columbia, this 8th day of March 2021.

BY ORDER OF THE BOARD

“Wendy King”

Wendy King

Senior Vice President, Risk, ESG, General Counsel
& Corporate Secretary

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GENERAL PROXY INFORMATION

Date of Information

All information in this Management Information Circular is as of **March 8, 2021** 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	Corporate Governance & Nominating Committee	Human Resources & Compensation Committee	Technical, Health, Environmental, Safety & Sustainability Committee
<ul style="list-style-type: none">Audit	<ul style="list-style-type: none">CG&N CommitteeCG&N	<ul style="list-style-type: none">HR&C CommitteeHR&C	<ul style="list-style-type: none">THES&S CommitteeTHES&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 8, 2021, Capstone had 409,634,676 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 8, 2021 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 2, 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.	90,712,661	22.14%

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 19, 2021 and will remain on Capstone's website for one full year thereafter.

Paper Copies

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.

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 28, 2021 at the time and place and for the purposes set forth in the Notice on page iv.

Record Date

The record date for the Meeting is **March 8, 2021** (the "Record Date").

How to Vote

	Registered Shareholders	Non-Registered or Beneficial Shareholders				
What type of Shareholder are you?	<p>Your shares are held in your name and you are registered as a shareholder in Capstone’s shareholder registry maintained by Capstone’s registrar and transfer agent, Computershare Investor Services Inc. (“Computershare”).</p> <p>A proxy is included with your Meeting Materials.</p>	<p>Your shares are not registered in your name but are instead registered in the name of the brokerage firm, bank, trust company, or other intermediary</p> <p>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 Objective Beneficial Owners) and those who do not object to the issuers of the securities which they own knowing who they are (“NOBOs” for Non-Objecting Beneficial Owners).</p> <table><tr><th>OBOs</th><th>NOBOs</th></tr><tr><td>A Voting Instruction Form (“VIF”) is included with your Meeting Materials from your broker, bank, trust company, or intermediary</td><td>A VIF is included with your Meeting Materials from Computershare</td></tr></table>	OBOs	NOBOs	A Voting Instruction Form (“VIF”) is included with your Meeting Materials from your broker, bank, trust company, or intermediary	A VIF is included with your Meeting Materials from Computershare
OBOs	NOBOs					
A Voting Instruction Form (“VIF”) is included with your Meeting Materials from your broker, bank, trust company, or intermediary	A VIF is included with your Meeting Materials from Computershare					
Attending in Person	<p>Attend the Meeting, register with a representative of Computershare upon arrival and vote your shares.</p> <p>Only registered shareholders or duly appointed proxyholders for an absent shareholder (“Proxyholders”) will be recognized to make motions or vote at the Meeting.</p>	<p>Insert your name in the blank space provided on the VIF.</p> <p>Sign and return in accordance with the instructions provided well in advance of the Meeting.</p> <p>Attend the Meeting and register with a representative of Computershare upon arrival.</p>				

	Registered Shareholders	Non-Registered or Beneficial Shareholders
Not Attending in Person	<p>Return your completed, dated and signed Proxy in one of the following ways:</p> <ul style="list-style-type: none"> • Fax to 1-866-249-7775 (or 1-416-263-9524 if outside of North America) • Mail to Computershare Investor Services Inc., Proxy Dept., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 • Use a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Follow the instructions of the voice response system and refer to the Proxy for your control number • Log on to www.investorvote.com and follow the instructions given on the website and refer to the Proxy for your control number 	<p>Complete and return your voting instructions in accordance with the VIF provided.</p>
Revocation of Proxy	<p>You can revoke your proxy by:</p> <ul style="list-style-type: none"> • Complete and return a new proxy before the Proxy Deadline bearing a later date • Sending a notice in writing to Capstone's Registered Office at 2100-510 West Georgia Street, Vancouver, BC, V6B0M3, Canada • Deposit a notice in writing to the Chair of the Meeting on the day of the Meeting • Sending a notice in writing to Computershare at 8th Floor – 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada or Fax to 1-866-249-7775 (or 1-416-263-9524 if outside of North America) 	<p>In sufficient time in advance of the Meeting, contact your respective intermediaries to change your vote and if necessary, revoke your voting instructions previously submitted.</p>

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.**
- 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.
- 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.

MEETING AGENDA

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.

The Proxy must be dated and signed by you or your attorney authorized in writing. In 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.

In order to be effective, the Proxy must be deposited at the office of Computershare, no later than 1:00 p.m. PT on Monday, April 26, 2021.

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.

Quorum

The quorum for the transaction of business at a general and special 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 Proxy will be voted or withheld from voting in accordance with the instructions given on the 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:

- ☒ FOR the number of directors to be set at eight
- ☒ FOR the election of directors
- ☒ FOR the appointment of auditors
- ☒ FOR the approval and ratification of Capstone's Treasury Share Unit Plan and all grants awarded by the Board on March 2, 2021 under such plan.
- ☒ FOR the approval of the Non-Binding Advisory Vote on Executive Compensation

Voting Results

We will issue a news release with the voting results shortly after the Meeting and will also file results on SEDAR at www.sedar.com.

MEETING AGENDA

I. Financial Statements

The annual audited consolidated financial statements and Management's Discussion & Analysis ("MD&A") of Capstone for the year ended December 31, 2020, together with the auditor's report on those statements (the "Financial Statements"), will be placed before the shareholders at the Meeting. The Financial Statements will be 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.

II. Number of Directors

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



Management recommends that you vote **FOR** the number of directors to be set as eight.

III. Election of Directors

At the Meeting, Capstone will ask shareholders to vote for the election of the eight nominees proposed by Capstone as Directors.

- | | |
|---------------------|-------------------|
| 1. George Brack | 5. Dale Peniuk |
| 2. Robert Gallagher | 6. Darren Pylot |
| 3. Anne Giardini | 7. SeungWan Shon |
| 4. Peter Meredith | 8. Richard Zimmer |



Management recommends that you vote **FOR** the election of each of these nominees.

The term of office of each of the present Directors expires at the Meeting. The persons named above 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).

Each holder of common shares will be entitled to cast their votes for, or withhold their votes from, the election of each director. For further detail, please see "Election of Directors" on page 8.

IV. Appointment of Auditors

At the Meeting, Capstone will ask shareholders 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, 2020 and 2019, the following fees were billed to Capstone by its auditors:

	Audit Fees ⁵	Audit-related Fees ⁶	Tax Fees ⁷	All Other Fees ⁸
2019 Fees	\$892,000	NIL	\$99,000	\$35,000
2020 Fees	\$895,000	\$9,000	\$176,000	NIL

V. Approve and Ratify Capstone's Treasury Share Unit Plan for Executives

On February 23, 2021, the Board adopted the Treasury Share Unit Plan for executives. Since the Treasury Share Unit Plan was adopted, 1,041,096 Treasury Share Units have been granted to executive officers and other employees of Capstone. These awards cannot be redeemed until such time that the shareholders have approved and ratified the Treasury Share Unit Plan and the grants. Should shareholders fail to approve the Treasury Share Unit Plan, these awards will be cancelled forthwith. In such event Capstone intends to make corresponding grants under the Capstone Share Unit Plan⁹.

At the Meeting, Capstone will ask shareholders to approve and ratify Capstone's Treasury Share Unit Plan and all grants awarded by the Board under such plan. For further detail of the Treasury Share Unit Plan and the grants awarded, please see page 64.

A copy of the Treasury Share Unit Plan is attached as Schedule "A" to this Management Information Circular.

WHEREAS:

- the Board of the Company approved on February 23, 2021 the adoption of a treasury share plan (the "Treasury Share Plan") for the benefit of executives, employees and consultants of the Company and its subsidiaries;
- there will be a maximum of 3.5% of the Company's issued and outstanding common shares reserved for issuance under the Treasury Share Plan; and
- on March 2, 2021 the Board granted 347,033 RSUs and 694,063 PSUs subject to shareholder ratification, of which 999,231 were granted to insiders of the Company and 41,865 were granted to other employees of the Company, each with the expiry date that is the tenth anniversary of the date of grant (the "Granted Share Units"), as described in this Management Information Circular.

RESOLVED THAT:

- the Treasury Share Plan of the Company as disclosed in this Circular be and is hereby approved.
- the Granted Share Units as disclosed in this Management Information Circular be and are hereby ratified.
- any director or officer of the Company be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determined to be necessary in order to give full effect to the intent and purpose of this resolution.



Management recommends that you vote **FOR** the appointment of Deloitte as Capstone's auditors.



Management recommends that you vote **FOR** the approval of Capstone's Treasury Share Unit Plan.

⁵ 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.

⁶ This amount relates to the audit work on the Commissioner's reports for the Mexican entities during 2020. These fees were pre-approved by the Audit Committee.

⁷ 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.

⁸ The aggregate fees billed that are not "Audit Fees", "Audit-Related Fees" or "Tax Fees". These fees in 2019 related primarily to Human Resources and Finance strategy advisory services. All fees for other professional services were pre-approved by the Audit Committee.

⁹ Capstone's Share Unit Plan was adopted by the Board on August 14, 2012, amended February 11, 2020 and can be found on SEDAR at www.sedar.com.

VI. Advisory Vote on Executive Compensation

The Board value 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.

2018 Vote

88%

2019 Vote

97.8%

2020 Vote

94.8%



Management recommends that you vote **FOR** the approval of 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 24, 2021. A copy of our Advance Notice Policy is attached as Schedule "B" 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

Due to COVID-19 restrictions, shareholders who wish to deliver notice in person are requested to notify the Corporate Secretary at least 24 hours in advance at 604-684-8894 or the email above.

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 eight 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 26.

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, 2020 to December 31, 2020.

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 ("DSU") (for Darren Pylot, Performance Share Units ("PSU") and Restricted Share Units ("RSU")), 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.



George Brack, Non-Executive Chair of the Board of Directors
North Vancouver, British Columbia, Canada

Career Highlights

- Former Managing Director and Industry Head, Mining at Scotia Capital
- Former President of Macquarie North America Ltd.
- Former Vice President, Corporate Development at Placer Dome Inc.
- Former Vice President in the mining investment banking group at CIBC Wood Gundy

Other Current Public Boards

- Wheaton Precious Metals Corp.

Other Public Boards in the past five years

- Alio Gold Inc.
- Geologix Explorations Inc.
- Alexco Resource Corp.
- Newstrike Capital Inc.

Age: 59

Independent

Director Since: May 19, 2009

Qualifications, Skills, Experience and Expertise:

- 30+ year career in the mining industry
- Finance, investment and M&A experience
- MBA at York University
- B.A.Sc. in Geological Engineering at the University of Toronto
- CFA Designation

The Board of Directors has determined that Mr. Brack's board leadership experience, extensive experience in the mining industry, exploration, corporate development, executing strategic mergers and acquisitions qualify him to serve as a Director and as Chair of the Board of Directors.

Capstone Board/Committee Memberships

	2020 Attendance	
Board	11 of 12 ¹⁰	92%
HR&C Committee	5 of 5	100%
CG&N Committee	4 of 4	100%

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs	Meets Shareholding Requirements
488,498	2,000,000	1,419,784	3,419,784	✓

2020 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
224,520,187	99.21%	1,789,229	0.79%

¹⁰ Mr. Brack declared a conflict of interest and recused himself from one meeting of the Board of Directors.


Robert Gallagher, Chair of the THES&S Committee

Vancouver, British Columbia, Canada

Career Highlights

- Former President & CEO of New Gold Inc.
- Former President and CEO of Peak Gold (prior to the merger of Peak Gold, Metallica Resources and New Gold)
- Fifteen years with Placer Dome Inc.
- Seven years with Newmont Mining Corporation, overseeing the completion of development and operation of the Batu Hijau Mine, the billion-ton, world-class copper-gold mine located in Indonesia

Age: 70

Independent

Director Since: November 1, 2016

Qualifications, Skills, Experience and Expertise:

- 40+ year career in the mining industry
- Core business, operations and management
- B.A.Sc. from the University of British Columbia

Other Current Public Boards

- Southern Arc Minerals Inc.
- Japan Gold Corp.

Other Public Boards in the past five years

- Yamana Gold Inc.
- New Gold Inc.

The Board of Directors has determined that Mr. Gallagher's extensive experience with the development and operation of large-scale mining projects combined with his executive management experience qualify him to serve as a Director and as Chair of the THES&S Committee.

Capstone Board/Committee Memberships

	2020 Attendance	
Board	12 of 12	100%
CG&N Committee	4 of 4	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	Meets Shareholding Requirements
329,735	N/A	491,355	491,355	✓

2020 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
224,472,718	99.19%	1,836,698	0.81%



Anne Giardini, QC, Corporate Director
Vancouver, British Columbia, Canada

Career Highlights

- 20+ year career with Weyerhaeuser, including as General Counsel and subsequently President of Weyerhaeuser's Canadian subsidiary
- Former Chair of Greater Vancouver Board of Trade
- Made an Officer of the Order of Canada in 2016 and admitted to the Order of British Columbia in 2018

Other Current Public Boards

- K92 Mining Inc.
- Stella-Jones Inc.

Other Public Boards in the past five years

- Nevsun Resources Ltd.
- Thompson Creek Metals Company Inc.

Age: 61
Independent Director Nominated for Appointment

Qualifications, Skills, Experience and Expertise:

- 30+ years as a lawyer, senior executive, director and senior advisor
- Broad public and government relations experience
- L.L.M from Trinity Hall, University of Cambridge
- L.L.B from the University of British Columbia
- B.A. (Economics) from Simon Fraser University

The Board of Directors has determined that Ms. Giardini's 30+ years as a lawyer and executive, expertise in natural resource development, corporate governance, compensation and pension oversight, safety and risk management qualify her to serve as a Director.

Capstone Board/Committee Memberships

	2020 Attendance	
N/A	N/A	N/A

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs	Meets Shareholding Requirements
N/A	N/A	N/A	N/A	N/A

2020 Annual General and Special Meeting Voting Results

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


Peter Meredith, Chair of the HR&C Committee

Vancouver, British Columbia, Canada

Career Highlights

- Former Deputy Chairman and Chief Financial Officer of Turquoise Hill Resources Ltd.
- Former Partner with Deloitte LLP, Chartered Professional Accountants

Other Current Public Boards

- Ivanhoe Mines Ltd.
- Great Canadian Gaming Corporation (chairman)

Other Public Boards in the past five years

- Cordoba Minerals Corp.
- Turquoise Hill Resources Ltd.
- Kaizen Discovery Inc.
- SouthGobi Resources Ltd.
- Peregrine Diamonds Ltd.

Age: 77

Independent

Director Since: April 25, 2019

Qualifications, Skills, Experience and Expertise:

- Chartered Professional Accountant (CPA, CA)
- Finance, investment and M&A experience
- Risk management expertise

The Board of Directors has determined that Mr. Meredith's accounting and financial experience combined with his extensive knowledge of the mining industry qualify him to serve as a Director and as Chair of the HR&C Committee.

Capstone Board/Committee Memberships

	2020 Attendance	
Board	11 of 12	92%
Audit Committee	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	Meets Shareholding Requirements
202,385	63,500	282,546	346,046	✓

2020 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
224,629,657	99.26%	1,679,759	0.74%



Dale Peniuk, Chair of the Audit Committee
West Vancouver, British Columbia, Canada

Career Highlights

- Former Partner with KPMG LLP and predecessor firms with a focus on mining companies
- 15+ years providing financial consulting services to companies in the mining industry, including mergers and acquisitions

Other Current Public Boards

- Lundin Mining Corporation
- Argonaut Gold Inc.
- Kuya Silver Corporation (formerly Miramont Resources Corp.)

Age: 61

Independent

Director Since: May 19, 2009

Qualifications, Skills, Experience and Expertise:

- Financial accounting expertise
- Investment and M&A experience
- Chartered Professional Accountant (CPA, CA)
- B.Comm from the University of British Columbia

The Board of Directors has determined that Mr. Peniuk's vast accounting, financial and investment expertise, combined with his extensive knowledge of the mining industry qualify him to serve as a Director and as Chair of the Audit Committee.

Capstone Board/Committee Memberships

	2020 Attendance	
Board	12 of 12	100%
Audit Committee	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	Meets Shareholding Requirements
329,735	224,576	909,702	1,104,278	✓

2020 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
224,591,735	99.24%	1,717,681	0.76%



Darren Pylot, President & Chief Executive Officer
Vancouver, British Columbia, Canada

Career Highlights

- Founder and Former Vice Chair of Capstone which he grew from an exploration company into a leading copper producer, developer and exploration company
- Former President and Chief Executive Officer of Silverstone Resources Corp.

Age: 53

Non-Independent

Director Since: October 23, 2003

Qualifications, Skills, Experience and Expertise:

- 25+ years executive management experience in the natural resource sector
- Successful innovator and entrepreneur
- Human Resource Management and labour relations experience
- M&A experience

Other Current Public Boards

- Zena Mining Corp.

The Board of Directors has determined that Mr. Pylot's extensive experience in the mining industry and his position as CEO qualify him to serve as a Director.

Capstone Board/Committee Memberships

	2020 Attendance	
Board	12 of 12	100%

Securities Held as of the Record Date

Options	Common Shares	PSUs	RSUs	Total of Common, PSUs and RSUs	Meets Shareholding Requirements
4,338,709	3,564,012	2,701,170	1,131,836	7,397,018	✓

2020 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
224,666,832	99.27%	1,642,584	0.73%



SeungWan Shon, Corporate Director
Seoul, Korea

Career Highlights

- 20 years with Korea Resources Corporation's (KORES) currently leading the Metals Team, managing overseas copper projects
- Former Senior Manager of KORES' Corporate Partnership Team and Exploration Team for non-metal mineral deposits in South Korea
- Former Manager of Geology Department at MMBoleo Copper Mine in Mexico

Other Current Public Boards

- Nil

Age: 47
Independent
Director Since: February 12, 2020

Qualifications, Skills, Experience and Expertise:

- Government relations experience
- B.Sc. (Geology) from Kyungpook National University
- M.Sc. (Structural Geology) Kyungpook National University

The Board of Directors has determined that Mr. Shon's 20 years mineral exploration experience and government relations expertise qualify him to serve as a Director.

Capstone Board/Committee Memberships

	2020 Attendance	
Board	11 of 11	100%
THES&S Committee ¹¹	4 of 4	100%

Securities Held as of the Record Date

Options	Common Shares	DSUs	Total of Common Shares and DSUs	Meets Shareholding Requirements
19,167	N/A	25,962	25,962	On track to meet by 2025 deadline

2020 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
224,618,291	99.25%	1,691,125	0.75%

¹¹ Mr. Shon was elected to the THES&S Committee effective February 12, 2020.



Richard Zimmer, Chair of the CG&N Committee
North Vancouver, British Columbia, Canada

Career Highlights

- Former President and Chief Executive of Far West Mining Ltd.
- 15+ years with Teck-Cominco and Teck-Pogo Inc.
- Former Senior Staff Engineer at Bow Valley Industries responsible for evaluation of new mining ventures and the operations of its coal mining division

Other Current Public Boards

- Alexco Resources Corp.
- Ascot Resources Ltd. (non-executive chairman)
- DLP Resources Inc. (formerly MG Capital Corporation)

Age: 72

Independent

Director Since: June 20, 2011

Qualifications, Skills, Experience and Expertise:

- 40+ years in the mining industry
- B.Sc. from the University of Manitoba
- Risk management expertise
- B.Eng. from the University of Alberta
- MBA from the University of Saskatchewan
- P.Eng. in the Province of British Columbia

The Board of Directors has determined that Mr. Zimmer's 40+ years of industry related experience combined with his professional designations qualify him to serve as a Director and Chair of the CG&N Committee.

Capstone Board/Committee Memberships

	2020 Attendance	
Board	12 of 12	100%
Audit Committee	5 of 5	100%
CG&N Committee	4 of 4	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	Meets Shareholding Requirements
329,735	77,069	931,751	1,008,820	✓

2020 Annual General and Special Meeting Voting Results

Votes in Favour		Votes Withheld	
204,766,017	90.48%	21,543,399	9.52%

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.

Corporate Governance Highlights

Board Structure and Independence	<ul style="list-style-type: none"> ✓ Election of one new director, SeungWan Shon in 2020 and one new director, Peter Meredith in 2019 ✓ One female director nominee, Anne Giardini in 2021 ✓ The Board Chair and the chairs of the each of the committees are independent ✓ <i>In Camera</i> sessions held at the end of each Board meeting and committee meetings without management present
Shareholder Rights	<ul style="list-style-type: none"> ✓ All Directors are elected annually ✓ Majority voting for all Directors (in uncontested elections) ✓ Shareholders representing at least 5% of outstanding shares are able to call special meetings
Board Oversight	<ul style="list-style-type: none"> ✓ The Board has oversight of the corporate strategy and annual operating plan ✓ The Board has oversight of Enterprise Risk Management ("ERM") ✓ The Board has oversight over all Environmental, Social, Governance ("ESG") matters ✓ The Board monitors Capstone's Code of Conduct, workplace culture and values ✓ Annual off-site Board meeting focused on strategy ✓ The Board has oversight of cybersecurity, whistleblower and our global insurance program ✓ The Board oversight of executive compensation and succession planning
Corporate Governance Practices	<ul style="list-style-type: none"> ✓ Prohibits Directors and Management from hedging ✓ Annual Board and committee performance assessments ✓ Clawback policy for Management ✓ Significant share ownership requirements for Directors and Management ✓ Comprehensive director orientation and continuing education process ✓ Responsive, active and ongoing shareholder engagement

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 ESG strategy, risks, performance and disclosures, 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.

In 2020, the Board held *ad hoc* meetings to discuss with Management the developments of the COVID-19 outbreak, the potential impacts it might have on the Company's operations and safety, as well as mitigation strategies.

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.

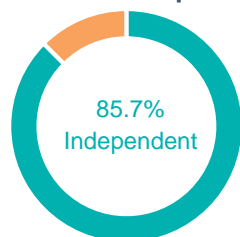
Independence of the Board

The Board has considered the relationship of each director to Capstone and determined that the majority of Directors as of the Record date (six of seven) are independent, and were independent in 2020, within the meaning of independence under NI 52-110 and NI 58-101.

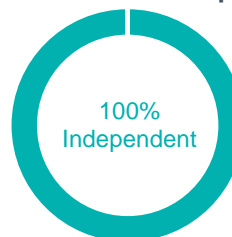
Mr. Pylot is the only non-independent director and is considered to have a material relationship with Capstone as President & Chief Executive Officer.

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.

2020 Board Independence



2020 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.

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

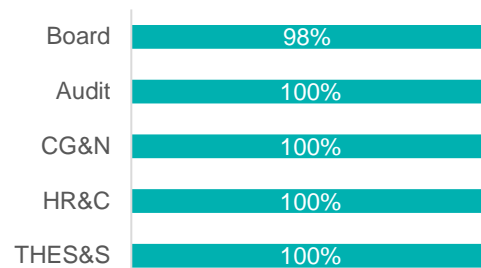
The CG&N Committee nominates to the Board for approval, an independent director as Chair of each committee based on an assessment of the appropriate skills for a given committee. The Board has the authority to appoint *ad hoc* committees as needed.

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, by video conference 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 12 meetings, six of which were held after the election of Directors at the 2020 Annual General & Special Meeting of shareholders. The chart on the right shows the attendance record for all Board and committee meetings in 2020.



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. In addition, each committee holds an *in-camera* session at the end of each committee meeting. Additional *in camera* sessions are held as required.

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.
Robert Gallagher	Southern Arc Minerals Inc. and Japan Gold Corp.
Anne Giardini	K92 Mining Inc. and Stella-Jones Inc.

Name of Director	Reporting Issuer(s) or Equivalent(s)
Peter Meredith	Ivanhoe Mines Ltd. and Great Canadian Gaming Corporation
Dale Peniuk	Argonaut Gold Inc., Lundin Mining Corporation and Kuya Silver Corporation (formerly Miramont Resources Corp.)
Darren Pylot	Zena Mining Corp.
SeungWan Shon	Nil
Richard Zimmer	Alexco Resource Corp., Ascot Resources Ltd. and DLP Resources Inc. (formerly 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 "C" to this Management Information Circular.

Position Descriptions

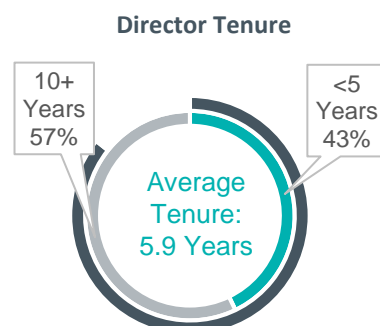
The Board has developed and approved written position descriptions for the following:

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

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 nominees is 5.9 years



The following table shows Capstone's Board renewal in the last 5 years:

■ Independent Directors

Year Appointed	Director
2021	Anne Giardini (New Director Nominee)
2020	SeungWan Shon
2019	Min Geol Ryu and Peter Meredith
2018	Yong Jun Park

Year Appointed	Director
2016	Robert Gallagher and Jill Gardiner

Diversity

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.

With respect to the Board, the objective of the Diversity Policy is to ensure that 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.

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. If all director nominees are elected at this Meeting, the Board will have met its target of one female director no later than 2022.

In 2021, the Board set a goal, in the event of a vacancy, to add a second female to the Board through its Board recruitment

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

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.

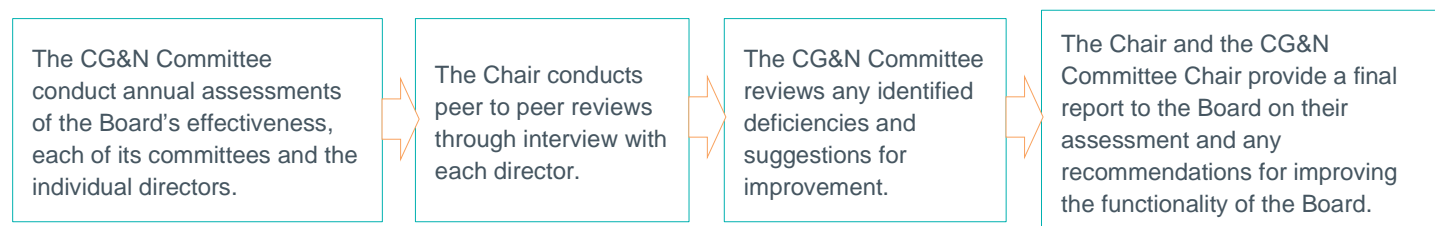
The Board believes that continuing education is important for Directors to keep informed on changes in governance best practices and legal regulatory requirements and to better understand the issues facing Capstone. As such, the Board encourages all Directors to participate in continuing education. In 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
Due to the COVID-19 pandemic, all site visits were suspended in 2020.		Management	VFIRY demonstration on Cozamin expansion resource

Director	Additional Professional Development
George Brack	Mr. Brack reviewed whitepapers on various topics related to governance, ESG and climate change, industry updates
Robert Gallagher	Mr. Gallagher attended the following webinars held by the Institute of Corporate Directors: CBCA Amendment – Diversity Disclosure Beyond Gender, Managing Officer and Director Risks in a COVID-19 World, Climate Change Adaption in the Mining Sector – Discussing the Imperative, ESG: A Conversation with American Century Investments and Executive Compensation 2020: Topics Arising from Recent Disruptions
Peter Meredith	Mr. Meredith reported a total of 51 hours in 2020 as part of his continuing professional development requirements for the Chartered Professional Accountants of British Columbia. This included attending various course and webinars related to cybersecurity, technology trends, legal challenges and opportunities in the mining industry, human capital governance and, supply chain disruption and climate change adaption in the mining industry
Dale Peniuk	Mr. Peniuk reported a total of 75.5 hours in 2020 as part of his continuing professional development requirements for the Chartered Professional Accountants of British Columbia. This included attending and speaking at various courses, seminars, webinars and virtual conferences related to various topics including financial reporting and audit committee topics, executive compensation and human capital matters, board governance and effective shareholder engagement, ESG and climate change reporting, cybersecurity and other risk management matters.
Darren Pylot	Mr. Pylot reviewed whitepapers on various topics related to diversity and inclusion, cybersecurity, ESG, human rights management and climate change.
SeungWan Shon	Mr. Shon attended various courses related to human rights management, labor law, industrial safety, cybersecurity, information security and anti-corruption law.
Richard Zimmer	Mr. Zimmer attended various courses, seminars and webinars related tailings storage facility construction, climate change adaption in the mining industry, ESG, COVID-19, audit and cyber risk.

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 composed 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 October 2020, the CG&N Committee reviewed the current needs and size of Capstone’s Board and recommended to the Board that the number of Directors should be increased to eight and a female director be nominated for election to the Board at the Meeting.

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 8.

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	Brack	Gallagher	Giardini	Meredith	Peniuk	Pylot	Shon	Zimmer
Environmental, Health, Safety	●	✓	✓	●	●	✓	●	✓
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/ Labour 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"). These risks include strategic, operational, environmental, health and safety, human resources, information security, legal and compliance, and ESG global risks, such as climate change, water scarcity, human rights, diversity and inclusion and other risks faced by Capstone. 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. Our Terms of Reference for the Board and each committee further outlines these responsibilities.

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 or ESG initiatives, 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 talent management and 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, tailings management, environmental protection, occupational health and safety, sustainability, climate change 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. The Board and Management identify and discuss key risks and opportunities during the annual strategic planning process. 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 and likelihood of the principal risks supported by a document that details each risk, including reasons for reporting and the mitigation strategies. Several 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.
- Top risks at each site are regularly discussed during Management meetings.
- Risk training and awareness programs are implemented across Capstone.
- Risks facing Capstone are discussed at each committee of the Board, as appropriate.

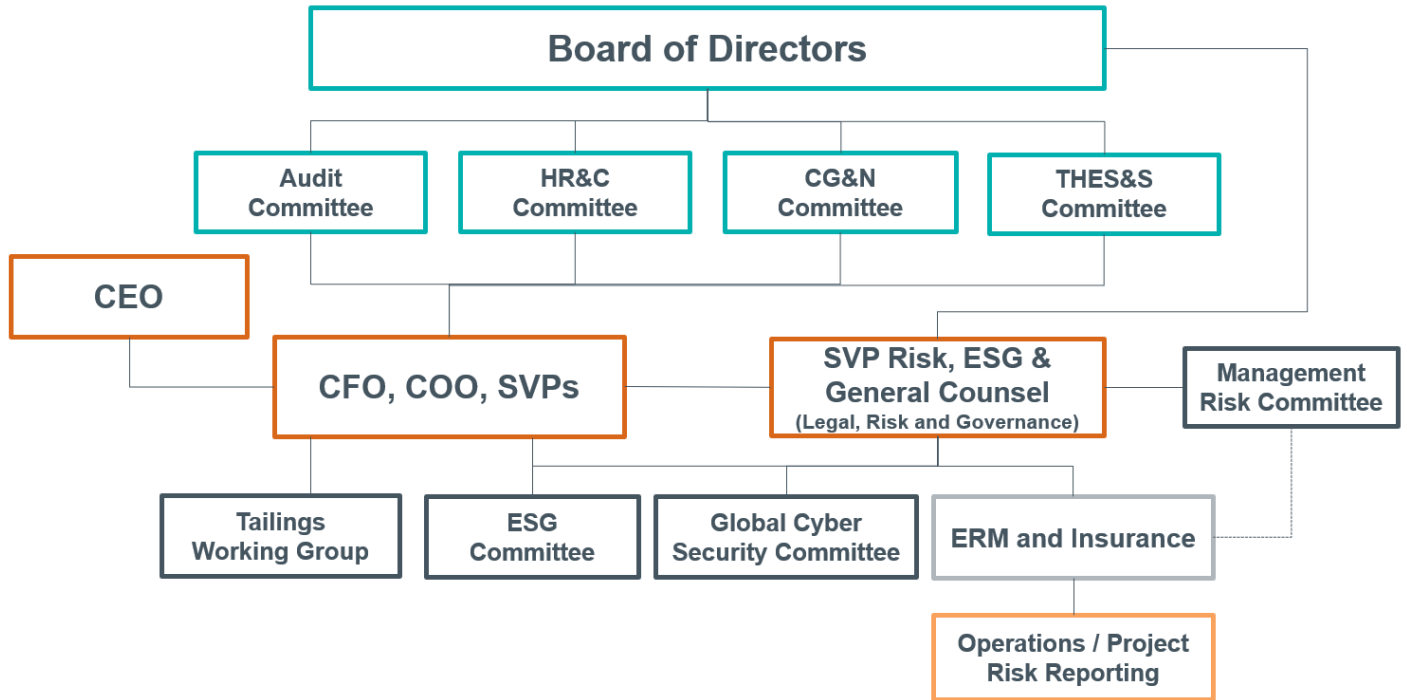
Risk champions are identified and trained at the operating sites and development projects; this coupled with on-going training and awareness programs for the Management teams, assists in embedding our ERM System and enhancing our risk awareness culture and risk-based decision making.

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 Tailings Working Group, ESG Committee, Global Cyber Security Committee and Global Pandemic Response Team report quarterly to the Board of Directors.

Tailings Working Group	The Tailings Working Group is led 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.
ESG Committee	The ESG Committee is led by our Senior Vice President, Risk, ESG & General Counsel and is tasked with assisting Management in leading the ESG strategy and initiatives across Capstone. The ESG Committee identifies, assesses, and determines ESG issues that are material to the operations of Capstone or stakeholders' interests and ensures risk management and internal control systems are in place for managing ESG risks.
Global Cyber Security Committee	The Global Cyber Security Committee manages information security risk through ongoing governance, policies, practices and cyber security training initiatives. Capstone continuously monitors the effectiveness of existing controls and the Cyber Incident Response Plan and utilizes third parties to assist with identifying and assessing new cyber threats and system vulnerabilities. Capstone highlights the importance of cyber and information security risk through direct oversight from the Board of Directors.
Global Pandemic Response Team	Capstone has a dedicated Global Pandemic Response Team and a robust Pandemic Response Plan as part of the Company's overall Crisis Management and Business Continuity efforts. The team continually assesses any potential health and business impacts across all our offices and operations and provides recommendations to Management on controls and prevention measures.

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:



Environmental, Social, Governance

Capstone is embedding a culture of ESG-based thinking in decision making and 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.

Management is developing an ESG strategy with Board oversight, including identification of short, mid and long-term ESG-focused priorities. An ESG Committee was formed in 2020 and tasked with enhancing governance practices, improving disclosure data and assisting Management in developing the ESG strategy and initiatives across Capstone. The Company published an interim summary report on its website at www.capstonemining.com covering the period January 1, 2018 to June 30, 2020 and will be publishing a full 2020 Global Reporting Initiative (“GRI”) report in H1 2021.

Capstone is committed to innovation and projects to improve ESG practices throughout the organization, as well as bottom up ESG opportunity and risk identification, enhanced ESG risk assessment and reporting to the Board. To support our commitment, Capstone has added ESG specific objectives to its 2021 Corporate Scorecard and executive compensation.

Capstone's Values



ZERO HARM IS POSSIBLE



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.

Terms of Reference for Board Oversight of ESG



In early 2021, the Board adopted the Terms of Reference for Board Oversight of ESG to ensure that it has sufficient oversight of Capstone's ESG strategy, ESG risks related to Capstone's long-term strategy and performance and ESG disclosures.

Human Rights Policy



In 2020, the Board adopted a global Human Rights Policy that applies to employees, Directors and suppliers and adopted the United Nations' Guiding Principles on Business and Human Rights.

Supplier Code of Conduct



In 2020, Capstone adopted a Supplier Code of Conduct to outline its minimum expectations of its suppliers with respect to Capstone's ESG standards and values.



All 2020 Safety and Environmental Objectives Exceeded

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 travel to major mining investment centers in Canada, US and Europe, or attend virtually, 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 2020, members of Management met via in-person, telephone and video conference with existing and potential investors to discuss topics of interests such as our milestones and upcoming catalysts, operational performance, improvements and outlook, expansion and organic growth potential, and ESG practices.

	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

Other 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 45.

Clawback Policy

A summary of Capstone's Clawback Policy can be found on page 46.

Cyber Security Policy

Capstone 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 response plan, and ongoing education and engagement. Capstone conducts monthly phishing tests and ongoing training at least once per annum.

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.

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.

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 releases;
- 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	2020 Attendance	
Dale Peniuk, CPA, CA (Chair)	✓	5 of 5	100%
Peter Meredith, CPA, CA	✓	5 of 5	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, including two members who are designated as financial experts.

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	2020 Attendance	
Peter Meredith (Chair)	✓	5 of 5	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.

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	2020 Attendance	
Richard Zimmer (Chair)	✓	4 of 4	100%
George Brack	✓	4 of 4	100%
Robert Gallagher	✓	4 of 4	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	2020 Attendance	
Robert Gallagher (Chair)	✓	5 of 5	100%
SeungWan Shon ¹²	✓	4 of 4	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.

¹² Mr. Shon was appointed to the THES&S Committee effective February 12, 2020.

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.

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 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 94.76% of the votes in favor of our executive compensation program in 2020.

COVID-19

News of the coronavirus in China surfaced in January and began to spread globally by March, affecting international commodity and investment markets. Throughout the year, despite the pandemic, Capstone stayed on track to deliver its strategic goal for 20% production growth and 5% lower costs in 2021. On March 31, Capstone safely and systematically reduced mining and processing activities at our Cozamin mine to comply with a Mexican Federal Government decree to suspend all non-essential activities in private and public sectors in response to the COVID-19 pandemic. On May 14, Capstone announced it had safely started ramping up operational activities at Cozamin following the Mexican Federal Government announcement on May 12, that mining is an essential industry. Capstone did not make changes to its 2020 Corporate Scorecard objectives as a result of COVID-19 and no adjustments were made to short- or long-term incentive payouts.

Capstone’s 2020 Performance

Copper prices and Capstone’s share price experienced volatility in 2020, starting the year in a positive setting before abruptly getting hit by COVID-19 pandemic-related macroeconomic factors, to strong buying as China surprised with better than expected copper demand in the second half of 2020. Capstone’s share price and the copper price experienced lows of \$0.33 per share and \$2.08 per pound, respectively, to highs of \$2.49 per share and \$3.64 per pound, respectively. Capstone finished 2020 as the best performing base metals equity on the TSX with a 213% return. Despite the pandemic, Capstone stayed on track to deliver 2020 milestones and position the Company for 20% production growth and 5% lower costs in 2021, when compared to 2020.

Capstone’s 2020 key performance highlights are as follows. Refer to page 52 for more a detailed summary.

- In December 2020, announced a Cozamin silver stream agreement with Wheaton Precious Metals Corp.

- Optimized the mine's underground haulage network by developing a one-way ramp to increase production capacity and vehicle-flow safety.
- Exploration, engineering and other technical work at Cozamin throughout 2020, led to an interim mine life extension to 2029, and a subsequent update further extended mine life to 2031.
- Towards the end of 2020, Pinto Valley delivered 10% sustainable throughput improvements, when compared to the 2019 annual average, with completion of PV3 Optimization Phase 1 work.
- In July, the Company announced that Pinto Valley has successfully demonstrated positive economics from increased dump leach performance using a novel patented catalytic technology developed by Jetti Resources, LLC. We expect to recover up to 350 million pounds of cathode copper over the next two decades from historic and new mineralized waste piles.
- In September, Capstone announced it had entered into a memorandum of understanding ("MOU") with Puerto Ventanas S.A. ("Puerto Ventanas") for Santo Domingo's port and rail infrastructure.

Key Compensation Activities in 2020

The HR&C Committee monitored emerging trends in executive compensation practices and reviewed the need for changes to align with the market. Our key activities in 2020 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.

2020 CEO Pay

In considering CEO compensation, we assess overall performance relative to safety, environmental, operational, financial and strategic objectives established by the Board at the start of the year, as well as individual performance. Overall, corporate performance in 2020 resulted in an annual corporate scorecard incentive payout of 156% of target. Combined with Mr. Pylot's individual leadership achievements at 150% of target, his overall performance rating resulted in a bonus payment that was **155%** of target, which reflects the link between Company performance and CEO pay. Year over year, Mr. Pylot's bonus is somewhat higher in 2020 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 \$3.71 million in TDC, which included a short-term incentive award of \$1,137,780 and mid- and long-term equity incentives awards totaling \$1.84 million. The mid- and long-term equity 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 2020 appropriately reflects Capstone's operating performance as well as Mr. Pylot's delivery on key strategic objectives that contribute to long-term shareholder value.

Leadership Changes

Brad Mercer was appointed to the position of Senior Vice President and Chief Operating Officer effective January 1, 2021. Mr. Mercer joined Capstone over 15 years ago and his innovative lens on operations combined with his expertise in geology will be a significant benefit to Capstone's operating assets. In addition, Jerrold Annett was promoted to Senior Vice President, Strategy & Capital Markets and Wendy King's role has expanded to include her senior executive oversight on ESG. Ms. King's new title is Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary.

ESG

Capstone is committed to building and preserving value for our stakeholders, including our employees and contractors, the local communities in which we operate in, and our shareholders and adapting to changing conditions, including global climate change, cyclical industry trends and evolving political and social issues worldwide. To support this commitment, Capstone has added ESG specific objectives, including diversity and inclusion, to its 2021 Corporate Scorecard. The ESG objectives are weighted 10%, for a total of 30% when combined with the safety and environmental objectives.

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"

Peter Meredith
Chair of the HR&C Committee
Capstone Mining Corp.

Executive Summary

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

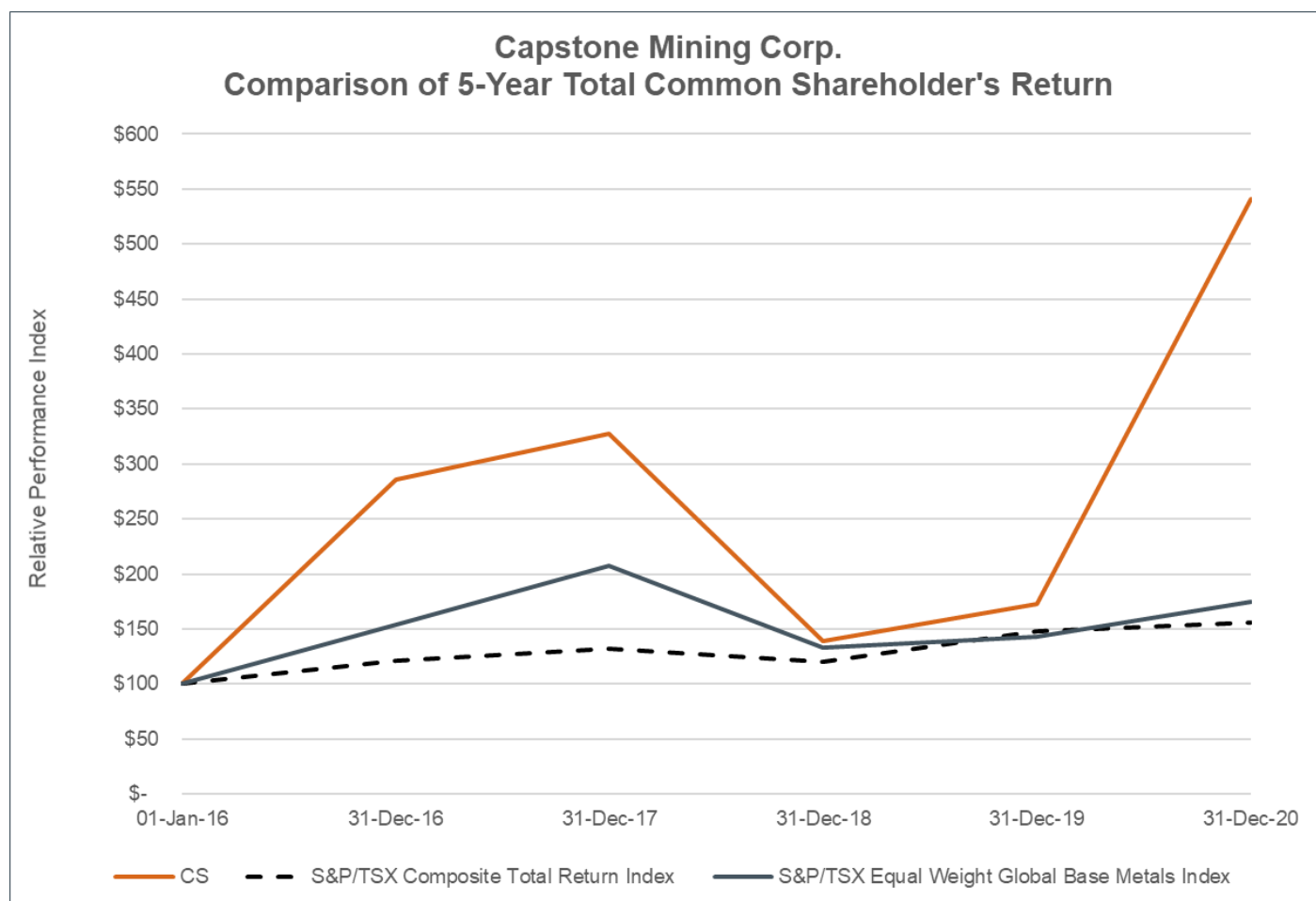
What We Do	
✓	We pay for performance
✓	We conduct an annual Say on Pay advisory vote on executive compensation
✓	We engage an independent compensation advisor
✓	We benchmark our executive compensation program against an appropriate peer group
✓	More than 76% of CEO compensation and 65% of other Named Executive Officer (“NEO”) compensation is at risk
✓	We have maximum payout caps 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

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Share Performance

The following graph compares the cumulative total shareholder return (“TSR”) on \$100 invested in common shares of Capstone from January 1, 2016 through December 31, 2020 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, 2020, Capstone's share price increased by 441%, outperforming the S&P/TSX Equal Weight Global Base Metals Index, which was up 75%, when compared to 2020.

Copper prices started to recover towards the end of 2019 and into 2020, until the COVID-19 pandemic hit in March 2020. Following macroeconomic and other pandemic-related uncertainty, copper prices quickly fell to a five-year low of \$2.08 per pound. By mid-year 2020, on signs of recovery stimulus, the copper price started to surge from its low, driven by better than expected demand signals from China. The copper price high for 2020 was \$3.63 per pound as consensus views are increasingly bullish on copper prospects. Capstone's high leverage to the copper price and strong balance sheet coupled with significant growth in cash flow resulted in outperformance compared to peers, the base metals index and the broader market. Capstone finished 2020 as the best performing base metals equity with a 213% return for the year.

Realizable Compensation

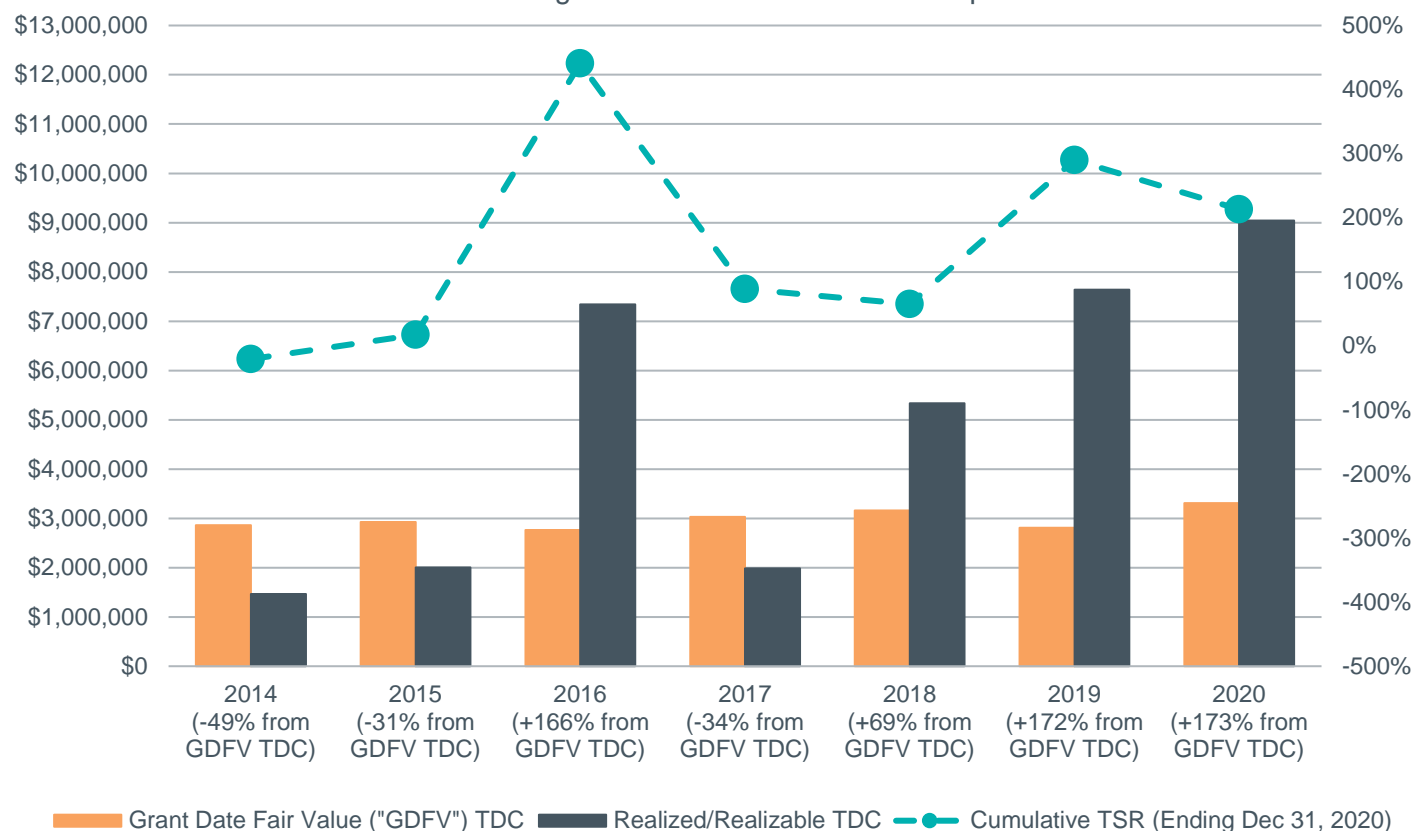
Realizable compensation demonstrates the value of compensation executives could realize taking into account Capstone's performance (i.e. stock price and other performance metrics). Realizable compensation demonstrates how equity compensation programs are operating and is a much stronger indicator of 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. Realizable values are generally higher than grant date values over those periods where our TSR is higher, and lower than grant date values when our TSR is lower:

- In 2020, realizable TDC for Capstone's CEO was higher than its grant date fair value TDC, which is strongly aligned with our total shareholder return of 213% in 2020.

- Outstanding options granted from 2016-2020 and share units granted during 2018-2020 generally have a realizable value higher than the grant date value. Options granted in 2014 and 2015 expired with no value and share units granted in 2014, 2015 and 2017 had a realized value below the grant date value. Share units granted in 2016 were worth more than realizable, aligned with TSR.
- 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



2020 NAMED EXECUTIVE OFFICERS SUMMARY COMPENSATION TABLE

For the financial year ended December 31, 2020, our NEOs include our CEO, CFO, COO and the two 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 (2018, 2019 and 2020).

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$)	Option Based Awards (\$) ¹³	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$) ¹⁴	Long-Term Incentive Plans (\$)		
Darren Pylot President and CEO and Director ¹⁵	2020	735,000	1,378,125	459,375	1,137,780	-	70,877	3,781,157
	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
Raman Randhawa Senior Vice President & CFO ¹⁶	2020	378,000	396,900	132,300	364,127	-	33,864	1,305,191
	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 ¹⁷	1,055,409
Brad Mercer Senior Vice President & COO ¹⁸	2020	360,000	378,000	126,000	360,828	-	38,327	1,263,155
	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
Jason Howe Senior Vice President, Corporate Development ¹⁹	2020	350,000	367,500	122,500	350,805	-	36,487	1,227,292
	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
Wendy King Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary ²⁰	2020	325,500	341,775	113,925	316,728	-	37,894	1,135,822
	2019	310,000	223,200	74,400	183,288	-	36,049	826,937
	2018	297,000	267,300	89,100	113,335	-	32,588	799,323

¹³ 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 \$0.31 on February 24, 2020, \$0.29 on February 20, 2019 and \$0.58 on February 21, 2018.

¹⁴ The amounts earned as non-equity incentive pay compensation were paid during the subsequent financial year.

¹⁵ Mr. Pylot does not receive any remuneration in his role as a Director of Capstone.

¹⁶ 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.

¹⁷ 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.

¹⁸ Mr. Mercer was promoted to SVP & COO on January 1, 2021.

¹⁹ Mr. Howe was promoted to the SVP level on January 1, 2020.

²⁰ Ms. King was promoted to the SVP level on January 1, 2020. Her title was changed to SVP, Risk, ESG, General Counsel & Corporate Secretary effective January 1, 2021.

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.

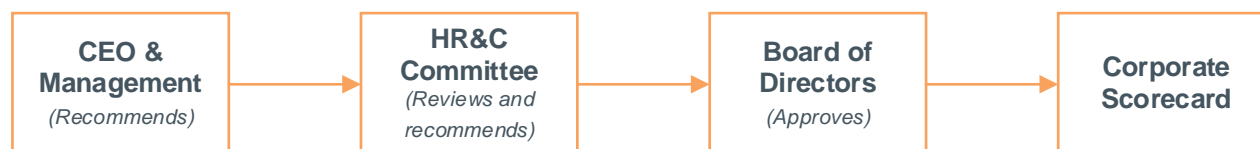
Management plays an important role in executive compensation and human resources policy decisions by making recommendations to the HR&C Committee.

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; • proposed compensation adjustments for the NEOs, other than the CEO, and senior executive officers; • 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.

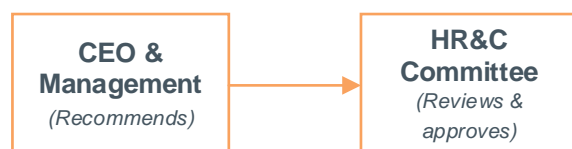
With respect to executive pay decisions, Management acts in an advisory and informational capacity only. The HR&C Committee recommends CEO compensation to the Board for approval. The HR&C Committee approves compensation for all executives who report directly to the CEO.

Decision Making Process

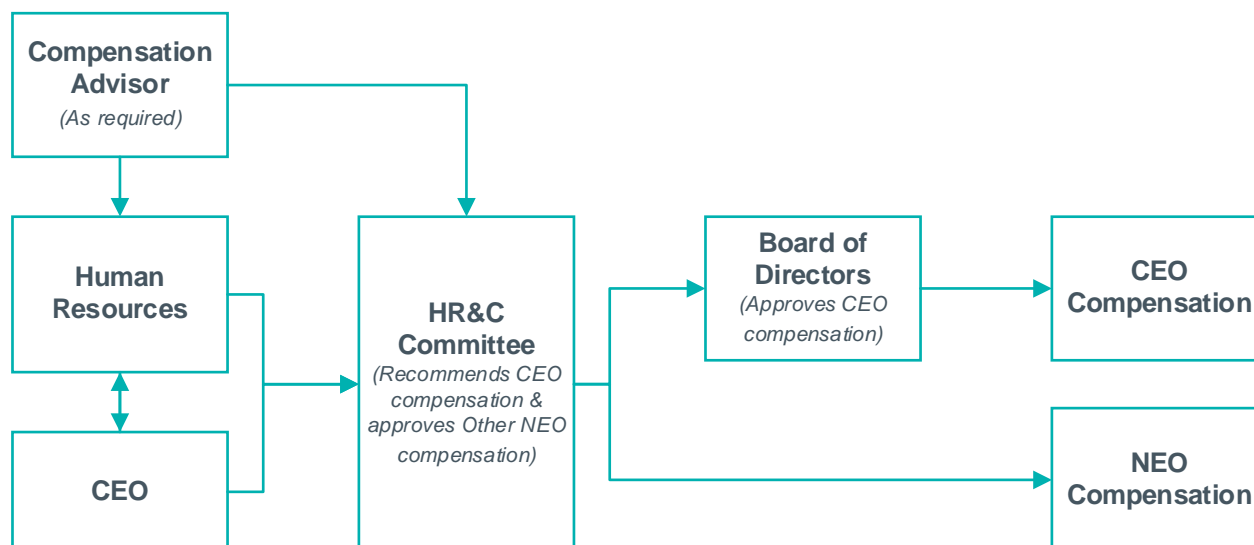
Corporate Scorecard Objectives & Weightings



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, COO, 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, COO, 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;
- 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, COO, 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, 2020.

Executive	Guideline: Multiple of Salary (\$)	Status as at December 31, 2020 ²¹	Meets Requirement
Darren Pylot President and CEO and Director	3X \$2,205,000	24.5X \$18,029,078	✓
Raman Randhawa ²² Senior Vice President & CFO	2X \$756,000	8.5X \$3,203,473	✓
Brad Mercer Senior Vice President & COO ²³	2X \$720,000	11.6X \$4,181,496	✓
Jason Howe Senior Vice President, Corporate Development ²⁴	2X \$700,000	14.9X \$5,228,398	✓
Wendy King Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary ²⁵	2X \$651,000	12.6X \$4,107,932	✓

The following table provides information about the stock-based holdings of Capstone's independent Directors, as at December 31, 2020.

Independent Director	Guideline: Multiple of Retainer (\$)	Status as at December 31, 2020 ²¹	Meets Requirement
George Brack	3X \$375,000	64.6X \$8,074,562	✓
Robert Gallagher	3X \$195,000	17.0X \$1,107,635	✓
Peter Meredith ²⁶	3X \$195,000	11.7X \$761,800	✓
Dale Peniuk	3X \$195,000	40.9X \$2,655,259	✓
Richard Zimmer	3X \$195,000	36.3X \$2,356,669	✓
SeungWan Shon ²⁷	3X \$195,000	-	On track to meet by 2025 deadline

*Mr. Ryu resigned from the Board effective February 12, 2020. Therefore, his share ownership was not included as at December 31, 2020.

²¹ The value calculated per share is the higher of the December 31, 2020 market price, being \$2.38 on the TSX, and the original purchase price or exercise price on acquisition of the share.

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 Mr. Mercer was promoted to SVP & COO on January 1, 2021.

²⁴ Mr. Howe was promoted to the SVP level on January 1, 2020.

²⁵ Ms. King was promoted to the SVP level on January 1, 2020. Her title was changed to SVP, Risk, ESG, General Counsel & Corporate Secretary effective January 1, 2021.

²⁶ Mr. Meredith was appointed to the Board effective April 25, 2019.

²⁷ Mr. Shon was appointed to the Board effective February 12, 2020.

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 reviewed peer companies' executive compensation, which Meridian Compensation Partners ("Meridian") reviewed in order to provide advice to the Committee. Meridian benchmarks executive and independent director pay levels and practices every two years.

To identify appropriate peer companies, Meridian used the following criteria²⁸:

- 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 2020, and how Capstone compares in terms of assets, revenue and market capitalization:

Company Name ²⁹	Total Assets (\$ millions) ³⁰	Trailing 12 Month's Revenue (\$ millions) ³⁰	Market Cap (\$ millions) ³¹
SSR Mining Inc.	6,770	879	5,610

²⁸ The HR&C Committee may expand these criteria as necessary to maintain an appropriately sized peer group.

²⁹ Capstone's peer group also included SEMAFO Inc., which was acquired by Endeavour Mining Corporation and was subsequently removed from this table.

³⁰ Trailing-twelve month's revenue and most recently reported annual assets.

³¹ Market capitalization as of December 31, 2020.

Company Name ²⁹	Total Assets (\$ millions) ³⁰	Trailing 12 Month's Revenue (\$ millions) ³⁰	Market Cap (\$ millions) ³¹
Hudbay Minerals Inc.	6,116	1,458	2,328
Pan American Silver Corp.	4,403	1,749	9,227
Centerra Gold Inc.	3,986	2,151	4,360
Hecla Mining Company	3,484	970	4,385
New Gold Inc.	3,190	778	1,904
Coeur Mining Inc.	1,827	1,002	3,214
First Majestic Silver Corp.	1,584	457	3,786
Sherritt International Corp.	1,455	124	163
Fortuna Silver Mines Inc.	1,316	326	1,927
Dundee Precious Metals Inc.	1,196	808	1,659
Taseko Mines Ltd.	897	346	468
Trevali Mining Corp.	777	315	193
Copper Mountain Mining Corp.	747	309	376
Ero Copper Corp.	585	411	1,773
Capstone Mining Corp.	1,799	559	960
Percentile Positioning	Between 50 th and 75 th percentile	Between 25 th and 50 th percentile	Below 25 th percentile

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 2020:

- advised on trends in executive compensation and reviewed compensation philosophy;
- provided views on alignment with market practices, good governance principles and proxy advisory voting policies;
- reviewed and advised on compensation and Performance Share Unit performance peer groups;
- advised on trends and reviewed executive compensation;
- 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.

Executive Compensation-Related Fees

A summary of the fees paid to our compensation advisors and their affiliates for 2019 and 2020 are outlined in the following table.

Consultant	2019		2020	
	Executive Compensation Related Fees (\$)	All Other Fees (\$)	Executive Compensation Related Fees (\$)	All Other Fees (\$)
Meridian	88,006	-	62,623	-
Mercer Canada	28,499	233,718	-	-

In 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 • leading an annual discussion with the Board on CEO attributes, potential CEO successor candidates and developmental plans for those key internal candidates. 	<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 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 23.

2020 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. Targets are set for safety, environmental, operational and financial performance and strategic growth initiatives.

Summary of Market Performance

Toward the end of 2019, commodity prices and base metal equities showed signs of a recovery from the year's low points as signs that the China-USA trade war were once again nearing an end. 2020 started with cautious optimism with prices relatively steady until late January 2020 when news of the coronavirus in China surfaced. A big sell-off in commodities and equities was triggered when news of the COVID-19 pandemic broke. By mid-2020, it became increasingly evident that China's economy was back to growth mode and with that investors became increasingly bullish on copper. Towards the end of 2020, the consensus view was that copper was in a supply deficit and the increased prices were backed by continued strong China data, improving sentiment for rest of the world given the COVID-19 vaccination roll-out, an ongoing weak USD and talks of significant green energy stimulus around the Globe. This may be a recipe for a super-cycle as noted by Goldman Sachs in recent published research reports on this topic.

During 2020, Capstone's share price experienced volatility, with an intraday low of \$0.33 per share but ended the year strong, closing December 31 at \$2.38 per share and showing signs of increased market appreciation. Capstone's high leverage to copper and having one of the strongest balance sheets in the sector coupled with significant growth in cash flow are main drivers of the Company's share price performance.

Summary of Capstone's Performance

Capstone finished 2020 as the best performing base metals equity on the TSX with a 213% return for the year. Despite pandemic-related restrictions, Capstone stayed on track to deliver 2020 milestones and position the Company for 20% production growth and 5% lower costs in 2021, when compared to 2020.

Corporate:

- Capstone exceeded both production and cost guidance for 2020; finishing the year at 156.9 million pounds of copper production at consolidated C1 cash costs of \$1.84 per payable pound of copper.
- Generated US\$131.2 million in operating cash flow before changes in working capital.
- During Q2, Management took a series of proactive actions to strengthen liquidity and manage compliance with banking covenants by maximising sales volumes and advances, locking in opportunistic hedges/supply contracts, secured concentrate off-take arrangements with major customers and closely managed working capital and inventory at sites. The Company did not trip any financial covenants.
- In December 2020, announced a Cozamin silver stream agreement with Wheaton Precious Metals Corp. The transaction closed on February 19, 2021 when all conditions to complete the agreement were fulfilled. Wheaton paid an upfront cash consideration of \$150 million for 50% of the silver production from the Company's Cozamin mine, until 10 million ounces have been delivered, thereafter dropping to 33% of silver production for the life of mine. Wheaton will make ongoing payments equal to 10% of the spot silver price at the time of delivery for each ounce delivered to them.
- Capstone published an interim sustainability summary for the period January 1, 2018 to June 30, 2020.

Cozamin:

- Development work to optimize Cozamin's underground haulage network to increase production capacity and increase vehicle-flow safety was completed three weeks ahead of schedule on December 7, 2020, on budget and without any safety incidents. As part of the underground expansion, an 818-meter ventilation raise was completed in spring 2020, also ahead of schedule and without any safety incidents.
- Exploration, engineering and other technical work at Cozamin throughout 2020, led to an interim mine life extension to 2029, and a subsequent update further extended mine life to 2031. In June, an updated Mineral Resource was released with Measured and Indicated tonnes increasing by 66%, and subsequently in September, Proven and Probable Mineral Reserves increased by 97%, both as of April 30, 2020 and relative to December 31, 2019. In January 2021, a Technical Report encompassing all the updates throughout 2020 was released, which further increased Mineral Reserves by 39% to 14.1 million tonnes, relative to the April 30, 2020 update, and also included a pre-feasibility results for an underground paste backfill system.

- Cozamin intends to convert from the current slurry tailings facility that has been safely operated for over 15 years to a filtered (dry stack) tailings facility. Feasibility-level design of the filtered tailings facility is expected to be completed in Q1 2021, and preparations are being made to submit the required permit applications. It is expected that this conversion to filtered tailings will significantly decrease the mine's socio-environmental, geotechnical and water supply risks, while decreasing water consumption and make-up water costs. The planned paste backfill system will use tailings for paste production, greatly decreasing the volume of tailings requiring an above ground storage impoundment.

Pinto Valley:

- Towards the end of 2020, Pinto Valley delivered sustainable throughput improvements with PV3 Optimization Phase 1. The mine achieved throughput of 57,168 tonnes per day ("tpd") in Q4 2020, a 10% sustainable improvement compared to annual 2019 (averaged 51,137 tpd).
 - PV3 Optimization kicked off in 2020 with Phase 1 work completed in late-July 2020, which included installing the first of two secondary crushers, three secondary screen decks, as well as the first of two new ball mill shells. Other initiatives completed in 2020 include blast fragmentation optimization to optimize run of mine feed and lower energy demands, and implementing tele-remote D10 Dozers to increase worker safety. New mine equipment to increase efficiency and lower diesel consumption and GHG emissions were purchased.
 - Phase 2 of the PV3 Optimization is expected to be completed in H2 2021, upon completion of upgrades to a conveyor, mill auto controls, cyclone packs and retrofits to the tailings thickeners.
- As an extension to PV3 Optimization, the Company announced on July 27, 2020, that Pinto Valley has successfully demonstrated positive economics from increased dump leach performance using a novel patented catalytic technology developed by Jetti Resources, LLC. In 2019, Jetti started deploying its technology at Pinto Valley's leach operation, and one year later, cathode production per area irrigated has doubled. A plan to increase cathode production is being implemented, with the goal of generating high margin from material that would have been waste at Pinto Valley's underutilized 25 million pound per year electrowinning plant, currently operating at only ~20% of capacity. The plan is to increase cathode production to 300-350 million pounds from residual and high-grade waste over the next two decades, creating 30 new jobs.
- During the month of December, a pilot plant test of Eriez HydroFloat coarse particle technology at Pinto Valley surpassed expectations of a 6% improvement target to overall copper recovery, showing a 6 to 8% increase in overall copper recovery is achievable, which when combined with expected higher throughput rates could result in an additional 9 to 12 million pounds of copper production per year. Additional benefits to the technology include allowing the operation to increase throughput by operating at a coarser grind size, which is expected to lower power costs, improve water consumption and led to improved stability in the tailings storage facility. The estimated \$70 million expansionary capital, which includes the installation of Eriez HydroFloat and related equipment, if approved by the Board of Directors, is expected to be spread over H2 2021 and early 2022, with start-up expected in Q2 2022.
- A PV4 study is expected to be released in 2022. Work on scenarios to take advantage of approximately one billion tonnes of Mineral Resource, not currently in the Reserve mine plan, which is at similar grade to the current Mineral Reserves will be conducted. PV4 will contemplate using existing mill infrastructure rather than building new, with higher mining rates, higher cut-off grades to the mill and increased tonnage available for leaching. Extensive column leach test work in collaboration with Jetti Resources will take place over 2021. Other technologies we are studying include autonomous trucking that could lower mining costs up to 30%.

Santo Domingo:

- Negotiations on a strategic partner for Santo Domingo to right size or monetize Capstone's ownership continues with strong interest.
- In September, Capstone announced it had entered into a memorandum of understanding ("MOU") with Puerto Ventanas S.A. ("Puerto Ventanas") for the Santo Domingo project. A mutually attractive proposal for the Project's port and rail is now being considered, with synergies in business strategies identified. Exclusive negotiations around a proposed economic offer and framework agreement are ongoing. In addition to a port and rail deal with Puerto Ventanas, a gold stream and a strategic partnership are key deliverables for Capstone during H1 2021.
- In January, Capstone announced an updated NI 43-101 Feasibility Study-level Technical Report that included a higher level of CAPEX/OPEX certainty, additional key permits and the development in Section 24 of a Preliminary Economic Assessment with respect to cobalt production ("2020 PEA Opportunity"). The 2020 PEA Opportunity contains pricing updates to the economic model for the Base Case and a potential investment decision for producing battery-grade cobalt sulfate.

Scorecard Results

The following performance factors and relative weightings were approved by the Board based on 2020 results as outlined below:

Objective	Weight	Score (0-200%)	Measure	2020 Performance Results
Safety				
Safety	20%	25%	Leading Indicators: site specific programs	<ul style="list-style-type: none"> Met or exceeded all compliance measures COVID-19 management
			Lagging Indicators: zero harm target; rolling 12-month Lost Time Incident Frequency Rate (LTIFR); Total Reportable Incident Frequency Rate (TRIFR)	<ul style="list-style-type: none"> Consolidated LTIFR = 0.12 Consolidated TRIFR = 0.40
Environmental	5%	10%	Consolidated reportable/ non-reportable incidents; tailings management plan, independent reviews at both sites	<ul style="list-style-type: none"> 0 reportable incidents 17 non-reportable incidents Completed independent reviews
Operational Performance				
Production of contained copper (Cu) + cathode	20%	33%	<ul style="list-style-type: none"> 140 m – 161 m lbs 	<ul style="list-style-type: none"> 2020 consolidated Cu production totaled 157m lbs, resulting in a 166% payout
C1 cost per pound of payable copper	20%	23%	<ul style="list-style-type: none"> C1 of \$1.72 – \$2.00/lb 	<ul style="list-style-type: none"> Consolidated C1 costs were \$1.84/lb Cu, resulting in a 114% payout
Capex	10%	15%	<ul style="list-style-type: none"> Total budgeted absolute sustaining and expansionary capital = \$73m 	<ul style="list-style-type: none"> Managed absolute sustaining and expansionary capital within budget at \$70m
Strategic				
Growth	20%	40%	<ul style="list-style-type: none"> Pinto Valley: complete PV3 Optimization; deliver PEA for 100k+tpd case Cozamin: Deliver updated Technical Report; Complete one-way ramp and raisebore project Santo Domingo: complete strategic process; maintain option value for EIA (RCA) 	<ul style="list-style-type: none"> Pinto Valley: PV3 Optimization Phase 1 was completed with Phase 2 approved to enhance milling; PV4 Study is ongoing; PEA put on hold due to COVID-19 and to rethink our strategy; successful trial with Jeti Resources; advanced innovation/technologies including HydroFloat and autonomous equipment Cozamin: Released Technical Report; Completed the one-way ramp and and raisebore project; Announced 50% silver streaming agreement Santo Domingo: Memorandum of Understanding on Port announced with Puerto Ventanas; Gold stream analysis to unlock financial partner; Commenced early works on May 11 to maintain permit status
Financial				
Financial	5%	10%	<ul style="list-style-type: none"> EBITDA Positive free cash flow 	<ul style="list-style-type: none"> Adjusted EBITDA above target Met free cash flow target
Total Score	100%	156%		

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

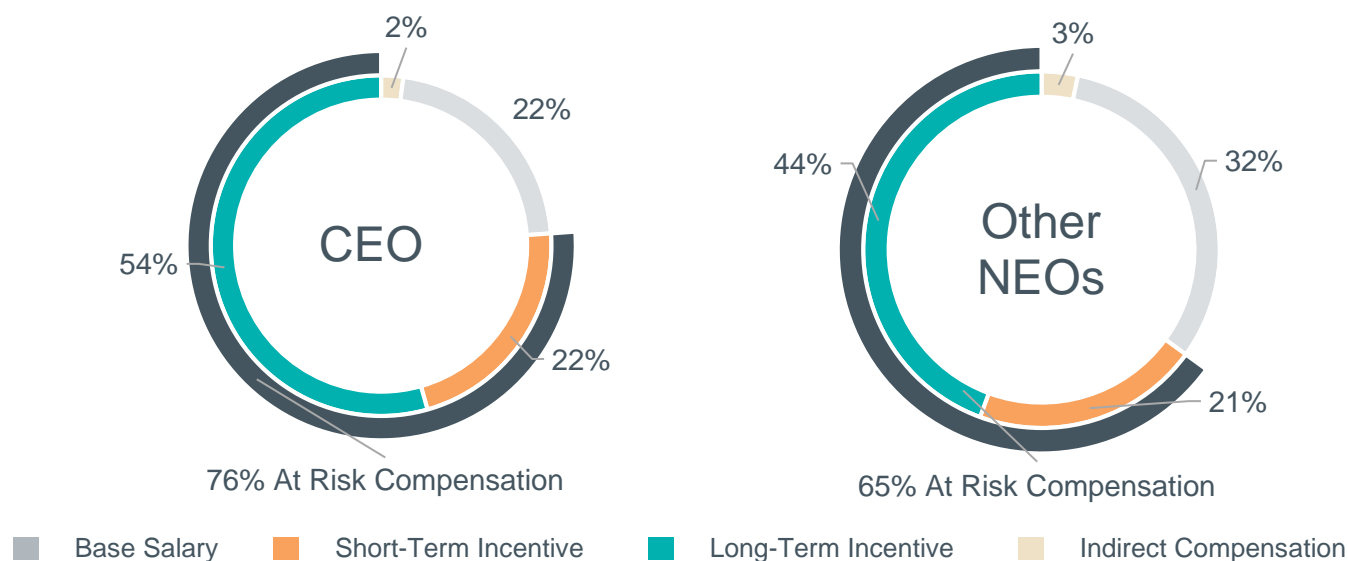
Compensation Elements	Key Features	Objectives
Base Salary	<ul style="list-style-type: none"> Set in the first quarter of each year for the 12-month period from January to December 	<ul style="list-style-type: none"> Attract and retain talented and experienced executives Recognize individual experience, 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 200%) 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 ("PSU")	<ul style="list-style-type: none"> Performance vesting: at the end of three years 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 0-200% performance 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
Stock Options	<ul style="list-style-type: none"> Time 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 ("RSU")	<ul style="list-style-type: none"> Time vesting: $\frac{1}{3}$ after one year, $\frac{1}{3}$ after two years and $\frac{1}{3}$ after three years 	<ul style="list-style-type: none"> Promote retention Provide immediate sense of ownership Allow greater resiliency under all market conditions
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.

Compensation Elements	Key Features	Objectives
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 grant-date fair 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 2020.



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 in 2019 and 2020 periods:

Executive	Salary 2019 (\$)	Salary 2020 (\$)	2019-2020 Change
Darren Pylot President and CEO and Director	702,000	735,000	4.7%
Raman Randhawa Senior Vice President & CFO	360,000 ³²	378,000	5.0%
Brad Mercer Senior Vice President & COO ³³	360,000	360,000	0%
Jason Howe Senior Vice President, Corporate Development ³⁴	350,000	350,000	0%
Wendy King Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary ³⁵	310,000	325,500	5.0%

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 2020 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. For 2021, Capstone has added ESG specific objectives to the Corporate Scorecard.

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 promoted to CFO on January 1, 2019.

³³ Mr. Mercer was promoted to SVP & COO on January 1, 2021.

³⁴ Mr. Howe was promoted to the SVP level on January 1, 2020.

³⁵ Ms. King was promoted to the SVP level on January 1, 2020. Her title was changed to SVP, Risk, ESG, General Counsel & Corporate Secretary effective January 1, 2021.

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 Senior Vice President & CFO	70%	30%
Brad Mercer Senior Vice President & COO	70%	30%
Jason Howe Senior Vice President, Corporate Development	70%	30%
Wendy King Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary	70%	30%

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 2020 goals and performance are described under the Corporate Scorecard section on page 52.

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, COO, Senior Vice Presidents (including Mr. Howe and Ms. King) and Vice Presidents.

Executive Level	2018 - 2020 Targets (% of Base Salary)
CEO	100%
CFO, COO & Senior Vice Presidents	65%
Vice Presidents	45%

2020 Named Executive Officer Individual Performance



Darren Pylot, President and CEO and Director

Age: 53

British Columbia, Canada

Darren Pylot has more than 25 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.

2020 Performance Summary

Highlights of initiatives completed under Mr. Pylot's leadership in 2020 include the safe continuation of our operations in light of the COVID-19 pandemic, the Cozamin Silver Stream Agreement with Wheaton Precious Metals, the successful leaching trial with Jetti Resources, the PV3 Optimization review, the completion of the Cozamin mine expansion project with mine life being extended to 2031, the final pre-construction permits for the Santo Domingo project, and the improvement in Capstone's consolidated safety performance with new safety records set at Pinto Valley. The results of these achievements led Capstone to achieve significant growth in its net asset value and to finish 2020 as the best performing base metals equity with a 213% annual return.

Compensation Component	2018(\$)	2019(\$)	2020(\$)	2019-2020 Change
Base Salary	702,000	702,000	735,000	4.7%
Bonus	543,348	716,040	1,137,780	\$421,740



Raman Randhawa, Senior Vice President & CFO

Age: 43

British Columbia, Canada

Raman Randhawa is a Canadian Chartered Professional Accountant (CPA, CA) with over 20 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.

2020 Performance Summary

In 2020, Mr. Randhawa proactively managed banking covenants and initially reduced capital by \$32 million in response to the COVID-19 pandemic. In addition, Mr. Randhawa developed a hedging program that locked in favourable input costs for Mexican Peso and fuel for 2021 and 2022. In collaboration with investor relations, Mr. Randhawa strengthened Capstone's market presence by enhancing analyst relationships through personalized meetings and presentations at conferences. Furthermore, Mr. Randhawa supported the Pinto Valley team in the PV3 Optimization review to grow production a further 10%.

Compensation Component	2018(\$) ³⁶	2019(\$) ³⁷	2020(\$)	2019-2020 Change
Base Salary	210,000	360,000	378,000	5.0%
Bonus	85,428	251,550	364,127	\$112,577

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 & COO
Age: 61

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. He was appointed to Senior Vice President and Chief Operating Officer in January 2021. Brad joined Capstone over 15 years ago and over the past few years, he has demonstrated his operational excellence through the execution of the mine expansion project at Cozamin. Brad will provide operational leadership and oversight to both Pinto Valley and Cozamin and will also continue to lead the global exploration team on a portfolio of exploration properties. He has been instrumental in several key exploration discoveries at our Cozamin mine, and previously at our Minto mine. Brad graduated from Memorial University of Newfoundland in 1984 with a Bachelor of Earth Science.

2020 Performance Summary

In 2020, Mr. Mercer provided executive oversight of Cozamin's operations and projects, including the 818-meter raisebore and the Calicanto ramp, which were completed ahead of schedule, within budget and without any safety incidents. The completion of these major projects resulted in increased efficiencies, as well as improved ventilation and lower temperatures in the mine. In addition, Mr. Mercer was responsible for advancing Capstone's exploration growth strategy and his team has achieved great success with the identification of new targets at Cozamin that will extend Cozamin's mine life to 2031 while maintaining a high-grade production profile.

Compensation Component	2018(\$)	2019(\$)	2020(\$)	2019-2020 Change
Base Salary	334,544	360,000	360,000	0%
Bonus	210,495	269,100	360,828	\$91,728


Jason Howe, Senior Vice President, Corporate Development
Age: 50

British Columbia, Canada

Jason Howe is responsible for leading Capstone's Business Development, Marketing and Human Resources activities. He is a Chartered Professional Accountant (CPA, CA) who has spent 17 years in the mining industry and was previously CFO of Capstone Mining. Jason has spent the last 27 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.

2020 Performance Summary

In 2020, Mr. Howe led the process that allowed Capstone to enter a streaming agreement with Wheaton Precious Metals for US\$150M, significantly strengthening Capstone's balance sheet. In response to the COVID-19 pandemic, Mr. Howe secured off-take financing with a major customer to manage banking covenants. Mr. Howe was also involved in the discussions that resulted in Capstone to enter a memorandum of understanding with Puerto Ventanas for the Santo Domingo project. Furthermore, Mr. Howe was responsible for overseeing the marketing and human resources functions and Capstone's corporate scorecard.

Compensation Component	2018(\$)	2019(\$)	2020(\$)	2019-2020 Change
Base Salary	326,700	350,000	350,000	0%
Bonus	139,615	206,938	350,805	\$143,868



Wendy King, Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary

Age: 52

British Columbia, Canada

Wendy King is responsible for leading the Company's strategy for environment, social and governance ("ESG") and sustainability and matters relating to legal, corporate governance insurance, as well as overseeing the enterprise-wide risk management strategy. She has been practicing law for more than 25 years, as in-house counsel, and previously in private practice as an international-tax specialist. She holds a Masters in International Tax Law, a Masters of Business Administration, an ICD.D certification with the Institute of Corporate Directors and has completed the Advanced Management Program at Harvard University. Wendy joined Capstone following her role as Senior Vice President Government Relations, General Counsel, Chief Compliance Officer and Corporate Secretary at Central 1 Credit Union. Prior to this role, she served as Senior Legal Counsel with Weyerhaeuser Company and practiced tax law with a national firm.

2020 Performance Summary

In 2020, Ms. King led the COVID-19 Response Team to ensure preventative measures and procedures were in place to mitigate any workplace and business risks. Ms. King also led Capstone's ESG team and provided executive oversight of all strategies and matters relating to ESG and sustainability, including the relaunch of Capstone's sustainability reporting. Furthermore, Ms. King was responsible for overseeing the Company's enterprise risk management system and providing legal expertise to several business development initiatives and growth opportunities.

Compensation Component	2018(\$)	2019(\$)	2020(\$)	2019-2020 Change
Base Salary	297,000	310,000	325,500	5.0%
Bonus	113,335	183,288	316,728	\$133,440

Long-Term Incentive Plans

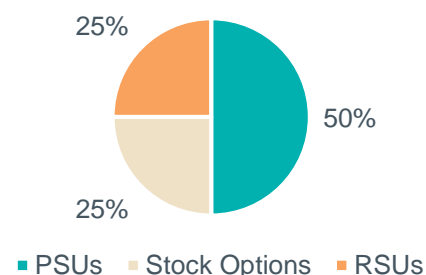
Capstone's long-term incentive plans are designed to align Management's interests with those of shareholders through grants of PSUs, RSUs (collectively, "Share Units") and stock options. The value of earned Share Units as well as vested stock options fluctuate with the value of Capstone's shares. PSUs vest only when performance-based criteria are achieved over a three-year period, while RSUs vest $\frac{1}{3}$ after one year, $\frac{1}{3}$ after two years and $\frac{1}{3}$ after three years.

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 PSUs, RSUs and stock options. 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 2018-2020 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.

2018-2020 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, COO, Senior Vice Presidents (including Mr. Howe and Ms. King) and Vice Presidents.

Executive Level	2018 Target (% of Base Salary)	2019 Target (% of Base Salary)	2020 Target (% of Base Salary)
CEO	250%	200% ³⁸	250%
CFO, COO & Senior Vice Presidents	140%	112% ³⁸	140%
Vice Presidents	100% - 120%	80% - 96% ³⁸	100%

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.

³⁸ A 20% reduction in target LTI value was applied in 2019 in response to market conditions.

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 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 0-200% performance scale 	<ul style="list-style-type: none"> • Vested awards can be settled in cash, or in shares purchased on the open market (under the new Treasury Share Plan, vested awards are intended to be settled with shares from treasury, however the Treasury Share Plan allows for settlement in cash)
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: $\frac{1}{3}$ after one year, $\frac{1}{3}$ after two years and $\frac{1}{3}$ after three years 	<ul style="list-style-type: none"> • Vested awards can be settled in cash, or in shares purchased on the open market (under the new Treasury Share Plan, vested awards are intended to be settled with shares from treasury, however the Treasury Share Plan allows for settlement in cash)
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

Security Based Compensation Plans

Capstone's Incentive Share Option and Bonus Share Plan (the "**Option Plan**") and Capstone's Treasury Share Unit Plan (the "**Treasury Share Plan**") (collectively the "**Security Based Compensation Plans**") provide for the issuance of options or share units 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 **Option Plan** allows for the issuance of up to 500,000 Bonus Shares in any one calendar year to employees or Directors of Capstone.

The **Security Based Compensation Plans** are considered "rolling" plans as the number of shares available for issuance under the **Security Based Compensation Plans** increases with the number of our issued and outstanding shares. The **Security Based Compensation Plans** are also considered "evergreen" plans because when: (a) an option or share unit

is exercised or redeemed, additional shares become available for subsequent grants under the **Security Based Compensation Plans** because each exercise or redemption reduces the number of shares that are currently covered by options or share units and increases the outstanding share capital of Capstone; and (b) an option or share unit expires or otherwise terminates for any reason without having been exercised or redeemed in full, the number of common shares reserved for issuance under that expired or terminated option or share unit again becomes available for the purpose of the **Security Based Compensation Plans**. Any option or share unit outstanding when the **Security Based Compensation Plans** are terminated will remain in effect until they are exercised, expired or redeemed.

Capstone's Security Based Compensation Plans include the following key features and practices:

- For the past three years, our CEO has received an annual equity grant composed of 50% PSUs, 25% RSUs and 25% stock options;
- No financial assistance or loans are provided to participants;
- Our CEO's most recent Share Unit grants had a vesting schedule of 100% after 3 years for PSUs and $\frac{1}{3}$ on the first anniversary, $\frac{1}{3}$ on the second anniversary and $\frac{1}{3}$ on the third anniversary of the grant for RSUs;
- Our CEO's most recent stock options had 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;
- 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 in the Option Plan, which includes bonus shares, with an annual maximum of \$150,000 in grant value per director; and
- Change of Control provisions are disclosed.

The full Option Plan and Share Plan can both be found on the SEDAR website at www.sedar.com.

Incentive Stock Options

Stock option grants and bonus shares under the **Option Plan** 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.

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, 2020.

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	14,098,726	1.27	26,789,686
Equity Compensation Plans Not Approved by Security Holders	-	-	-
Total	14,098,726	1.27	26,789,686

Under our **Option Plan**, (a) the maximum number of shares reserved for issuance under the Plan, together with all other security based compensation arrangements, including the new Treasury Share 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) stock options in favor of any one Insider may not exceed 10% of the issued and outstanding shares of common stock from time to time, (d) no stock option is transferable by the optionee other than by will or the laws of descent and distribution, (e) a stock option is exercisable during the lifetime of the optionee only by such optionee, (f) the maximum term of each stock option is ten years, with the vesting period determined at the discretion of the Board, (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, (g) subject to the terms of an option holder's written employment agreement, in the event an option holder's employment is terminated for cause or from an

order made by a regulatory authority, stock options that have not vested shall be forfeited immediately, otherwise, after 30 days from the date the termination notice is delivered and (h) subject to the terms of a participant's written employment agreement, in the event an option holder's employment is terminated due to death, stock options that have not vested shall be forfeited on the one year anniversary of the option holder's death.

The Option Plan may be amended, modified or terminated by the Board without approval of shareholders of Capstone, including, without limiting the generality of the foregoing: (i) amendments of a "housekeeping" nature, (ii) amendments necessary to comply with the provisions of applicable law, (iii) amendments which increase the exercise price of an option, (iv) expansion of the scope of persons eligible to participate, (v) amendments respecting administration of the Option Plan, (vi) amendments to the vesting provisions of the Option Plan or any options, (vii) amendments to the early termination provisions, provided such amendment does not entail an extension beyond the original expiry date of such option, (viii) to add or change provisions relating to any form of financial assistance provided by Capstone, and (viii) to add a cashless exercise feature to any Option. Provided however that such amendment, suspension or termination must be in accordance with applicable laws and the rules of any securities exchange on which Capstone has listed or posted its securities for trading, and, the following amendments require shareholder approval: (i) increase in the maximum number of common shares issuable under the Option Plan, (ii) amendments which reduce the exercise price of an option (except pursuant to customary permitted adjustments), (iii) amendments to the assignment or transferability provisions, (iv) amendments extending the term of an option beyond its original expiry date, except in case of an extension due to a black-out period, (v) amendments to the amendment provisions, (vi) any amendment to the number of Equity Awards (as defined in the Option Plan) which may be granted to non-employee directors and (vii) amendments required to be approved by shareholders under applicable law. Where shareholder approval is sought for amendments under clauses (ii) and (iv) above, the votes attached to common shares held directly or indirectly by insiders who would benefit from the amendment will be excluded.

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:

	2018 Burn Rate	2019 Burn Rate	2020 Burn Rate
Incentive Share Option and Bonus Share Plan	1.01%	1.26%	1.34%

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.

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. 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 and in 2020, 137,196 bonus shares were issued. No bonus shares were awarded to any NEO in 2020. Any bonus shares issued are subject to approval by the Board.

Treasury Share Plan – RSUs and PSUs

On February 23, 2021, the Board adopted the **Treasury Share Plan** for executives. The objectives of the **Treasury Share Plan** are to:

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

The **Treasury Share Plan** provides that the HR&C Committee may award grants of share units (PSUs or RSUs) to executives, 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 relative TSR performance. An RSU is a right to receive the value of a common share that vests $\frac{1}{3}$ after one year, $\frac{1}{3}$ after two years and $\frac{1}{3}$ after three years.

Particulars of the Treasury Share Plan

The Treasury Share Plan provides for the grant of share units up to a maximum of 3.5% of Capstone's issued and outstanding common shares (subject to standard anti-dilution adjustments) to executives, employees and consultants of Capstone.

The maximum number of common shares: (i) issued to Insiders (as defined in the Treasury Share Unit Plan) within any one-year period, and (ii) issuable to Insiders, at any time, under the Treasury Share Unit Plan, or when combined with all Capstone's other Security Based Compensation Plans shall not exceed 10% of issued and outstanding common shares from time to time.

Subject to the terms of a participant's written employment agreement, in the event a participant's employment is terminated with cause, PSUs or RSUs that have not vested shall be forfeited immediately. In the event employment is terminated without cause death or disability, PSUs that have not vested shall vest in accordance with the grant agreement governing the PSU, and RSUs that have not vested shall vest in accordance with the formula described in the Treasury Share Plan, PSUs or RSUs that have not vested shall be forfeited immediately.

Except upon the death of a Participant, PSUs and RSUs (together, "Treasury Share Units") may not be transferred or assigned.

The Treasury Share Unit Plan may be amended, modified or terminated by the Board without approval of shareholders of Capstone, provided that no amendment to Treasury Share Unit Plan (or grants thereunder) may be made without the consent of a participant if it adversely alters or impairs the rights of the participant in respect of any grant previously granted, except for purposes of compliance with applicable law. For greater certainty, the following amendments require shareholder approval: (i) increase in the maximum number of common shares issuable, (ii) increase or remove the Insider participation limits, (iii) extend the maximum term of grant, except in case of an extension due to a black-out period, (iii) amend the assignment provisions, (iv) include other types of equity compensation involving the issuance of common shares and (v) amendments to the amendment provisions to grant additional powers to the Board to amend the Treasury Share Unit Plan without shareholder approval. For greater certainty and without limiting the foregoing, shareholder approval shall not be required for the following amendments and the Board may make such changes without shareholder approval, subject to TSX approval: (i) amendments of a "housekeeping" nature, (ii) a change to the vesting provisions of any grants, (iii) a change to the termination provisions of any grant that does not entail an extension beyond the original term of the grant or (iv) amendments to the provisions relating to a Change of Control (as defined in the Treasury Share Unit Plan).

Under the Treasury Share Unit Plan, Market Value with respect to any particular date is calculated as the volume weighted average trading price per common share of Capstone on the Toronto Stock Exchange during the immediately preceding five days on which the shares were actually traded or the value established by the Human Resources and Compensation Committee of the Board acting in good faith.

The maximum expiry date of a Treasury Share Unit is the earlier of the date which is the tenth anniversary of the date on which such Treasury Share Unit is granted or the latest date permitted under the applicable rules and regulations of all regulatory authorities to which Capstone is subject, including the TSX.

PSU Performance

PSU award levels are determined by 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. 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.

For the 3-years ending in 2020, Capstone's TSR was 65.3% compared to the average total return of the peer group of 13.4%, which was at the 92nd percentile in the peer group and resulted in a payout factor of 183% of target for the 2018 PSUs. The 2018 peer group comprised the following companies³⁹:

- Amerigo Resources Ltd.;
- Atalaya Mining PLC;
- Copper Mountain Mining Corp.;
- First Quantum Minerals Ltd.;
- Hudbay Minerals Inc.;
- Lundin Mining Corporation;
- OZ Minerals Ltd.;
- Sandfire Resources Ltd.;
- Sierra Metals Inc.;
- Taseko Mines Ltd.; and
- Turquoise Hill Resources Ltd.

The following table summarizes the PSU performance ratings for the past 3 years:

PSU Grant Year	PSU Settlement Year	PSU Performance Rating
2016	2018 ⁴⁰	61.1%
2017	2019 ⁴¹	61.1%
2018	2020 ⁴²	183%

The following table shows the PSU performance ranges and associated payout percentages.

PSU Payout Performance Range	0-200%
Performance <25 th percentile	0%
Performance at 25 th percentile	50% of target
Performance at 37.5 th percentile	75% of target
Performance at median	100% of target
Performance at 62.5 th percentile	125% of target
Performance at 75 th percentile	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.

2021 Treasury Share Plan Grants

To meet the objective of the Treasury Share Plan, since it was adopted by the Board, an aggregate of 347,033 RSUs and 694,063 PSUs were granted on March 2, 2021, of which 999,231 were granted to insiders of Capstone and 41,865 were granted to other employees of Capstone, each with the expiry date that is the tenth anniversary of the date of grant.

These awards cannot be redeemed until such time that the shareholders have approved and ratified the Treasury Share Plan and the grants. Should shareholders fail to approve the Treasury Share Plan, these awards will be cancelled forthwith. In such event Capstone intends to make corresponding grants under the Capstone Share Unit Plan.

³⁹ Imperial Metals Corp. was removed as they sold 70% of their flagship asset and are currently not operating any mines. Nevsun Resources Ltd. and Avanco Resources Ltd. were acquired in 2018 and were subsequently removed.

⁴⁰ The 2016 PSU grant was settled in Q1 2019 based on the share price performance as of December 31, 2018.

⁴¹ The 2017 PSU grant was settled in Q1 2020 based on the share price performance as of December 31, 2019.

⁴² The 2018 PSU grant was settled in Q1 2021 based on the share price performance as of December 31, 2020.

The full Treasury Share Unit Plan is attached as Schedule "A" to this Management Information Circular. Capstone's Share Unit Plan can be found on SEDAR website at www.sedar.com.

2021 Treasury Share Plan Grants Resolution

WHEREAS:

A. the Board of the Company approved on February 23, 2021 the adoption of a treasury share plan (the "Treasury Share Plan") for the benefit of executives, employees and consultants of the Company and its subsidiaries;

B. there will be a maximum of 3.5% of the Company's issued and outstanding common shares reserved for issuance under the Treasury Share Plan; and

C. on March 2, 2021 the Board granted 347,033 RSUs and 694,063 PSUs subject to shareholder ratification, of which 999,231 were granted to insiders of the Company and 41,865 were granted to other employees of the Company, each with the expiry date that is the tenth anniversary of the date of grant (the "Granted Share Units"), as described in this Management Information Circular.

RESOLVED THAT:

1. the Treasury Share Plan of the Company as disclosed in this Circular be and is hereby approved.
2. the Granted Share Units as disclosed in this Management Information Circular be and are hereby ratified.
3. any director or officer of the Company be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determined to be necessary in order to give full effect to the intent and purpose of this resolution.

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, 2020.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date ⁴³	Value of Unexercised In-The-Money Options (\$) ⁴⁴	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) ⁴⁵	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Darren Pylot	612,192	1.68	Feb 22, 2022	428,534	4,581,202	12,107,020	-
	754,177	1.44	Feb 21, 2023	708,926			
	1,210,345	0.58	Feb 20, 2024	2,178,621			
	1,478,041	0.70	Feb 24, 2025	2,483,109			
Raman Randhawa	144,390	1.20	Apr 4, 2023	170,380	1,279,331	3,275,272	55,556
	231,725	0.58	Feb 20, 2024	417,105			
	425,676	0.70	Feb 24, 2025	715,136			
Brad Mercer	135,037	1.68	Feb 22, 2022	94,526	1,245,546	3,251,232	-
	179,705	1.44	Feb 21, 2023	168,923			
	347,587	0.58	Feb 20, 2024	625,657			
	405,406	0.70	Feb 24, 2025	681,082			
Jason Howe	104,261	1.68	Feb 22, 2022	72,983	1,135,640	2,971,725	-
	168,472	1.44	Feb 21, 2023	158,364			
	289,656	0.58	Feb 20, 2024	521,381			
	394,145	0.70	Feb 24, 2025	662,164			
Wendy King	101,718	1.68	Feb 22, 2022	71,203	1,033,875	2,705,078	-
	153,156	1.44	Feb 21, 2023	143,967			
	256,552	0.58	Feb 20, 2024	461,794			
	366,555	0.70	Feb 24, 2025	615,812			

⁴³ All options vest one-third per year commencing on the first anniversary of the award.

⁴⁴ Calculated based on the difference between the market price of our shares on the TSX on December 31, 2020, which was \$2.38, and the exercise price of the options.

⁴⁵ Market value based on the closing price of Capstone's shares on the TSX on December 31, 2020 (\$2.38), PSU multiplier is 1.83x target for 2020 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 (\$) ⁴⁶	Share-Based Awards - Value Vested During the Year (\$) ⁴⁷	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Darren Pylot	44,379	376,120	1,137,780
Raman Randhawa	12,745	-	364,127
Brad Mercer	12,745	82,965	360,828
Jason Howe	10,621	64,057	350,805
Wendy King	9,407	62,494	316,728

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.

⁴⁶ Total value that would have been realized if the stock options had been exercised on the vesting date.

⁴⁷ Calculated using the 5-day Volume-Weighted Average Price of the Common Shares on the TSX on February 24, 2020 of \$0.70, 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
Wendy King	February 3, 2014

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 ⁴⁸
Termination without Cause	Lump sum payment of salary (18-24 months ⁴⁹ for SVP & CFO, and 24 months for all other NEOs)	<ul style="list-style-type: none"> Average bonus paid in the last 3 years (1.5-2x⁵⁰ for SVP & 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 days⁵¹ 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 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 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

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, 2020 under various termination scenarios.

⁴⁸ Equity plans allow for Board discretion.

⁴⁹ 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.

⁵⁰ 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.

⁵¹ Mr. Randhawa's Employment Agreements specify that vested stock options must be exercised within 30 days or by the end of the original term (if sooner).

Name		Termination Without Cause (\$) ⁵²	Change of Control (\$) ⁵²	Resignation or Retirement (\$)	Termination for Cause (\$)
Darren Pylot	Salary	1,470,000	1,837,500	-	-
	Bonus	799,056	799,056	-	-
	Equity	1,963,769	16,278,852	-	-
	Other	18,800	23,500	-	-
Raman Randhawa	Salary	630,000	756,000	-	-
	Bonus	307,838	307,838	-	-
	Equity	601,088	4,596,528	-	-
	Other	6,771	9,028	-	-
Brad Mercer	Salary	720,000	720,000	-	-
	Bonus	280,141	280,141	-	-
	Equity	524,459	4,405,726	-	-
	Other	13,646	13,646	-	-
Jason Howe	Salary	700,000	700,000	-	-
	Bonus	232,453	232,453	-	-
	Equity	471,076	4,034,263	-	-
	Other	12,968	12,968	-	-
Wendy King	Salary	651,000	651,000	-	-
	Bonus	204,450	204,450	-	-
	Equity	426,080	3,676,742	-	-
	Other	9,050	9,050	-	-

⁵² Equity value is based on the termination and change of control benefits as outlined in the previous table.

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 composed 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 2020 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	2018 (\$)	2019 (\$) ⁵³	2020 (\$)
Board Chair	200,000	160,000	200,000
Board Member	135,000	108,000	135,000

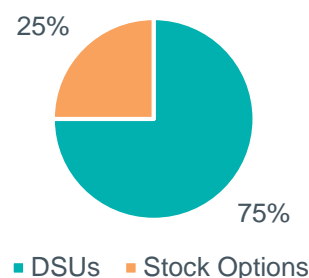
⁵³ A 20% reduction in target LTI value was applied in 2019 in response to market conditions.

Equity Retainer Mix

Capstone grants a combination of 75% Deferred Share Units (“DSU”) 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.

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

2018-2020 Director Equity Retainer Mix



2020 Director Compensation Table

The following table sets out all amounts of compensation provided to our non-executive Directors for the year ended December 31, 2020.

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	150,000	50,000	-	-	-	325,000
Robert Gallagher	75,000	101,250	33,750	-	-	-	210,000
Peter Meredith	80,000	101,250	33,750	-	-	-	215,000
Dale Peniuk	85,000	101,250	33,750	-	-	-	220,000
Richard Zimmer	75,000	101,250	33,750	-	-	-	210,000
SeungWan Shon ⁵⁶	56,875	-	-	-	-	-	56,875
Min Geol Ryu ⁵⁷	8,125	-	-	-	-	-	8,125

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.

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 DSU 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.

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 Mr. Shon was appointed to the Board effective February 12, 2020.

⁵⁷ Mr. Ryu resigned from the Board effective February 12, 2020.

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, 2020.

Name of Director	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date ⁵⁸	Value of Unexercised In-The-Money Options (\$) ⁵⁹	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) ⁶⁰	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
George Brack	75,347	1.68	Feb 22, 2022	52,743	-	-	3,287,546
	85,947	1.44	Feb 21, 2023	80,790			
	137,932	0.58	Feb 20, 2024	248,278			
	160,876	0.70	Feb 24, 2025	270,272			
Robert Gallagher	50,859	1.68	Feb 22, 2022	35,601	-	-	1,107,635
	58,014	1.44	Feb 21, 2023	54,533			
	93,104	0.58	Feb 20, 2024	167,587			
	108,591	0.70	Feb 24, 2025	182,433			
Peter Meredith	74,627	0.67	May 1, 2024	127,612	-	-	610,670
	108,591	0.70	Feb 24, 2025	182,433			
Dale Peniuk	50,859	1.68	Feb 22, 2022	35,601	-	-	2,103,301
	58,014	1.44	Feb 21, 2023	54,533			
	93,104	0.58	Feb 20, 2024	167,587			
	108,591	0.70	Feb 24, 2025	182,433			
Min Geol Ryu ⁶¹	-	-	-	-	-	-	-
SeungWan Shon ⁶²	-	-	-	-	-	-	-
Richard Zimmer	50,859	1.68	Feb 22, 2022	35,601	-	-	2,155,778
	58,014	1.44	Feb 21, 2023	54,533			
	93,104	0.58	Feb 20, 2024	167,587			
	108,591	0.70	Feb 24, 2025	182,433			

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, 2020.

Name of Director	Option-Based Awards - Value Vested During the Year (\$) ⁶³	Share-Based Awards - Value Vested During the Year (\$) ^{64,65}	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
George Brack	5,057	150,000	-
Robert Gallagher	3,414	101,250	-
Peter Meredith	-	101,250	-

⁵⁸ All options (except otherwise noted) granted vest one-third per year commencing on the first anniversary of the award.

⁵⁹ Calculated based on the difference between the market price of our shares on the TSX on December 31, 2020, which was \$2.38, and the exercise price of the options.

⁶⁰ Market value based on the closing price of Capstone's shares on the TSX on December 31, 2020 (\$2.38).

⁶¹ Mr. Ryu resigned from the Board effective February 12, 2020, the date of which the 2020 share-based and option-based awards were approved for grant.

⁶² Mr. Shon was appointed to the Board effective February 12, 2020, the date of which the 2020 share-based and option-based awards were approved for grant.

⁶³ Total value that would have been realized if the stock options had been exercised on the vesting date.

⁶⁴ 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.

⁶⁵ 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.

Name of Director	Option-Based Awards - Value Vested During the Year (\$) ⁶³	Share-Based Awards - Value Vested During the Year (\$) ^{64, 65}	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Dale Peniuk	3,414	101,250	-
Min Geol Ryu ⁶⁶	-	-	-
SeungWan Shon ⁶⁷	-	-	-
Richard Zimmer	3,414	101,250	-

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 46.

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"

Darren Pylot
President and Chief Executive Officer
Capstone Mining Corp.

⁶⁶ Mr. Ryu resigned from the Board effective February 12, 2020.

⁶⁷ Mr. Shon was appointed to the Board effective February 12, 2020.

SCHEDULE “A”

TREASURY SHARE UNIT PLAN

1. PREAMBLE AND DEFINITIONS

1.1 Title

The Plan described in this document shall be called the “Capstone Mining Corp. Treasury Share Unit Plan”.

1.2 Purpose of the Plan

The purposes of the Plan are:

- (a) to promote a further alignment of interests between officers, employees and other eligible service providers and the shareholders of the Company;
- (b) to associate a portion of the compensation payable to officers, employees and other eligible service providers with the returns achieved by shareholders of the Company; and
- (c) to attract and retain officers, employees and other eligible service providers with the knowledge, experience and expertise required by the Company.

1.3 Definitions

1.3.1 “**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.

1.3.2 “**Beneficiary**” means, subject to Applicable Law, an individual who has been designated by a Participant, in such form and manner as the Committee may determine, to receive benefits payable under the Plan upon the death of the Participant, or, where no such designation is validly in effect at the time of death, the Participant’s legal representative.

1.3.3 “**Black-Out Period**” means a period of time imposed upon certain designated persons during which those persons may not trade in any securities of the Company pursuant to the Insider Trading Policy of the Company dated November 5, 2019, as it is amended or replaced from time-to-time.

1.3.4 “**Board**” means the Board of Directors of the Company.

1.3.5 “**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Vancouver, British Columbia are authorized or required by law to close.

1.3.6 “**Capstone Entity**” means any of the Company’s subsidiaries, partnerships, trusts or other controlled entities and “**Capstone Entities**” means all such entities collectively.

1.3.7 “**Cause**” in respect of a Participant means “just cause” or “cause” for Termination by the Company or a Capstone Entity as determined under Applicable Law.

1.3.8 “**Change of Control**” means:

- (a) the sale of all or substantially all of the Company's assets to another arm's length person not affiliated with the Company or any of the Company's affiliates;
- (b) the acquisition or right to acquire shares of the Company as a result of which any person would beneficially own shares that would entitle the holders thereof to: (a) cast more than 50% of the votes attaching to all shares in the capital of the Company; or (b) more than 50% of the equity of the Company;
- (c) the merger or consolidation of the Company with or into another person not affiliated with the Company in which the Company is not the surviving entity (except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated), or a reverse merger in which the Company is the surviving entity but in which 50% or more of each class of the issued and outstanding shares of the Company are transferred to beneficial holders different from those who held the shares immediately prior to the merger;
- (d) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (e) as a result of or in connection with: (a) a contested election of directors; or (b) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Board shall not constitute a majority of the Board; or
- (f) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

1.3.9 **"Code"** means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder.

1.3.10 **"Committee"** means the Human Resources and Compensation Committee of the Board, or such other the committee of the Board as is designated by the Board to administer the Plan from time to time.

1.3.11 **"Company"** means Capstone Mining Corp., and any successor company whether by amalgamation, merger or otherwise.

1.3.12 **"Directors"** means the directors of the Company from time to time.

1.3.13 **"Disability"** means either:

- (a) subject to (b) below, a Participant's physical or mental incapacity that prevents him/her from substantially fulfilling his/her duties and responsibilities on behalf of the Company or, if applicable, a Capstone Entity, as determined by the Committee in respect of which the Participant commences receiving, or is eligible to receive, disability benefits under the Company's or a Capstone Entity's long-term disability plan; or
- (b) where a Participant has a written employment agreement with the Company or a Capstone Entity, "Disability" as defined in such employment agreement if applicable.

1.3.14 **"Disability Date"** means, in relation to a Participant, that date determined by the Committee to be the date on which the Participant experienced a Disability.

1.3.15 **"Elected Redemption Date"** means the date elected by a Participant, who is not a US Taxpayer, pursuant to Section 6.2(a) or, as applicable, the date elected by a US Taxpayer pursuant to Section 6.2(b).

1.3.16 **“Eligible Person”** means an individual Employed by the Company or any Capstone Entity who, by the nature of his/her position or job is, in the opinion of the Committee, in a position to contribute to the success of the Company.

1.3.17 **“Employed”** means, with respect to a Participant, that:

(a) he/she is rendering services to the Company or a Capstone Entity (excluding services exclusively as a Director), including as an officer or a Service Provider; or

(b) he/she is not actively rendering services to the Company or a Capstone Entity due to an approved leave of absence, maternity or parental leave or leave on account of Disability (provided, in the case of a US Taxpayer, that the Participant has not incurred a “Separation From Service”, within the meaning of Section 409A of the Code), and **“Employment”** has the corresponding meaning.

For greater certainty, any determination of whether a Participant is Employed on a Vesting Date shall be made without regard to any period of notice, pay in lieu of notice (paid by way of lump sum or salary continuance), benefits continuance or other termination-related payments or benefits to which the Participant may be entitled pursuant to the common law or otherwise, subject only to the express minimum requirements of applicable employment standards legislation.

1.3.18 **“Expiry Date”** means the date on which the Share Unit expires.

1.3.19 **“Grant”** means a grant of Share Units made pursuant to Section 3.1.

1.3.20 **“Grant Agreement”** means an agreement between the Company and a Participant under which a Grant is made, as contemplated by Section 3.1, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.

1.3.21 **“Grant Date”** means the effective date of a Grant.

1.3.22 **“Grant Value”** means the dollar amount allocated to an Eligible Person in respect of a Grant as contemplated by Section 3.

1.3.23 **“Insider”** means an insider of the Company as defined in the rules of the Toronto Stock Exchange Company Manual for the purpose of security based compensation arrangements.

1.3.24 **“Market Value”** means, with respect to any particular date:

(a) the volume weighted average trading price per Share on the Stock Exchange during the immediately preceding five (5) Trading Days, or

(b) in any case in which clause (a) of this Section 1.3.24 does not apply, the value established by the Committee acting in good faith.

1.3.25 **“Participant”** has the meaning set forth in Section 3.2.1.

1.3.26 **“Performance Conditions”** means such financial, personal, operational or transaction-based performance criteria as may be determined by the Committee in respect of a Grant to any Participant or Participants and set out in a Grant Agreement. Performance Conditions may apply to the Company, a Capstone Entity, the Company and Capstone Entities as a whole, a business unit of the Company or group comprised of the Company and some Capstone Entities or a group of Capstone Entities, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a

specified performance period, on an absolute basis or relative to a pre-established target or milestone, to previous years' results or to a designated comparator group, or otherwise, and may incorporate multipliers or adjustments based on the achievement of any such performance criteria and result in the percentage of Vested PSUs in a Grant exceeding 100% of the PSUs initially determined in respect of such Grant pursuant to Section 3.2.2.

1.3.27 **"Performance Period"** means, with respect to PSUs, the period specified by the Committee for achievement of any applicable Performance Conditions as a condition to Vesting.

1.3.28 **"Plan"** means this Capstone Mining Corp. Treasury Share Unit Plan, including any schedules or appendices hereto, as may be amended from time to time.

1.3.29 **"PSU"** means a right, granted to a Participant in accordance with Section 3, to receive a Share that generally becomes Vested, if at all, subject to the attainment of certain Performance Conditions and satisfaction of such other conditions to Vesting, if any, as may be determined by the Committee.

1.3.30 **"Redemption Notice"** means a notice, submitted to the Company pursuant to which the Participant may elect to redeem Vested Share Units.

1.3.31 **"RSU"** means a right granted to a Participant in accordance with Section 3, to receive a Share that generally becomes Vested, if at all, following a period of continuous Employment of the Participant with the Company or a Capstone Entity.

1.3.32 **"Security Based Compensation Arrangement"** means an option, option plan, security based appreciation right, employee unit purchase plan, restricted, performance of deferred unit plan, long-term incentive plan or any other compensation or incentive mechanism, in each case, involving the issuance or potential issuance of Shares to one or more directors or officers of the Company or a Capstone Entity, current or past full-time or part-time employees of the Company or a Capstone Entity, Insiders or consultants of the Company or a Capstone Entity including a Share purchased from treasury by one or more officers, directors or officers of the Company or a Capstone Entity, current or past full-time or part-time employees of the Company or a Capstone Entity, Insiders or consultants of the Company or a Capstone Entity which is financially assisted by the Company or a Capstone Entity by way of a loan, guarantee or otherwise, but a Security Based Compensation Arrangement does not include an arrangement that does not involve the issuance from treasury or potential issuance from treasury of Shares or other equity securities of the Company.

1.3.33 **"Separation from Service"** has the meaning as defined in Exhibit A hereto.

1.3.34 **"Service Provider"** means a person or company, other than an employee, officer or director of the Company or a Capstone Entity, that:

(a) is engaged to provide, on a bona fide basis, for an initial, renewable or extended period of twelve (12) months or more, services to the Company or a Capstone Entity, other than services provided in relation to a distribution of securities;

(b) provides the services under a written contract between the Company or a Capstone Entity and the person or company;

(c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Capstone Entity;

and includes

(d) an individual Service Provider, a corporation of which the individual Service Provider is an employee or shareholder, and a partnership of which the individual Service Provider is an employee or partner; and

(e) for a Service Provider that is not an individual, an employee, executive officer, or director of the Service Provider, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Capstone Entity.

1.3.35 **“Share”** means a common share of the Company and such other share as may be substituted for it as a result of amendments to the notice of articles of the Company, arrangement, reorganization, subdivision, consolidation, exchange or otherwise, including any rights that form a part of the common share or substituted share.

1.3.36 **“Share Unit”** means either an RSU or a PSU, as the context requires.

1.3.37 **“Share Unit Account”** has the meaning set out in Section 5.1.

1.3.38 **“Stock Exchange”** means the Toronto Stock Exchange and such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market.

1.3.39 **“Stock Exchange Rules”** means the applicable rules of any stock exchange upon which shares of the Company are listed.

1.3.40 **“Termination”** means (i) the termination of a Participant’s active Employment with the Company or a Capstone Entity (other than in connection with the Participant’s transfer to Employment with the Company or another Capstone Entity), which shall occur on the earlier of the date on which the Participant ceases to render services to the Company or Capstone Entity, as applicable, and the date on which the Company or a Capstone Entity, as applicable, delivers notice of the termination of the Participant’s employment or contract for services, whether such termination is lawful or otherwise, without giving effect to any period of notice or compensation in lieu of notice, but, for greater certainty, a Participant’s absence from active work during a period of vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of Disability shall not be considered to be a “Termination”, and (ii) in the case of a Participant who does not return to active Employment with the Company or a Capstone Entity immediately following a period of absence due to vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of Disability, such cessation shall be deemed to occur on the last day of such period of absence (provided, in each case in the case of a US Taxpayer, that the Termination constitutes a “Separation From Service”, within the meaning of Section 409A of the Code), and **“Terminated”** and **“Terminates”** shall be construed accordingly.

1.3.41 **“Time Vesting”** means any conditions relating to continued service with the Company or a Capstone Entity for a period of time in respect of the Vesting of Share Units determined by the Committee.

1.3.42 **“Trading Day”** means any date on which any Stock Exchange is open for the trading of Shares and on which Shares are actually traded.

1.3.43 **“US Taxpayer”** means an individual who is subject to tax under the Code in respect of any amounts payable or Shares deliverable under this Plan.

1.3.44 **“Valuation Date”** means the date as of which the Market Value is determined for purposes of calculating the number of Share Units included in a Grant, which unless otherwise determined by the Committee shall be the Grant Date of such Grant.

1.3.45 **“Vested”** means the applicable Time Vesting, Performance Conditions and/or any other conditions for payment or other settlement (subject to any conditions on such payment or settlement imposed in respect of US Taxpayers under Exhibit “A” hereto) in relation to a whole number, or a percentage (which may be more or less than 100%) of the number, of PSUs or RSUs determined by the Committee in connection with a Grant of PSUs or Grant of RSUs, as the case may be, (i) have been met; (ii) have been waived or deemed to be met pursuant to Section 6.8 or Section 6.9; (iii) or are otherwise waived pursuant to Section 3.3, and **“Vesting”** and **“Vest”** shall be construed accordingly.

1.3.46 **“Vesting Date”** means the earliest date on which the applicable Time-Vesting, Performance Conditions and/or any other conditions for a Share Unit becoming Vested are met, deemed to have been met or waived as contemplated in the definition of “Vested”.

1.3.47 **“Vesting Period”** means, with respect to a Grant, the period specified by the Committee, commencing on the Grant Date and ending on the last Vesting Date for Share Units subject to such Grant.

1.3.48 **“Vested Share Units”** means Share Units that have vested.

2. CONSTRUCTION AND INTERPRETATION

2.1 Gender, Singular, Plural

In the Plan, references to the masculine include the feminine; and references to the singular shall include the plural and vice versa, as the context shall require.

2.2 Governing Law

The Plan shall be governed and interpreted in accordance with the laws of the Province of British Columbia and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of British Columbia.

2.3 Severability

If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

2.4 Headings, Sections

Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

3. SHARE UNIT GRANTS AND VESTING PERIODS

3.1 Grant of Share Units

Unless otherwise determined by the Board, the Plan shall be administered by the Committee. The Committee shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in

the administration of the Plan subject to and not inconsistent with the express provisions of this Plan, including, without limitation, the authority:

- (a) to make Grants of Share Units;
- (b) to determine the Grant Date for Grants, if not the date on which the Committee determines to make such Grants, provided that the Committee shall ensure that if the determination to make such Grants is during a Black-out Period, the Grant Date shall be deemed to be the date five Trading Days following the end of such Black-out Period;
- (c) to determine the Eligible Persons to whom, and the time or times at which Grants shall be made and shall become issuable;
- (d) to determine the Grant Value and the Valuation Date (if not the Grant Date) for each Grant and accordingly the number of Share Units to be covered by each Grant in accordance with Section 3.2;
- (e) to approve or authorize the applicable form and terms of the related Grant Agreements and any other forms to be used in connection with the Plan;
- (f) to determine the terms and conditions of Grants granted to any Participant, including, without limitation, (A) the type of Share Unit, (B) the number of RSUs or PSUs subject to a Grant, (C) the Vesting Period(s) applicable to a Grant, (D) the conditions to the Vesting of any Share Units granted hereunder, including terms relating to Performance Conditions, Time Vesting and/or other Vesting conditions, any multiplier that may apply to Share Units subject to a Grant in connection with the achievement of Vesting conditions, the Performance Period for PSUs and the conditions, if any, upon which Vesting of any Share Unit will be waived or accelerated without any further action by the Committee (including, without limitation, the effect of a Change of Control and a Participant's Termination in connection therewith), (E) the Expiry Date, (F) the circumstances upon which a Share Unit shall be forfeited, cancelled or expire, (G) the consequences of a Termination with respect to a Share Unit, (H) the manner and time of exercise or settlement of Vested Share Units, and (I) whether and the terms upon which any Shares delivered upon exercise or settlement of a Share Unit must continue to be held by a Participant for any specified period;
- (g) to determine whether and the extent to which any Performance Conditions or other criteria applicable to the Vesting of a Share Unit have been satisfied or shall be waived or modified;
- (h) to amend the terms of any outstanding Grant under the Plan or Grant Agreement provided, however, that no such amendment, suspension or termination shall be made at any time to the extent such action would materially adversely affect the existing rights of a Participant with respect to any then outstanding Share Unit without his/her consent in writing and provided further, however, that, notwithstanding the foregoing clause of this Section 3.1(h), the Committee may amend the terms of a Share Unit or Grant Agreement without the consent of the Participant for purposes of complying with Applicable Law whether or not such amendment could adversely affect the rights of the Participant;
- (i) to determine whether, and the extent to which, adjustments shall be made pursuant to Section 5.3 and the terms of any such adjustments;
- (j) to interpret the Plan and Grant Agreements;
- (k) to prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and Grant Agreements;
- (l) to determine the terms and provisions of Grant Agreements (which need not be identical) entered into in connection with Grants; and
- (m) to make all other determinations deemed necessary or advisable for the administration of the Plan.

3.2 **Eligibility and Award Determination**

3.2.1 In determining the Eligible Persons to whom Grants are to be made (“**Participants**”) and the Grant Value for (and accordingly the number of Share Units to be covered by) each Grant (subject to adjustment in accordance with Time Vesting or Performance Conditions), the Committee shall take into account the terms of any written employment agreement between an Eligible Person and the Company or any Capstone Entity and may take into account such other factors as it shall determine in its sole and absolute discretion.

3.2.2 The number of Share Units to be covered by each Grant shall be determined by dividing the Grant Value for such Grant by the Market Value of a Share as at the Valuation Date for such Grant, rounded up to the next whole number.

3.2.3 For greater certainty and without limiting the discretion conferred on the Committee pursuant to this Section, the Committee's decision to approve a Grant in any period shall not require the Committee to approve a Grant to any Participant in any other period; nor shall the Committee's decision with respect to the size or terms and conditions of a Grant in any period require it to approve a Grant of the same or similar size or with the same or similar terms and conditions to any Participant in any other period. The Committee shall not be precluded from approving a Grant to any Participant solely because such Participant may have previously received a Grant under this Plan or any other similar compensation arrangement of the Company or a Capstone Entity. No Eligible Person has any claim or right to receive a Grant except as may be provided in a written employment agreement between an Eligible Person and the Company or a Capstone Entity.

3.2.4 Each Grant Agreement shall set forth, at a minimum, the type of Share Units and Grant Date of the Grant evidenced thereby, the number of RSUs or PSUs subject to such Grant, the applicable Vesting conditions, the applicable Vesting Period(s) and the treatment of the Grant upon Termination and may specify such other terms and conditions consistent with the terms of the Plan as the Committee shall determine or as shall be required under any other provision of the Plan. The Committee may include in a Grant Agreement terms or conditions pertaining to confidentiality of information relating to the Company's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of Share Units.

3.3 **Discretion of the Committee**

Notwithstanding any other provision hereof or of any applicable instrument of grant, the Committee may accelerate or waive any condition to the Vesting of any Grant, all Grants, any class of Grants or Grants held by any group of Participants.

3.4 **Effects of Committee's Decision**

Any interpretation, rule, regulation, determination or other act of the Committee hereunder shall be made in its sole discretion and shall be conclusively binding upon all persons.

3.5 **Liability Limitation**

No member of the Committee, the Board or any officer or employee of the Company or a Capstone Entity shall be liable for any action or determination made in good faith pursuant to the Plan or any Grant Agreement under the Plan. To the fullest extent permitted by law, the Company and the Capstone Entities shall indemnify and save harmless each person made, or threatened to be made, a party to any action or

proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Committee or the Board or is or was an officer or employee of the Company or a Capstone Entity.

3.6 **Delegation and Administration**

The Committee may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to any one or more directors, officers or employees of the Company as it may determine from time to time, on terms and conditions as it may determine, except the Committee shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with Applicable Law. The Committee may also appoint or engage a trustee, custodian or administrator to administer or implement the Plan or any aspect of it, except that the Committee shall not, and shall not be permitted to, appoint or engage such a trustee, custodian or administrator to the extent such appointment or engagement is not consistent with Applicable Law.

4. **RESTRICTIONS ON ISSUANCES**

4.1 **Share Reserve**

Subject to Section 4.2 and any adjustment pursuant to Section 5.3, the maximum number of Shares that may be issued pursuant to Grants made under the Plan together with all other Security Based Compensation Arrangements of the Company may not exceed 10% of the issued and outstanding Shares from time to time, provided that, and subject to the foregoing, the maximum number of Shares that may be issued pursuant to Grants made under the Plan may not exceed 3.5% of the issued and outstanding Shares from time to time.

4.2 **Evergreen**

For purposes of computing the total number of Shares available for grant under the Plan, Shares subject to any Grant (or any portion thereof) that are forfeited, surrendered, cancelled or otherwise terminated prior to the issuance of such Shares shall again be available for grant under the Plan. In addition, following the exercise or settlement of any Grant under the Plan, a number of Shares underlying Grants so exercised or settled will immediately and automatically become available for issuance in respect of Grants that may be subsequently granted under this Plan.

4.3 **Insider Participation Limit**

The maximum number of Shares of the Company: (a) issued to Insiders within any one year period, and (b) issuable to Insiders, at any time, under the Plan, or when combined with all of the Company's other Security Based Compensation Arrangements, shall not exceed 10% of issued and outstanding Shares from time to time.

5. **ACCOUNTS, DIVIDEND EQUIVALENTS AND REORGANIZATION**

5.1 **Share Unit Account**

An account, called a "**Share Unit Account**", shall be maintained by the Company, or a Capstone Entity, as specified by the Committee, for each Participant and will be credited with such notional grants of Share Units as are received by a Participant from time to time pursuant to Sections 3.1 and 3.2 and any dividend equivalent Share Units pursuant to Section 5.2. Share Units that fail to vest to a Participant and are forfeited pursuant to Section 6, or that are paid out to the Participant or his/her Beneficiary, shall be cancelled and shall cease to be recorded in the Participant's Share Unit Account as of the date on which such Share Units

are forfeited or cancelled under the Plan or are paid out, as the case may be. For greater certainty, where a Participant is granted both RSUs and PSUs, such RSUs and PSUs shall be recorded separately in the Participant's Share Unit Account.

5.2 Dividend Equivalent Share Units

Except as otherwise provided in the Grant Agreement relating to a grant of RSUs or PSUs, if and when cash dividends (other than extraordinary or special dividends) are paid with respect to Shares to shareholders of record as of a record date occurring during the period from the Grant Date under the Grant Agreement to the date of settlement of the RSUs or PSUs granted thereunder, a number of dividend equivalent RSUs or PSUs, as the case may be, shall be granted to the Participant who is a party to such Grant Agreement equal to the number of whole Share Units (rounding down) with a Market Value, as of the payment date for such dividend, equal to the product of (i) the cash dividend paid with respect to a Share multiplied by (ii) the number of RSUs or PSUs subject to such Grant (including dividend equivalent RSUs or PSUs previously granted in connection with such RSUs or PSUs) as of the record date for the dividend. The additional RSUs or PSUs granted to a Participant shall be subject to the same terms and conditions, including Vesting and settlement terms, as the corresponding RSUs or PSUs, as the case may be.

5.3 Adjustments

In the event of any stock dividend, stock split, combination or exchange of shares, capital reorganization, consolidation, spin-off, dividends (other than cash dividends in the ordinary course) or other distribution of the Company's assets to shareholders, or any other similar changes affecting the Shares, a proportionate adjustment to reflect such change or changes shall be made with respect to the number of Share Units outstanding under the Plan, or securities into which the Shares are changed or are convertible or exchangeable may be substituted for Shares under this Plan, on a basis proportionate to the number of Share Units in the Participant's Share Unit Account or some other appropriate basis, all as determined by the Committee in its sole discretion.

6. EXPIRY AND REDEMPTION OF SHARE UNITS

6.1 Term of Share Units

Subject to Sections 6.4, 6.7 and 6.8, the Expiry Date for each Share Unit will be the date determined by the Committee and specified in the notice of award pursuant to which such Share Unit is granted, provided that such date may not be later than the earlier of: (i) the date which is the tenth (10th) anniversary of the date on which such Share Unit is granted, and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Company is subject, including any Stock Exchange Rules.

6.2 Elected Redemption Date Notice

Except to the extent the award of a Share Unit specifies that redemption will automatically occur on a date prior to the Expiry Date, participants shall elect, by submitting a Redemption Notice, an Elected Redemption Date for Share Units as follows:

- (a) Participants that are not US Taxpayers may elect at any time to redeem Vested Share Units on any date or dates after the date the Share Units become Vested Share Units and on or before the Expiry Date; and

(b) US Taxpayers may irrevocably elect to have Vested Share Units redeemed on a fixed date or dates after the date the Share Units become Vested Share Units and on or before the Expiry Date provided that such election must be irrevocably made prior to the earlier of: (i) receipt by the US Taxpayer of each award of Share Units; and (ii) the first day of the taxable year of the US Taxpayer in which the Performance Period, or other period over which the awards is to be earned and vests, begins. For this purpose a “fixed date” may include any permissible payment event under Section 409A of the Code, for example, Separation from Service or a Change of Control (if also a change of control for purposes of Section 409A of the Code).

If a Participant who is not a US Taxpayer does not elect an Elected Redemption Date in respect of an award of Share Units in accordance with Section 6.2(a), the Share Units shall be redeemed on the Expiry Date in accordance with Section 6.3. If a US Taxpayer does not timely elect an Elected Redemption Date in respect of an award of Share Units in accordance with Section 6.2(b), the Vesting Date shall be deemed to be the Elected Redemption Date and the Share Units shall be redeemed in accordance with Section 6.3.

6.3 Redemption of Share Units

Subject to payment or other satisfaction of all related withholding obligations in accordance with Section 9.2 and the terms of the applicable Grant Agreement, the Company shall redeem the Vested Share Units elected to be redeemed by the Participant on the earlier of (i) within fifteen Business Days of the Elected Redemption Date and (ii) the date set out in Sections 6.4, 6.7 and 6.8, by issuing to the Participant the number of Shares equal to the number of Vested Share Units elected to be redeemed. If the Participant elects in the Redemption Notice to have the Vested Share Units redeemed by the payment of cash then, at the Committee’s sole discretion, the Vested Share Units shall be redeemed on the earlier of (i) within fifteen Business Days of the Elected Redemption Date and (ii) the date set out in Sections 6.4, 6.7 or 6.8, and such cash payment shall be equal to the Market Value of such Vested Share Units redeemed as of the Elected Redemption Date or the date specified in Sections 6.4, 6.7 or 6.8, if applicable. Notwithstanding the foregoing or any other provision in the Plan, if Share Units held by a US Taxpayer will be redeemed as a result of the US Taxpayer’s Separation from Service, and such US Taxpayer is a Specified Employee as defined under Section 409A of the Code and applicable regulations at the time of such Separation from Service, the redemption of Share Units that are subject to Section 409A of the Code will be delayed until a date that is six months and one day following the date of the Separation from Service.

A Participant’s Share Units, adjusted in accordance with the applicable multiple, if any, as set out in the Grant Agreement, will be rounded down to the nearest whole number of Share Units.

6.4 Postponed Settlement

Notwithstanding any other section of the Plan, if a Participant’s Share Units would, in the absence of this Section 6.4 be settled within a Blackout Period applicable to such Participant, such settlement shall be postponed until the earlier of the 6th Trading Day following the end of such Blackout Period and the latest date for settlement of the Participant’s Share Units as determined in accordance with Section 6.1, and the Market Value of any RSUs or PSUs being settled at the Participant’s option in cash will be determined as of the earlier of the date five Trading Days following the end of such Black-out Period and the day prior to the settlement date.

6.5 Failure to Vest

For greater certainty, a Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any RSUs or PSUs that do not become Vested.

6.6 **Continued Employment**

Subject to this Section 6 and the applicable Grant Agreement, Share Units subject to a Grant and dividend equivalent Share Units credited to the Participant's Share Unit Account in respect of such Share Units shall vest in such proportion(s) and on such Vesting Date(s) as may be specified in the Grant Agreement governing such Grant provided that the Participant is Employed on the relevant Vesting Date. For greater certainty, a Participant shall not be considered to be Employed on a Vesting Date if, prior to such Vesting Date, such Participant received a payment in lieu of notice of Termination of employment, whether under a contract of employment, as damages or otherwise.

6.7 **Termination of Employment for Cause or Resignation**

Subject to the terms of a Participant's written employment agreement with the Company or a Capstone Entity and unless otherwise determined by the Committee, in the event a Participant's employment is Terminated for Cause by the Company, or a Capstone Entity, as applicable, or a Participant's employment with the Company or a Capstone Entity Terminates as a result of the Participant's resignation, no Share Units, that have not Vested and been settled prior to the date of the Participant's Termination for Cause or the date on which the Participant submits his/her resignation, as the case may be, including dividend equivalent Share Units in respect of such Share Units, shall Vest and all such Share Units shall be forfeited immediately.

6.8 **Termination of Employment without Cause, Death or Disability**

Subject to the terms of a Participant's written employment agreement with the Company or a Capstone Entity and the relevant Grant Agreement, in the event a Participant's employment is terminated by the Company, or a Capstone Entity, as applicable, without Cause, the Participant dies or experiences a Disability prior to the end of a Vesting Period relating to a Grant:

(a) the number of RSUs determined by the formula $A \times B/C$, where

A equals the total number of RSUs relating to such Grant that have not previously Vested and dividend equivalent RSUs in respect of such RSUs,

B equals the total number of days between the first day of the Vesting Period relating to such Grant and the Participant's date of Termination or death or Disability Date, as the case may be, and

C equals total number of days in the Vesting Period relating to such Grant,

shall become Vested RSUs on the Participant's date of Termination or death or Disability Date, as the case may be; and

(b) the number of PSUs, if any, that Vest shall be determined in accordance with the Grant Agreement governing such PSUs.

6.9 **Change of Control**

Subject to the terms of a Participant's written employment agreement with the Company and the applicable Grant Agreement, in the event of a Change of Control prior to the end of the Vesting Period relating to a Grant, the Committee may determine, in its sole discretion:

(a) that for any Share Unit there shall be substituted an entitlement (in the form of notional units or other contingent rights) to receive cash or such securities into which Shares are changed, or are convertible or exchangeable, on a basis proportionate to the number of Shares to which the Participant would be

entitled if the Share Units in his Share Unit Account immediately prior to the effective time of the Change of Control were Shares, or some other appropriate basis; or

(b) that all Share Units that have not previously Vested shall become Vested Share Units on the effective date of the Change of Control, provided that, in the case of a Grant of PSUs, the total number of Share Units relating to such Grant shall be the greater of: (i) the number of PSUs specified in the Grant Agreement for such Grant without giving effect to any potential increase or decrease in such number as a result of graduated Performance Conditions permitting Vesting of more or less than 100% of the PSUs in a Grant or (ii) the number of PSUs specified in the Grant Agreement for such Grant giving effect to any increase or decrease in such number as a result of graduated Performance Conditions of the PSUs in a Grant that have been met. Share Units that Vest in accordance with this Section shall be settled in the same manner as paragraph (a) above.

7. CURRENCY

7.1 Currency

Except where the context otherwise requires, all references in the Plan to currency refer to lawful Canadian currency. Any amounts required to be determined under this Plan that are denominated in a currency other than Canadian dollars shall be converted to Canadian dollars at the applicable Bank of Canada noon rate of exchange on the date as of which the amount is required to be determined.

8. SHAREHOLDER RIGHTS

8.1 No Rights to Shares

Share Units are not Shares and a Grant of Share Units will not entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

9. MISCELLANEOUS

9.1 Compliance with Laws and Policies

The Company's obligation to make any payments or deliver (or cause to be delivered) any Shares hereunder is subject to compliance with Applicable Law. Each Participant shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Participant will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Company applicable to the Participant in connection with the Plan including, without limitation, furnishing to the Company all information and undertakings as may be required to permit compliance with Applicable Law.

9.2 Withholdings

So as to ensure that the Company or a Capstone Entity, as applicable, will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Company or Capstone Entity, as applicable, shall withhold or cause to be withheld from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary to permit the Company or Capstone Entity, as applicable, to so comply and may require the Participant or his or her Beneficiary to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such withholding and taxes. The Company or a Capstone Entity may also satisfy any liability for any such withholding obligations, on such terms and

conditions as the Company may determine in its sole discretion, by (a) selling on such Participant's behalf, or requiring such Participant to sell, any Shares, and retaining any amount payable which would otherwise be provided or paid to such Participant in connection with any such sale, or (b) requiring, as a condition to the delivery of Shares hereunder, that such Participant make such arrangements as the Company may require so that the Company or a Capstone Entity can satisfy such withholding obligations, including requiring such Participant to remit an amount to the Company or a Capstone Entity in advance, or reimburse the Company or a Capstone Entity for, any such withholding obligations. Notwithstanding the foregoing, the Committee may provide for other methods of withholding in any Grant Agreement or as otherwise determined by the Committee.

9.3 **No Right to Continued Employment**

Nothing in the Plan or in any Grant Agreement entered into pursuant hereto shall confer upon any Participant the right to continue in the employ of the Company or any Capstone Entity, to be entitled to any remuneration or benefits not set forth in the Plan or a Grant Agreement or to interfere with or limit in any way the right of the Company or any Capstone Entity to terminate Participant's employment or service arrangement with the Company or any Capstone Entity.

9.4 **No Additional Rights**

Neither the designation of an individual as a Participant nor the grant of any Share Units to any Participant entitles any person to the grant, or any additional grant, as the case may be, of any Share Units under the Plan.

9.5 **Amendment, Termination**

The Plan and any Grant made pursuant to the Plan may be amended, modified or terminated by the Board without approval of Shareholders, provided that no amendment to the Plan or Grants made pursuant to the Plan may be made without the consent of a Participant if it adversely alters or impairs the rights of the Participant in respect of any Grant previously granted to such Participant under the Plan, except that Participant consent shall not be required where the amendment is required for purposes of compliance with Applicable Law. For greater certainty, the Plan may not be amended without shareholder approval in accordance with the requirements of the Stock Exchange to do any of the following:

- (a) increase in the maximum number of Shares issuable pursuant to the Plan and as set out in Section 4.1;
- (b) increase or remove the limits on Shares issuable or issued to Insiders as set forth in Section 4.3;
- (c) extend the maximum term of any Grant made under the Plan, except pursuant to Section 6.4;
- (d) amend the assignment provisions contained in Section 10.1;
- (e) include other types of equity compensation involving the issuance of Shares under the Plan; and
- (f) amend this Section 9.5 to amend or delete any of (a) through (e) or grant additional powers to the Committee or the Board to amend the Plan or entitlements without shareholder approval.

For greater certainty and without limiting the foregoing, shareholder approval shall not be required for the following amendments and the Board may make the following changes without shareholder approval, subject to any regulatory approvals including, where required, the approval of any Stock Exchange:

- (a) amendments of a "housekeeping" nature;

- (b) a change to the Vesting provisions of any Grants;
- (c) a change to the termination provisions of any Grant that does not entail an extension beyond the original term of the Grant; or
- (d) amendments to the provisions relating to a Change of Control.

9.6 **Administration Costs**

The Company will be responsible for all costs relating to the administration of the Plan.

9.7 **Designation of Beneficiary**

Subject to the requirements of Applicable Law, a Participant may designate a Beneficiary, in writing, to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form as may be prescribed by the Committee from time to time. A Beneficiary designation under this Section 9.7 and any subsequent changes thereto shall be filed with the General Counsel of the Company.

10. **ASSIGNMENT**

10.1 Subject to Section 9.7, the assignment or transfer of the Share Units, or any other benefits under this Plan, shall not be permitted other than by operation of law.

11. **EFFECTIVE DATE**

11.1 The Company is establishing the Plan effective on February 23, 2021.

Exhibit “A”

to

Capstone Mining Corp. Treasury Share Unit Plan

Special Provisions Applicable to Participants Subject to Section 409A of the United States Internal Revenue Code (“Section 409A”)

This Exhibit sets forth special provisions of the Capstone Mining Corp. Treasury Share Unit Plan (the “Plan”) that apply to Participants who are US Taxpayers. This Exhibit shall apply to such Participants notwithstanding any other provisions of the Plan. Terms defined elsewhere in the Plan and used herein shall have the meanings set forth in the Plan, as may be amended from time to time.

Definitions

For purposes of this Exhibit:

“**Separation From Service**” shall mean that employment or service with the Company and any entity that is to be treated as a single employer with the Company for purposes of United States Treasury Regulation Section 1.409A-1(h) terminates such that it is reasonably anticipated that no further services will be performed.

“**Specified Employee**” means a US Taxpayer who meets the definition of “specified employee,” as defined in Section 409A(a)(2)(B)(i) of the Code.

Compliance with Section 409A

In General.

Notwithstanding any provision of the Plan to the contrary, it is intended that any payments under the Plan either be exempt from or comply with Section 409A, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Each payment made in respect of Share Units shall be deemed to be a separate payment for purposes of Section 409A. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Taxpayer in connection with the Plan or any other plan maintained by the Company (including any taxes and penalties under Section 409A), and neither the Company nor any Capstone Entity shall have any obligation to indemnify or otherwise hold such US Taxpayer (or any Beneficiary) harmless from any or all of such taxes or penalties.

Distributions to Specified Employees.

Solely to the extent required by Section 409A, any payment in respect of Share Units which is subject to Section 409A and which has become payable by reason of a Separation from Service to any Participant who is determined to be a Specified Employee shall not be paid before the date which is six months after such Specified Employee’s Separation from Service (or, if earlier, the date of death of such Specified Employee). Following any applicable six month delay of payment, all such delayed payments shall be made to the Specified Employee in a lump sum on the earliest possible payment date.

Amendment of Exhibit.

Subject to Applicable Law, the Board shall retain the power and authority to amend or modify this Exhibit to the extent the Board in its sole discretion deems necessary or advisable to comply with any guidance issued under Section 409A. Such amendments may be made without the approval of any US Taxpayer.

SCHEDULE “B”

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 a 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 “C”

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

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.

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.

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 endeavouring 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's oversight of risk includes assessing the environmental and social impacts and related risks of Environmental, Social and Governance (ESG) issues on the corporate strategy and operating model. 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
- 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

Last Approved by the Board of Directors: October 28, 2020