capstone
MINING CORP

SUSTAINABILITY REPORT 2020

SUSTAINABLE THINKING

Seeing Beyond

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About this report

This report, which covers the period from January 1 to December 31, 2020, has been prepared in accordance with GRI Standards: Core option. It includes our management and performance on topics material to Capstone's two operating mines in the US and Mexico, as well as our project in Chile, where relevant. Exploration activities have a lighter footprint than development or operations; accordingly, exploration data is only included where applicable.

Our previous GRI: Core operation report covered the period from January 1 to December 31, 2017. In late 2020 we published an Interim Sustainability Summary for select material topics, which covered the period from January 1, 2018 to June 30, 2020. We will continue to publish an annual report of Environmental, Social and Governance (ESG) disclosures.

The scope of this report includes the same entities as our annual financial statements. Consistent with our prior sustainability reports, the boundary for all topics for this report has been set to Capstone as an entity, except where disclosures specifically consider supplier impacts (electricity-related GHG emissions and procurement).

This report has not been externally assured. However, site management participated in materiality assessment workshops and our employees played a significant role in data collection and compilation of site-specific information and perspectives for this report. We completed a detailed internal review of the report, including review by operations managers and the Senior Leadership Team. All dollar values are reported in US dollars unless otherwise specified.

Our report is available on our website.

We welcome your feedback. Please contact us:

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INSIDE THIS REPORT

In an extraordinary year we adapted to see beyond our current mission.

2020 was a very demanding year and I am proud of how our team rose to the challenge. Copper mining was declared an essential service to the world economy. With the exception of a brief government-mandated closure that applied to all mining companies in Mexico, we were able to maintain a level of operations throughout the heightened effects of the pandemic. We quickly adjusted to the enhanced health and safety requirements for our workplaces, and we contributed COVID-19 related assistance to our employees and the communities where we operate.

We accomplished a great deal during this extraordinary year. We achieved our corporate targets for health and safety and for environmental performance. Our ongoing efficiency drive has produced stable or decreasing energy use and emissions per tonne of production. Similarly, our total water withdrawals were lower in 2020 than in 2019, despite higher production. These results confirm our belief that sustainability improvements and business success go hand in hand.

Capstone's mission is to operate safely and responsibly, grow production, and enhance our profitability. While that mission has not changed, we are now seeing beyond our current mission, to pursue opportunities that lie ahead. This means several things for us at Capstone:

- **Seeing a future of zero harm.** We never lose sight of our goal of zero harm and believe it is attainable. In 2020 we moved another step closer with the adoption of safety monitoring for fatigue (Pinto Valley) and underground tracking of miners (Cozamin).
- **Seeing opportunities to meet the world's growing demand for copper.** Copper is a crucial material in technological applications, and efficient copper production will contribute to the low-carbon economy of the future. In this report we describe some of the technological innovations that are making our operations more efficient and sustainable. In some cases, we are piloting technology that could improve mining practices beyond our own operations.
- **Seeing deeper into our supply chain.** We already apply our workplace health and safety standards to anyone working at site, including contractors. In 2020,

we launched a Supplier Code of Conduct to ensure we extend social and environmental responsibility into our supply chain and select suppliers that align with our standards.
- **Seeing the value in diversity.** In the years to come, it will be even more critical to recruit skilled employees to replace an aging workforce. When hiring the next generation of miners, we aim to attract more diverse talent, including women and people who are Indigenous, Black, or people of colour. Our neighbouring communities are our best source for future employees, and we need to ensure that every talented person in these communities considers a career in mining. To support this work, our Pinto Valley operation participated in a community effort to showcase the accomplishments of women in mining.

While this report covers 2020, it is important to address a tragic event that occurred in early 2021. At Capstone, our paramount responsibility is safety, and we were deeply saddened when a fatal accident occurred at Cozamin on March 7, 2021.

One of our contractor's employees was pinned by a rockfall while working underground. He was treated quickly by the Site Emergency Response Team and transported to Zacatecas Hospital, where he passed away.

After investigating the cause of the accident, we immediately conducted refresher training on standard operating procedures, and reinforced the critical importance of adhering to our policies.

It was important to Capstone that we assist our contractor in supporting the worker's family and colleagues during this tragic loss. Our Cozamin employees came together and made personal donations which Capstone matched to help further support the family.

I am grateful to all our employees and suppliers who helped us weather this challenging year. I look forward to renewing our focus on our social and environmental initiatives, and to ensuring a safe, healthy workplace for all.

Darren Pylot
President & CEO and Director

We deepened our commitment to our values this year, embedding them into our decision-making.

During a time of global challenge, Capstone looked to our values for inspiration. Working responsibly took on special meaning as we navigated the growing demand for our product and the extraordinary challenge of operating in a pandemic. In some ways this situation melded our operations into a more cohesive team. Our people embraced accountability, demonstrated excellence and delivered results we can all take pride in.

Capstone places integrity and responsibility at the core of our business, so it is natural for us to embrace Environmental, Social and Governance (ESG) factors in our decision-making. Our governance practices have been a strength for Capstone for several years and our performance has been recognized by ISS (Institutional Shareholder Services) in their regular rankings.

In 2020 we deepened our commitment to embedding ESG in our business, beginning with our Board Terms of Reference, which initiated quarterly ESG reporting to the Board. We updated our Diversity Policy and set targets for gender representation on the Board of Directors and the Senior Leadership team. I am pleased that at the time we are publishing this report, we have achieved our target for Board representation a year early. Capstone also developed a Human Rights Policy and Supplier Code of Conduct to formalize our practices and communicate our commitment in these areas.

Our ESG materiality process helps broaden our view of risk. Through the materiality process for sustainability reporting, we added or elevated several topics compared to their ranking in our previous report. For instance, Climate Change was made a distinct topic from

Energy. Biodiversity and Anti-corruption were elevated to our material ESG topics list. We also recognized Diversity and Inclusion, Human Rights, Indigenous Relations and Procurement Practices in our Watchlist.

The Board will continue to oversee ESG as an integral part of its duties and to support Capstone management in embedding ESG throughout the business.

George L. Brack
Chairman of the Board

OUR VALUES		OUR ACTIONS
WORK RESPONSIBLY	Safety is non-negotiable. It ensures the well-being of our people and our business.	• Comply with all safety recommendations and requirements at head office and mine sites • Work with respect – for co-workers, the community and the environment • Remain aware and report potential safety hazards
ALWAYS ACCOUNTABLE	We take ownership for ourselves and our work. We "do the right thing" for the business and our stakeholders.	• Accept responsibility for work commitments • Meet deadlines and quality of work that was committed to • In making decisions, take the time to consider the long-term impact on the environment, our stakeholders and employees • Recognize, admit to and learn from errors
EXECUTE WITH EXCELLENCE	We measure our performance and strive to excel at every level.	• Continually look for ways to improve processes • Utilize the resources and tools available within the business • Pay attention to detail • Keep up-to-date with industry improvements
DELIVER RESULTS	We make decisions and are responsible for outcomes. We work openly and effectively with each other, leveraging the strength of the team.	• Think through decisions clearly and logically • Treat others with respect • When working as a team, trust in co-workers' abilities • Provide clear and timely results

Copper: a crucial element for a low-carbon future

Copper is the most cost-effective conductive material available.[1] This property makes it an indispensable metal for capturing, transporting and storing energy, and vital for the transition to an economy powered by renewable energy. Renewable energy systems around the world – which generate power from solar, hydro, thermal and wind energy – rely on the efficient conductive properties of copper. Copper is also in demand for industrial and consumer low-carbon solutions. For example, electric vehicles require significantly more copper than vehicles with conventional internal combustion engines.[2] Copper is also 100% recyclable. This reduces the need for additional mineral extraction, which subsequently reduces associated emissions.
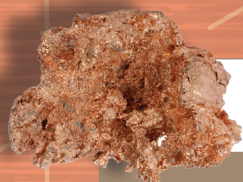
Capstone's 2020 Copper Production (million pounds)

	2020	2019	2018
Pinto Valley			
Copper in concentrate and cathode	119	117.6	119
Cozamin			
Copper in concentrate	37.9	35.8	36.2
Total copper production from continuing operations[1]	**156.9**	**153.4**	**155.2**

1 Continuing operations is used as the Minto mine was sold June 3, 2019.

Capstone's 2020 Financial Summary

	2020	2019	2018
For the year ended December 31			
Copper sold from continuing operations (million pounds)[1]	$147.4	$152.4	$143.5
Realized copper price / lb (USD)	$2.99	$2.71	$2.87
Revenue from continuing operations (USD millions)[1]	$453.8	$418.7	$415.9
As at December 31			
Cash and cash equivalents (USD millions)[1]	$56.6	$39.9	$30.1
Short-term investments (USD millions)	$3.4	$4.6	$35.9
Long-term debt (USD millions)	$183.3	$207.1	$217
Total equity (USD millions)	$889.2	$871.4	$852.4

1 Continuing operations is used as the Minto mine was sold June 3, 2019.

For financial information, please refer to the financial statements on our website.

1   *Goldman Sachs Commodities Research,* Green Metals: Copper is the new oil, April 13, 2021
2   IDTechEx, The Electric Vehicle Market and Copper Demand, June 2017, Copper Alliance

Sustainable Thinking: Seeing Beyond speaks to the global shift in perspective that is increasingly expected of responsible mining companies.

Our business philosophy has long been grounded in a commitment to responsible mining and business ethics. As this approach is increasingly becoming a basic expectation, we have begun to see beyond our current approach to ask how we can add even more value. This is our fifth full sustainability report and as the world looks to an inclusive, low-carbon future, copper will be a crucial element and Capstone will play a critical role in this shift.

Seeing beyond apparent limitations or technical challenges is a core strength for Capstone. This report demonstrates how we are piloting new technologies that have the dual benefit of improving operational efficiency and reducing both energy consumption and waste.

We have an energized and collaborative team that embraces sustainability as a competitive advantage. We are also looking towards our future workforce, one that is more diverse, but with continued ties to our local communities. For our whole workforce we continue to find ways to improve health and safety.

We continue to be focused on growth and value creation, and we are learning how to best apply that thinking to all our stakeholders, communities and investors. Our commitment to sustainability helps us to attract the talent, investors and business partners to help us achieve our goals.

OUR SEEING BEYOND ICON is inspired by copper's amazing properties owed to its cubic crystal structure. This symbol is used to mark stories about some of our most notable shifts and achievements in 2020.

SOME PROUD ACHIEVEMENTS IN 2020	↗ CLICK HERE TO READ MORE
COVID-19 resilience	Our Response to COVID-19
Creating a one-way ramp at Cozamin, improving safety	Health & Safety
Zero significant environmental incidents at our operations	Environmental Compliance
Piloting technology that recovers more copper from waste rock	Economic Impacts
Improvements in tailings management	Mining Waste
Recovering water with advanced mining technology	Water
Multi-generational employees from our local community	Employment

We are seeing new opportunities to meet the world's growing demand for copper.

Key Performance Indicators (KPIs) for our Material Topics

In 2020 Capstone undertook a company-wide materiality process to update our understanding of the most significant topics for this sustainability report. The KPIs below are for our material topics which are topics of greatest importance to our stakeholders or have potentially significant environmental, social and governance (ESG) impacts. *See page 22* for more about our material topics.

MATERIAL TOPIC	KPI	2020	2019	2018	PAGE
Health & Safety	Injury frequency rates[1]	LTIFR = 0.12 TRIFR = 0.35	LTIFR = 0.05 TRIFR = 0.52	LTIFR = 0.22 TRIFR = 1.15	23
Air Quality	Total particulate matter (tonnes)[2]	12,822	13,192	16,222	28
Biodiversity	Total species of concern in areas of operations	173	Not reported[3]	Not reported	31
Energy	Total energy use (gigajoules)	2,827,235	2,735,299	2,830,926	35
	Energy intensity (Gj/tonnes processed)	0.136	0.138	0.140	
Climate Change	Total Scope 1 and 2 GHG emissions (tonnes CO_2e)	286,470	280,044	284,771	38
	GHG emissions intensity (tonnes CO_2e/tonnes processed)	0.014	0.014	0.014	
Environmental Compliance	Number of reportable/ non-reportable incidents	Reportable: 0 Non-reportable: 17	Reportable: 1 Non-reportable: 29	Reportable: 0 Non-reportable: 37	41
Mining Waste	Total tailings (tonnes)	20,262,771	19,583,129	19,979,596	45
Water	Total water withdrawal (m³)	11,777,421	11,942,413	10,883,854	49
	Water intensity (m³/tonne processed)	0.57	0.60	0.54	
Community Impacts	Number of significant community disputes	0	0	0	53
Economic Impacts	Total economic value distributed (USD)	$330,655,000	$339,503,000	$323,055,000	57
	Ore processed (million tonnes)	19.7	18.7	19.2	
	Copper produced (million pounds)	156.9	153.4	155.2	
Employment	Total workforce	1,549	1,663	1,607	60
Anti-Corruption	Number of confirmed incidents of corruption	0	0	0	65

1 Lost Time Injury Frequency Rate, Total Recordable Injury Frequency Rate
2 Pinto Valley only. Cozamin uses a continuous monitoring system that does not produce annual totals.
3 Biodiversity is reported as a material topic for the first time in 2020.

Our Response to the COVID-19 Pandemic

The COVID-19 pandemic is a global health and safety crisis affecting Capstone's operations, our workforce, local communities and the regions where we operate.

Apart from a four-week national shutdown of all non-essential public and private sector activities in Mexico during April 2020, our mines have continued operating throughout the pandemic. (Mining was designated as an essential service in Arizona and Mexico.) We are thankful that we have not experienced any significant outbreaks up to the release of this report.

We implemented COVID-19 protocols to protect the health and safety of our workforce and local communities. We continue to assess the potential health and business impacts across our operations along with evolving guidance from government authorities, the Centers for Disease Control and Prevention, and the World Health Organization.

Our practices to limit COVID-19 exposure and transmission include:
- Across all sites and offices, those who do not need to be onsite to support copper production may work from home.
- Employees who are diagnosed with COVID-19 or required to self-isolate as a precaution receive paid sick leave in line with local employment regulations.
- Employees who have been absent from work with flu-like symptoms undergo medical checks.

- Pre-shift meetings take place outdoors to maximize physical distance.
- Truck cabs and working surfaces are sanitized.
- Personal protective equipment standards have been updated to include face masks, which we provide to all employees.
- We provide information about COVID-19 preventative measures that employees can take home and use to keep themselves and their families safe and healthy outside of work.

At Cozamin, we offered an additional health program for any employees who were more vulnerable due to underlying health conditions. More than 50 employees continued to be paid even while they could not work. They also received support on health issues such as diabetes, as well as help in safely returning to work. We also supported the health and safety of our local communities:
- Pinto Valley donated N95 masks to medical and public sector workers and made a $100,000 contribution to the United Fund of Globe-Miami. An employee contribution was matched by the company for an additional $8,200.
- Cozamin signed a Collaboration Agreement with the Municipal President of Zacatecas. Through this partnership, Cozamin provided food, cleaning and sanitizing products, scholarships, masks, monetary donations and purchased hospital beds for the state government to support response efforts

in the state of Zacatecas. Based on input from our employees, we identified additional needs in community services such as shelters, orphanages and homes for seniors, and supported them with monetary donations or food baskets.
- Santo Domingo donated food boxes to local communities.
- Corporate office employees donated to the local foodbank. Capstone provided a matching donation.

We conducted an anonymous pulse survey at Pinto Valley, Santo Domingo and the corporate office to measure employee perceptions of Capstone's engagement and support through the pandemic. We learned that overall employees were satisfied with our response to the pandemic and level of communication and support.

Our employees reported satisfaction with the company's response to the pandemic and the overall level of communication and support.
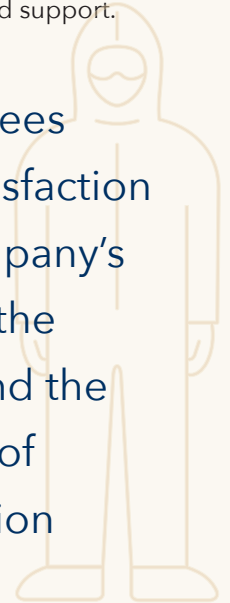
We are seeing deeper into our supply chain to select suppliers that align with our standards.

Our Operations

Capstone Mining Corp. (Capstone) is a base-metals producer with two producing copper mines: Pinto Valley in Arizona and Cozamin in Mexico. We also have a fully permitted development project in Chile, Santo Domingo, as well as a portfolio of exploration properties.

At the end of 2020, Capstone's workforce totaled more than 1,500 employees and contractors. Our head office is in Vancouver, Canada.

The primary markets for our copper concentrate are smelters and refineries in Asia and the US. Our mines also produce base metal by-products of zinc, lead and molybdenum, as well as precious metal by-products of silver and gold. In 2020 we produced 156.9 million pounds of copper and generated revenues of $493.9 million, of which 89% came from sales of copper.

Our suppliers provide a broad range of products and services, which differ slightly at each operation. Supplies and services include fuel and energy, processing and extraction materials (e.g., explosives, reagents), heavy equipment and light vehicles, transportation, and where needed contract mining. We also engage contractors with specialized expertise in design, engineering, exploration and operations as needed. There were no significant changes in our supply chain in 2020.

Capstone is listed on the Toronto Stock Exchange under trading symbol CS. GRM Investments Ltd. is Capstone's largest shareholder with a 22.5% interest at the end of 2020. Our most recent financial statements can be obtained _here_.

MINTO MINE, Yukon, Canada
In June 2019, Capstone completed the sale of its 100% interest in the Yukon-based Minto mine. Our 2018 and 2019 consolidated figures have not been adjusted to reflect this change.

HEAD OFFICE, Vancouver, BC, Canada

PINTO VALLEY MINE, Arizona, US
Wholly owned by Pinto Valley Mining Corp. a US subsidiary.

COZAMIN MINE, Zacatecas, Mexico
Owned and operated by Capstone Gold, S.A. de C.V., a wholly owned Mexican subsidiary.

SANTO DOMINGO DEVELOPMENT PROJECT, Region III, Chile
70% owned by Minera Santo Domingo SCM, a Chilean subsidiary. Exploration in Chile is performed by Capstone Mining Chile SpA, a wholly owned Chilean subsidiary.

EXPLORATION
During 2020, Capstone conducted greenfield exploration activity in Brazil and Mexico.

⌂ Read more about our operations on our _website_.

Key Facts About our Operations

	Pinto Valley	**Cozamin**	**Santo Domingo**
	Pinto Valley is an open pit mine and the only operating mine located in the historic Globe-Miami mining district of Arizona, one of the oldest and most productive mining districts in the US. Pinto Valley is currently the second largest private employer in the district. Pinto Valley has a current life of mine plan that extends through 2039 but is being assessed for possible extension.	Cozamin is a copper-silver underground mine with a surface milling facility, located near the city of Zacatecas in the mineral-rich state of Zacatecas, Mexico. The mine currently has a life of mine plan that extends through 2031. However, exploration excellence continues to extend its mine life.	Santo Domingo is a copper-iron-gold project, located in a mining-friendly region, near the town of Diego de Almagro in Region III, Chile. It is currently Chile's only fully permitted greenfield mining project. Santo Domingo also has potential for producing cobalt, another metal with important technology applications.
Location	Arizona, US	Zacatecas, Mexico	Atacama, Region III, Chile
Type of mine	Open pit	Underground	Open pit
Mill throughput	56,200 tonnes/day	2,700 tonnes/day	60,500 tonnes/day life-of-mine average
Product shipment	Truck transport for all copper domestically and to Port of Guaymas, Mexico for export	Concentrate trucked to port of Manzanillo, Mexico	Copper concentrate trucked to Santo Domingo port; magnetite iron concentrate transported to Santo Domingo port by pipeline
Mine life remaining	22 years	4 years	18.5 years
Workforce	669 (including contractors)	746 (including contractors)	Average demand of 1,550 personnel and a maximum of 4,060 jobs during construction; average of 1,055 direct/indirect jobs (including contractors) during operations
Access	Accessible from a public highway; workforce commutes to site daily	Accessible from a public highway; workforce commutes to site daily	Accessible by public highway
Closest communities	Miami (10 km; pop. 1,800) Globe (18 km, pop. 7,500) Greater Globe-Miami area (pop. 19,000, many outside municipal limits) Claypool (12 km, pop.1,500)	Hacienda Nueva (3 km, pop. 3,400) Zacatecas City (3.6 km, pop. 138,200) Morelos (5 km, pop. 11,500) Veta Grande (5 km, pop. 9,400) Guadalupe (15 km, pop. 160,000)	Mine site: Diego de Almagro (7 km, pop.15,200) Road/pipeline infrastructure: Chañaral (70 km, pop. 13,700) Port: Caldera (42 km, pop. 17,500)
Climate	Semi-arid	Semi-arid	Arid desert

We see a future with a diverse workforce that is committed to zero harm.

Our Values & Ethics

Globally, everyone at Capstone must adhere to the same values, global policies and guiding principles for the conduct of our business and the behaviour of our employees. We operate, however, in a decentralized model whereby individual sites make independent decisions on how to manage their operation on a day-to-day basis, based on their local geopolitical context, people, community and environmental factors. Our values are reinforced through the statements and actions of our Senior Leadership Team, daily actions such as "safety shares" to start meetings, and our Code of Conduct.

Governance

Capstone and our Board of Directors (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. This in turn enhances shareholder value.

Our 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. Capstone's Corporate Governance Guideline guides the Board in exercising its duties.

Our Board of Directors has eight members – seven are independent and the eighth is our Chief Executive Officer (CEO). In 2019 Capstone updated its Diversity Policy and set a target of having one women director, and 20% women in executive officer positions, no later than 2022. We have achieved this target early: a woman director joined our Board in early 2021.

Among its responsibilities, the Board has oversight of both ESG and Enterprise Risk Management (ERM). ESG Oversight has been added to the Board's Terms of Reference. We have increased reporting on ESG matters; reports are now done quarterly.

We strongly believe that good corporate governance practices are essential for an effectively managed company. This in turn enhances shareholder value.

BOARD COMMITTEE	AREAS OF RESPONSIBILITY
Audit Committee	Oversight responsibility for financial risks, including but not limited to the significant financial risks identified by management in Capstone's corporate risk register and ESG initiatives and the significant financial risks disclosed in Capstone's continuous and other public disclosure documents.
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 for the Board of Directors.
Corporate Governance and Nominating Committee	Oversight responsibility for risks related to Board structure, membership and corporate governance compliance.
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.

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

The 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.

Our results confirm our belief that sustainability improvements and business success go hand in hand.

Our approach to sustainability is guided by our values.

Our approach to sustainability has long been guided by our values, especially Work Responsibly and Always Accountable. Recently we have begun to ask ourselves if we can do more – seeing beyond our immediate responsibilities to further improve life for our people and communities, whether through technological innovations, safety improvements or new policies. We also shifted our language from sustainability to environment, social, and governance (ESG) issues to recognize the strong interests of our investors and stakeholders.

Some important steps in 2020 to further embed ESG thinking into our business:

We increased ESG visibility. We made ESG risk a distinct aspect of our risk management processes. To provide more visibility to our Board, we now report on ESG separately and with more depth and detail on ESG risks.

We enhanced financial and decision-making tools to increase the priority of ESG. In 2020 our Approval for Expenditure (AFE) form required project proponents to identify energy savings. Early in 2021, the AFE and Purchase Orders were updated to evaluate projects and expenditures on multiple ESG benefits.

We improved our communication and disclosures. Following a pause in reporting (since 2017) due to the collapse in copper prices, we released an Interim Sustainability Summary in 2020, which covered 2018 to mid-2020. Where warranted, we are including the ESG benefits of operational innovations in investor presentations. This sustainability report is one more outcome of our resolve to better communicate our ESG performance.

We initiated a process to develop a corporate purpose. In the coming year we will launch our purpose statement and develop an ESG strategy to show how we can deliver on it. We expect that our strategy will formalize some of the ways we are already contributing to the ambitions of the United Nations Sustainable Development Goals.

We formed a cross-organization and cross-functional ESG Committee. This team is a catalyst for ESG opportunity identification and ESG risk awareness at our operations and the corporate level.

Awards & Recognition

YEAR	AWARD OR RECOGNITION
2020	Cozamin received the: • Ethics and Values Award in the "Multinational Companies" category from CONCAMIN • "COVID-19 Hygiene Standards - Safety" badge recognition from the Secretary of Health, through the Mexican Institute of Social Health (IMSS) • Clean Industry Certification by Mexico's Federal Attorney for Environmental Protection (Procuraduría Federal de Protección al Ambiente or PROFEPA) • Distinctive ESR® Socially Responsible Company recognition from the Mexican Centre for Philanthropy (CEMEFI); Cozamin has received this annually between 2012 and 2020
2019	Pinto Valley was recognized with a Certificate of Appreciation by SAIMT (Southwest Area Incident Management Team) for our organized and skilled assistance to local authorities during the Arizona Woodbury Wildfire.

Managing our Impact

We have an effective suite of tools for managing environmental, social and economic impacts. These include our Enterprise Risk Management (ERM) system, Integrated <u>Environmental, Health, Safety and Sustainability Policy</u> (EHS&S Policy), Code of Conduct and operational practices. Other key policies, described in specific chapters of this report, include our Diversity Policy, Human Rights Policy, Fraud Reporting and Investigation (Whistleblower) Policy and Supplier Code of Conduct. These policies together with our risk management processes ensure that we take a precautionary approach to potential environmental or social impacts.

Tools For Managing our Impact

Risk Management

We apply risk-based decision-making to all activities, including ESG risks. We assess risk for all new suppliers and renewals of supplier contracts. Risk assessment is also a part of our expectations for our employees, as set out in our Code of Conduct. 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. Top risks at each site are regularly discussed during management meetings.

Environment, Health, Safety and Sustainability Policy

Our EHS&S Policy has been in place since 2014 and is reviewed annually. It commits us to "safeguard the health and safety of people, minimize the impact of our activities on the ecosystem, and respect the conditions of the natural environment and communities in which we operate, while safeguarding the assets of the company."

Code of Conduct

Our Code of Conduct defines our expectations for business ethics, financial practice, health and safety, and environment. All new employees review and sign the Code of Conduct. It is reviewed and signed off annually by directors, executives and employees and is available in English and Spanish. It includes a formal complaint process which includes an option to report directly and anonymously to the Chair of the Audit Committee of the Board of Directors.

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.

Operational Practices

We manage our most direct impacts on local environments, communities and economies at the operations level. Our sites use a combination of management systems and procedures, engineering controls, and employee education and training to manage impacts. We closely monitor stakeholder feedback and expectations, regulatory requirements and innovations in technology to continually improve our performance.

Industry and Community Collaboration

Capstone maintains memberships in industry associations that elevate industry standards, share best practice, and keep us up to date on regulatory requirements. In 2020 Capstone was a member of the European Copper Institute. Our sites also participate in trade associations and civic service organizations. See our _website_ for details.

Our Human Rights Policy commits us to adhere to the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

Stakeholder Engagement

Regular engagement with our stakeholders is part of our daily activities and involves many different roles. We engage with our stakeholders, and keep them informed of our activities, through numerous channels. Refer to *Community Impacts* for information on site-level practices.

In 2020 the COVID-19 pandemic required us to emphasize online forms of engagement. We used a variety of social media and, where appropriate, mailed some materials to employees' homes. This sustainability report also serves as a tool for stakeholder engagement, by reflecting back on stakeholder concerns and providing accountability for our decisions and actions.

STAKEHOLDER GROUP	WHO THEY ARE	HOW WE ENGAGE	MAIN TOPICS IN 2020
Local Communities	Communities that may be economically, socially or environmentally impacted by our operations and projects	In-person meetings, site tours, participation in community events, job fairs, community response mechanism, social media	Local training, employment and procurement opportunities · Environmental management and mitigation measures · Community investment · Operation viability in low-market conditions · Land use
Employees and Contractors	Hourly, salary, union and non-union employees and full-time contractors regularly on site performing core business functions	Individual and group meetings, town halls, surveys, intranet, materials mailed to homes, emails, social media	Health & safety · COVID-19 response plan · Training and career development opportunities · Working conditions · Leadership · Compensation · Health benefits
Governments	Local, regional and national government bodies responsible for implementing related legislation or with mandated interest in our operations and projects	In-person meetings, site visits, regulatory inspections, participation in government consultation on relevant local issues	Environmental permits and compliance · Health & safety practices and compliance · Local economic development
Indigenous Groups	Self-determined and/or as identified by national or international legislation and standards	In-person meetings, site tours, information presentations at community meetings, participation in community events, job fairs, information exchange in technical groups	Local employment and procurement opportunities · Environmental management and mitigation measures · Water quality · Closure · Socio-economic impacts
Industry and Professional Associations	Associations that regulate members or lobby on their behalf	Boards of Directors meetings, committee meetings, conference calls, review policy and position statements, comments on proposed regulations	Climate change · COVID-19 workplace and workforce adaptations · Regulatory revisions and reforms
Non-Government Organizations	Local level groups focused on community, health or environmental interests	Verbal and written correspondence, meetings	Advocacy for community, health or environmental interests
Shareholders and Potential Investors	Individuals or entities with interest in Capstone's financial and operational performance	Conference calls, one-on-one and group meetings with the Board and management, annual general meeting, news releases, disclosure documents, presentations, site tours	Financial and operational performance · Corporate strategy · Future prospects · Areas of investment risk
Unions	Pinto Valley only	In-person meetings, written and verbal correspondence	COVID-19 response plan · Collective agreement
Suppliers/Business Partners	Entities that provide input to Capstone's value chain either upstream or downstream of our operations	In-person meetings, written and verbal correspondence	Business opportunities · Procurement practices
Local/Public Institutions	Local entities that provide a community service (e.g., emergency service providers, hospitals, colleges, universities)	In-person meetings, written and verbal correspondence, training programs and exercises	Training opportunities · Emergency preparedness

Materiality Process

Throughout the fall of 2020, we undertook a Capstone-wide materiality process to update our understanding of the most significant topics to include in our 2020 Sustainability Report. We began with a desktop analysis by sustainability advisors to provide sustainability context.

The analysis included:
- Capstone's previous materiality assessment, which was informed by stakeholder engagement
- Relevant reporting standards, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Taskforce on Climate-related Financial Disclosures (TCFD)
- Peer reporting practice, investor and analyst requests
- Environmental, social and governance (ESG) trends

The desktop analysis identified possible shifts since our prior materiality process. We distributed the desktop results to our own site level and subject matter experts for review, then brought our experts together for an online workshop. During the workshop, participants reviewed topics both from the perspective of their impact on sustainability and from the perspective of the stakeholders they know best. The workshop resulted in two lists of topics:

▶ **Material Topics** are of greatest interest to our stakeholders or have potentially significant ESG impacts.

We identified these new Material Topics in 2020:
- Anti-Corruption
- Biodiversity
- Climate Change as a distinct topic (previously included with Energy)

▶ **Watchlist Topics** do not merit the same level of disclosure as material topics, but warrant continued attention as they may become material.

We identified these new Watchlist Topics in 2020:
- Diversity and Equal Opportunity,
- Human Rights Management
- Indigenous Relations
- Procurement Practices

Our Senior Leadership Team approved the materiality results in 2020. Compared to the materiality analysis published in our 2017 Sustainability Report, we have expanded both lists. We moved Closure to the Watchlist because we no longer own Minto, the property with the most imminent closure plans.

2020 Material Topics

Material Topics are of greatest interest to our stakeholders or have potentially significant ESG impacts.

Health & Safety		23
Air Quality		28
Biodiversity		31
Energy		35
Climate Change		38
Environmental Compliance		41
Mining Waste		45
Water		49
Community Impacts		53
Economic Impacts		57
Employment		60
Anti-Corruption		65

OUR SEEING BEYOND ICON is inspired by copper's amazing properties owed to its cubic crystal structure. This symbol is used to mark stories about some of our most notable shifts and achievements in 2020.

We are *seeing* beyond and asking ourselves if there is more we can do.

COVID-19 Response

The COVID-19 pandemic is a global health and safety crisis affecting Capstone's operations, our workforce, local communities and the regions where we operate. We have implemented COVID-19 protocols to protect the health and safety of our workforce and local communities, and to ensure we can continue operating safely. Read more in *Our Response to the COVID-19 Pandemic*.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Capstone Values, Code of Conduct, Supplier Code of Conduct, EHS&S Policy
Governance and oversight	THES&S Committee
Regulations or standards	Safety regulations and standards in the jurisdictions where we operate, voluntary adoption of the Mexican government's Program on Self-Management of Health & Safety in the Workplace (PASST)
Evaluation	Performance against annual corporate and site objectives; tracking of incidents, corrective actions, and both lagging and leading indicators; workforce feedback from joint-management worker committees, surveys, supervisor input

Health & Safety

❯ This topic covers the health and safety of our employees, contractors and communities. It includes occupational safety, health and wellness, and security. Performance data includes employees and contractors working at our operations, as well as development and exploration projects.

Why this matters

Health and safety risks are inherent to mining operations. Ensuring the health and safety of our workforce is a central component of our business approach. Poor safety performance can be costly: it can result in lost productivity at our operations and potential fines for non-compliance with safety regulations. Most importantly, safety incidents can potentially cause long-term negative impacts on our workforce, their families and the communities where they live. Cozamin is located in Zacatecas, Mexico, a region that is experiencing an increase in criminal activity and violence, which can negatively affect our workforce.

How we manage it

We continually reinforce our safety culture. Capstone's goal is to achieve zero harm. This starts with our corporate value to Work Responsibly, and a commitment to health and

safety from the highest level of our organization. All employees and leaders participate in Capstone's Values in Action and Leadership in Action training programs on safety culture. This training provides skills and encourages a higher commitment to safety and one's co-workers.

Our sites have dedicated health and safety teams. Health and safety professionals at our operations have specialized training in hazard identification and risk management. These teams lead incident investigations, conduct field audits, coordinate safety training, and manage emergency response programs. They engage directly with our workforce, ensuring employees feel heard and valued on safety matters.

We use health and safety management systems to continually improve our practices. Pinto Valley, Cozamin and Santo Domingo continue

to implement voluntary health and safety management systems (SMS) based on a new company-wide standard (our 9 Pillar SMS) that includes all employees and contractors. Our systems are subject to internal and external audits. (Santo Domingo is only audited internally at this time. Their SMS will be developed further as site activities ramp up.) 97% of our workforce members are now covered by an internally audited SMS, and 91% are covered under an externally audited SMS.

In 2020 the 9 Pillar SMS was designed for Pinto Valley and later adopted as Capstone's company-wide standard. Sites are adapting their systems to the new requirements.

We empower our workforce. We train our employees and contractors to identify hazards, evaluate the risks associated with their tasks (prior to commencing work), and take responsibility for their own safety. This includes the completion of written hazard assessments, which are reviewed by supervisors. Employees and contractors are involved in required corrective actions. Any employee or contractor has the right to refuse work in an environment they consider unsafe. We also identify high-consequence risks that are most likely to result in serious injury or death. These include falls from height, confined spaces, rock falls, vehicle crashes and electrocution.

We believe every incident provides an opportunity to improve. We encourage employees to report all safety incidents, even minor ones. We review each incident by gathering evidence, calculating risk, investigating root causes, and implementing appropriate controls. As part of our follow-up process, we incorporate lessons learned into our SMS.

We encourage our employees to actively participate. Capstone believes that employees will more readily take part in our SMS if they have a role in creating it. There are several ways employees can participate:
- Offer their views directly to their supervisor or the health and safety team
- Complete employee surveys on safety culture
- Help test new safety equipment to ensure suitability and buy-in before it is purchased

Pinto Valley and Cozamin have joint management worker safety committees responsible for conducting field audits, soliciting safety concerns and improvement ideas from the workforce, and reviewing high-potential incidents. They are empowered to implement strategies to address employee concerns.

We prioritize safety training and communication. New employees receive site induction training that covers basic site safety requirements. We train them to safely perform their tasks and identify, correct and report hazards. At Pinto Valley, employees have a peer mentor, who shares feedback and experiences. At Cozamin, all employees are trained and certified for their positions. Regular communication on safety includes daily shift meetings, supervisor interactions, safety campaigns and information tools such as bulletin boards and television monitors.

We promote workforce health and well-being. Pinto Valley and Cozamin hire health care professionals as wellness resources for our workforce. Employees undergo mandatory annual health checks for regulatory-required safety topics (e.g., respirator fit tests). During these visits, employees can also raise any personal health issues. Our health teams

may help them access company health benefits or public health programs so that employees can advocate for their own health. Our health care teams are trained to handle sensitive information, and we schedule individual health visits to ensure confidentiality for our workforce. We also promote programs that address major non-work-related health risks, including weight loss, smoking cessation, high blood pressure and mental health. Our operations work with local public health agencies to offer services such as on-site flu vaccine clinics.

Security is a priority. We maintain full-time security staff. There are gated entrances at our operations to ensure secure access, and only authorized personnel are granted entry to Capstone sites. Other security systems include cameras, patrols and use of GPS locators and security badges. Cozamin's security program is set up to respond to criminal activity and violence in the region, which can directly impact our operation and supply chain. Cozamin's security program includes periodic training and exposure assessments by a third-party consultant. Training topics include personal security, defensive driving, commute planning and assistance in dealing with extortion. The security team receives additional training as required.

Managing health and safety extends to our supply chain. We thoroughly vet suppliers to ensure they have appropriate health and safety standards in place. Once on site, we provide training to orient them to our operations, coach their workforce on how to provide services in a safe manner, and ensure they have an internal contact to answer questions. Capstone's Supplier Code of Conduct formalizes the health and safety requirements for our supply chain.

Health & Safety Indicators
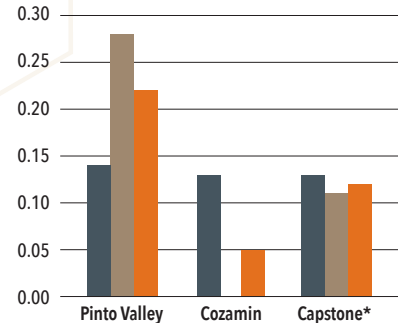
LAGGING INDICATOR	2020 TARGET	2020 TARGET
LTIFR	< 0.25	0.12
TRIFR	< 1.00	0.35

Total Recordable Injury Frequency Rate

Lost Time Injury Frequency Rate

Legend: ■ 2018 ■ 2019 ■ 2020
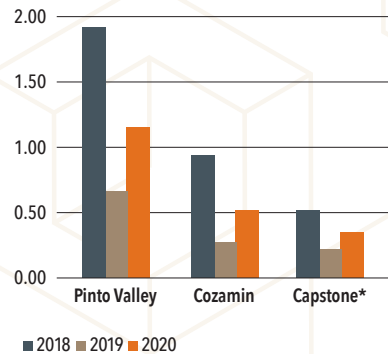
* Results are based on the consolidated performance of operating mines, advanced development activities at Santo Domingo and greenfield exploration.

OUR 9 PILLAR SAFETY MANAGEMENT SYSTEM

Pillars of a successful management system follow the Plan, Do, Check, Act cycle. Each pillar correlates with part of the cycle.

Personal Commitment & Leadership

Risk Management
Incident Analysis
Emergency Preparedness

Contractor Controls
Training & Competence
Operational Controls & Procedures

Performance Measurement & Assessment
Health & Wellness

Results

One of our most impactful projects in 2020, from a safety perspective, was the installation of a one-way ramp at Cozamin (See *Improving Safety at Cozamin with a One-Way Ramp and Ventilation Shaft*).

Another safety improvement was the introduction of a SmartFlow tracking system for miners working underground. The SmartFlow system works through a sensor/transmitter located in the mine lamp worn on the hardhat. It periodically sends a signal back to a control center to track the miner's location. In an emergency, a miner can activate an alarm button on the lamp. As part of the system, miners also wear sensors that monitor carbon monoxide levels and temperature.

We also conducted a company-wide safety culture improvement process. This included a global Safety Culture Survey for all employees and contractors, which helped us better understand beliefs and attitudes towards safety leadership, structures, process and actions. The results show areas where Capstone can modify our safety culture to be more inclusive, encourage greater commitment and improve safety interactions and recognitions.

Capstone's health and safety performance has continued to improve over the last three years. In 2020 we exceeded our consolidated lagging indicator objectives of less than 0.25 for Lost Time Injury Frequency Rate (LTIFR) and less than 1.0 for Total Recordable Injury Frequency Rate (TRIFR). Pinto Valley has seen a 73% decrease in TRIFR from 2018 to 2020, which is attributed to safety culture improvements. Company wide our performance compares favourably to the industry benchmarks.

Looking forward

In 2021 we plan to address outcomes and action items from the Safety Culture Survey.

Our 2021 scorecard objectives are:

- Achieve consolidated LTIFR of 0.21
- Achieve consolidated TRIFR of 0.85
- Develop Pinto Valley's 9 Pillar SMS to 65% completion, based on internal audit results
- Adopt the 9 Pillar SMS at Cozamin and conduct an internal audit

Improving Safety at Cozamin with a One-way Ramp and Ventilation Shaft

In 2021 we completed major projects that will improve production at Cozamin, and vastly improve underground safety. First, we installed a Calicanto one-way ramp, which will vastly improve the safety of our underground mine. In previous years, production at Cozamin was capped due to high levels of two-way haul traffic that used the same ramp to enter and exit the mine. By utilizing a one-way ramp, we alleviate traffic congestion, greatly reduce vehicle-to-vehicle hazards, and increase production levels. In addition, an 818m ventilation shaft was completed, bringing fresh air flow to the deepest areas of the mine, and improving overall temperatures. Excessively high temperature is a contributing factor to worker fatigue and has been noted as a factor in some safety instances. With these two projects, we have reduced hazards and enhanced ventilation. They are just some of the ways we are continually working to significantly improve safe working conditions of the mine.

**Consolidated Safety Performance
2018-2020 – Frequency (/200k Hours)**

Legend: Rolling 12-month TRIFR — Rolling 12-month LTIFR — Industry TRIFR — Industry LTIFR
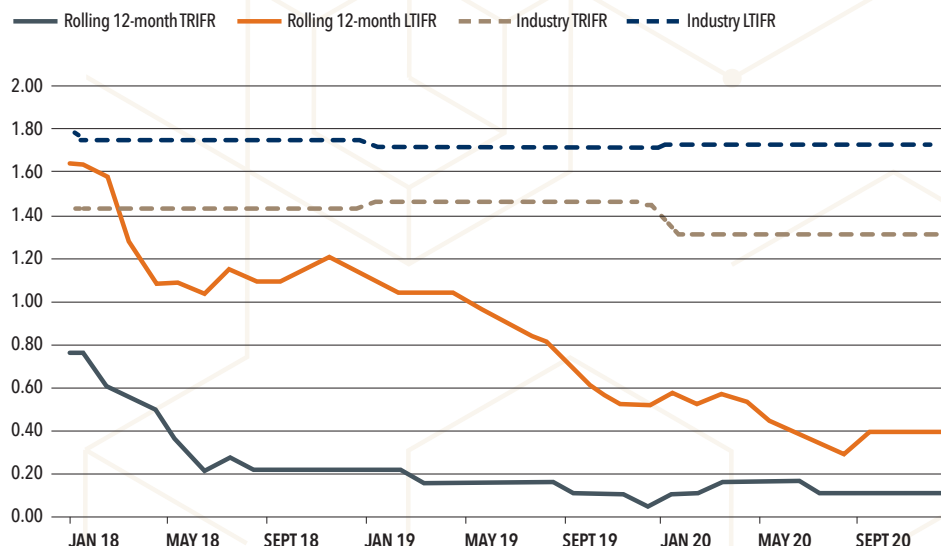
Industry benchmarks are the injury frequency rates for the metal and non-metal industry categories tracked by the US Mine Safety and Health Administration (MSHA): National Mining Association (NMA) "Mine Safety & Health at a Glance 1931-2019" (TRIFR), MSHA "Mine Injury & Worktime Quarterly Statistics – Metal/Nonmetal" (LTIFR), MSHA "Mine Injury & Worktime, Quarterly January-December 2020" (Preliminary) (TRIFR).

Work-related Injuries

	CAPSTONE 2020			2019	2018
	Employees	Contractors	Total Workforce	Total Workforce	Total Workforce
Medical Aid[1]	3	1	4	9	17
Lost-Time Incident[2]	2	0	2	1	3
High-consequence Work-related Injuries	2	0	2	Not reported	Not reported
High-consequence Work-related Injury Rate[3]	0.17	0	0.12	Not reported	Not reported
Fatalities[4]	0	0	0	0	1
LTIFR[5]	0.17	0	0.12	0.05	0.22
TRIFR[6]	0.44	0	0.35	0.52	1.15
Lost-Day Rate[7]	44	0	29	1.82	29.48
Number of Hours Worked	2,292,195	1,177,493	3,469,688	3,826,628	3,636,761

1 An incident where a worker needed medical assistance off site. These incidents are reported to authorities. This includes Restricted Duty incidents at Pinto Valley where employees are temporarily re-assigned or cannot perform all normal job duties.
2 An incident that resulted in a worker missing time on the job. These incidents are reported to authorities.
3 High-consequence Injury is one from which a worker cannot, does not or is not expected to recover fully to pre-injury health status within six months. Rate is calculated by High-consequence Injuries x 200,000/number of hours worked.
4 Fatalities are reported to authorities.
5 Lost Time Injury Frequency Rate is calculated by the number of Lost Time Injuries x 200,000/number of hours worked.
6 Total Recordable Injury Frequency Rate is calculated by adding Medical Aid, Fatalities and Lost Time Injuries x 200,000/numbers of hours worked.
7 Severity of incident based on days lost from regular duty, calculated by number of lost days x 200,000/number of hours worked.

Additional data is available on our website.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	EHS&S Policy
Governance and oversight	THES&S Committee
Regulations or standards	Site-level air quality regulations and permits
Evaluation	Visual monitoring, instrumentation, internal audits, regulatory inspections

Air Quality

> This topic includes dust and non-greenhouse gas air emissions generated at our operations.

Why this matters

Capstone's most significant local air emission is dust, also known as particulate matter (PM). Mining operations include the movement and storage of large amounts of rock and soil (i.e., stripping, blasting, mining transportation of rock on unpaved roads) and mill processes (e.g., crushing) that have potential to generate large amounts of dust. Crushers, conveyor belts, roads, tailings, material handling and stockpiles are the main dust sources. Dust is a concern for communities near mine sites. Dust can accumulate on vegetation which can be a public health concern. We also have to consider the way dust can affect the health and safety of employees working in and around active mine areas.

In the jurisdictions where we operate, there are regulations and standards to control dust and other emissions. Our operations also have site-specific permit requirements that must be met. In addition, Pinto Valley is located in a Non-Attainment area for particulate matter (PM10) in Arizona. In that region, regulatory limits are more stringent because background air quality levels do not meet national ambient air quality standards.

How we manage it

We have a multi-layered approach to air quality. Our approach is in line with the environmental protection requirements in Capstone's EHS&S Policy. We manage air quality by using appropriate equipment and operational practices to minimize dust. We also monitor emissions to ensure we meet the mandatory threshold limits in our permits. To maintain equipment to a high standard, we ensure we dedicate sufficient resources, and provide appropriate training to our employees. Pinto Valley also holds monthly meetings to identify air quality improvement projects.

We use equipment solutions to reduce dust. Equipment solutions include wet scrubbers on conveyor belts and enclosures or covers on dust-prone areas such as conveyors, stockpiles and concentrate storage.

We use dust suppressants for tailings and roads. Water and environmentally benign chemical products can be used to suppress dust. Both Pinto Valley and Cozamin apply dust suppressants to tailings areas, and all sites use dust suppressants for roads. Cozamin uses a chemical dust suppressant known as

Open-pit Dust Control Improvement

During dry seasons, Pinto Valley's air quality is naturally affected by dust. We work hard to ensure that we do not make the situation worse. In January 2020, in an effort to reduce PM dust emissions and conserve an increasingly scarce water supply, Pinto Valley began a test trial of an environmentally benign dust suppressant. We conducted this trial on a section of mine haul road that had the highest level of dust emissions. After initial tests on a 1.7 km section of this road, we confirmed the product was viable. Tests indicated the product greatly improved dust control versus daily application of water. In 2020 we adopted permanent use of this product. This has not only resulted in improved air quality, but we've seen ~50% reduction in mine water use.

Envirotac II, as well as hydrated lime. Both of these have been effective in mitigating dust impacts at the mine site. Santo Domingo uses water trucks for dust control on unpaved roads, per the conditions of project authorizations.

Air quality monitoring is a critical aspect of our approach. Our environment teams monitor weather and operational conditions (e.g., high winds, low humidity, drawdown of stockpiles) that can lead to dust emissions. Employees are trained on dust minimization work procedures, and on reporting of visual observations of dust. (Visual observations are our most effective monitoring tools, as they provide immediate signs of a dust issue.) We record observations and use them to activate contingency measures.

Pinto Valley monitors air emissions as required by permits and local air quality standards. We conduct annual stack testing, as well as internal audits, to ensure dust control equipment is functioning as expected. Cozamin uses instrumentation to continuously monitor PM at six locations near the crusher, ventilation raises and tailings dam, to ensure levels are within permit requirements. An external laboratory conducts quarterly sampling to verify results. Cozamin also monitors air quality in the immediate operations area. We monitor silica and other particulates to ensure they do not exceed standards for occupational or public health.

We report air quality results to regulators. Our sites report air quality monitoring results to regulators, as required by permits. External environmental and health regulators also perform regular inspections. Pinto Valley submits an annual emissions inventory report to the Arizona Department of Environmental Quality. In addition to particulates, we are required to report nitrogen oxides (NOx) and sulphur oxides (SOx) from

Pinto Valley Air Emissions[1] (Tonnes)

	2020	2019	2018	% CHANGE 2019-2020
Particulate Matter (<2.5 microns)	440	469	560	-6%
Particulate Matter (<10 microns)	3,692	3,821	4,679	-3%
Total Particulate Matter[2]	12,822	13,192	16,222	-3%
Nitrogen Oxides (NOx)	35	56	76	-36%
Sulphur Oxides (SOx)	11	16	21	-30%

1   Pinto Valley calculates annual particulate emissions based on US Environmental Protection Agency AP-42 emissions factors and site-specific data as a permit requirement. Cozamin does not calculate the total quantity of dust emissions generated as this is not a permit requirement.

2   Total Particulate Matter: total airborne particles <100 microns suspended in air.

stationary sources, but not blasting or vehicles. At Cozamin, SOx and NOx are not monitored at the source.

At Cozamin, results of PM monitoring are made public in the government's Emission and Transfer of Contaminants Register. Air quality management is part of the criteria for maintaining Cozamin's Clean Industry Certification. Cozamin is not required to report any other emission, except for greenhouse gas emissions (See *Climate Change*).

Results

Pinto Valley implemented two new dust control projects in 2019 and 2020. In 2020 Pinto Valley sourced a new dust suppressant for pit roads, which meets safety criteria for non-slip surfaces. This resulted in a decrease of approximately 50% in the water needed to suppress dust on the pit road. In 2019 Pinto Valley upgraded one of the scrubbers in the mill to a more advanced cartridge filter technology. This increased filter efficiency over the previous unit and eliminated associated water demand.

In 2020 Pinto Valley dust emissions from PM decreased as a result of reduced haul truck mileage. Mining is no longer occurring in the pit bottom, which has decreased the travel distance between the current mining location and the

crusher. The decrease in NOx and SOx emissions was related to reduced production of molybdenum. With lower production of this metal, we required less fuel for the boiler we use to dry the product.

Continuous dust monitoring results at Cozamin in 2020 were consistently below the allowable threshold limit in the health and safety standard.[1]

Looking forward

Pinto Valley plans to continue replacing mill scrubbers with cartridge filter units, once they receive confirmation that the first installation has performed to specifications.

Cozamin is working towards converting the existing wet tailings facility into a dry stack facility. Methods for minimizing dust emissions from this facility will be a consideration in the detailed engineering design process that will take place over the next year. See *Enhancing Tailings Management at Cozamin* in *Mining Waste*.

Santo Domingo will seek authorization for the use of a chemical dust suppressant.

1   Mexican Official Standard NOM-035-STPS-2018

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	EHS&S Policy, Cozamin Social Responsibility Policy
Governance and oversight	THES&S Committee
Regulations or standards	Regulations and permits related to flora, fauna and endangered species in the jurisdictions where we operate
Evaluation	Biological monitoring

Biodiversity

> This topic covers measures we have in place to protect ecosystems at our operations, including preservation of plant and animal species, as well as our post-mining remediation efforts.

Why this matters

The construction and operation of mine sites typically result in changes to the landscape, which affect local plant and animal species. Responsible mining practices are critical for minimizing disruption to the land and ensuring preservation of ecosystems.

Pinto Valley is located in the Sonoran Desert, in the southwestern part of the US, where the ecosystem is fragile due to extreme weather conditions and human development of the land. Bordered by the Tonto National Forest, it is situated in the Pinto Creek watershed.

Cozamin is located on shrubland on the outskirts of the city of Zacatecas, where biodiversity protection is mandated through the Change of Use of Soils in Forested Lands (CUSTF). Santo Domingo is located in the Atacama Desert in Chile, an extremely arid environment that is home to complex and fragile ecosystems.

How we manage it

We manage biodiversity at the site level. Our EHS&S Policy guides us to "minimize the impact of [our] activities on the ecosystem, and respect the conditions of the natural environment." Since these conditions are local in nature, our EHS&S Policy is implemented through site-specific policies, plans and procedures.

We operate within regulatory frameworks that protect biodiversity. Each of our sites comply with national and state-level regulations designed to protect species and habitats. For Pinto Valley, the Endangered Species Act is administered by the US Fish and Wildlife Service, and lists species as endangered, threatened, candidate or exterminated. The first two categories roughly correspond to the critically endangered, endangered or vulnerable categories in the IUCN Red List framework (*see page 34*).

> ## RESCUE AND RELOCATION

"Rescue" is the term for saving a species from outright destruction, or destruction of their habitat, and removing them from the immediate area. **"Relocation"** refers to transferring that species to another, previously identified habitat that is similar/compatible with the species' original habitat. These new habitats are located outside the mine area of present and future operations. Relocated animals are released into their new habitat, and vegetation is replanted.

Cozamin is subject to the Mexican Official Standard, NOM-059-SEMARNAT-2010. This standard classifies species as in danger of extinction, threatened, or subject to special protection, which is roughly equivalent to the IUCN Red List categories of critically endangered, endangered or vulnerable.

Santo Domingo follows the IUCN classification system as required by Chile's Regulation for the Classification of Wild Species.

We develop regulatory and voluntary plans for all stages of operations. All activities subject to permits, including mine operating plans and expansion plans, must include biodiversity assessments. In some cases, we engage independent biologists with specialized knowledge of the area. A biodiversity assessment begins with an inventory of the species in our area, with a focus on endangered or threatened species. We also assess how our activities could affect these species and develop measures to minimize potential impacts. For example, in our recent Environmental Impact Statement for Pinto Valley, mitigation measures included additional surveying of endangered or threatened species.

Pinto Valley's planning tools include a Noxious Weed Control Plan, Wildlife Management Plan, and Biological Resources Monitoring and Mitigation Plan.

Cozamin follows a Social Responsibility Policy and Strategic Environmental Plan, as mandated by CUSTF. This work includes procedures for managing flora and fauna, as well as reforestation and rescue of native species. We also manage our impacts through the preparation of feasibility studies, environmental surveillance plans and environmental assessments.

Santo Domingo complies with regional-level regulations to protect species and habitats of interest. We follow all Environmental Qualification Resolution (RCA) protocols when rescuing, relocating and maintaining any species affected by mine operations.

We monitor biological resources during operations. We check the effectiveness of our programs by monitoring wildlife, vegetation and water quality. If we observe potential impacts to endangered or threatened flora or fauna, we minimize or mitigate those impacts. In 2020 no mitigation measures were required, beyond continued monitoring.

In 2020 at Pinto Valley, we focused our efforts on updating our monitoring and management plans, as well as disturbed area reclamation plans to better align with National Forest System guidance.

In 2020 Cozamin continued work on a biodiversity assessment that will be concluded in 2021.

Santo Domingo has contracted with a third-party provider that specializes in rescue and relocation of both flora and fauna. They use an internal digital platform that conducts monitoring and provides alerts. Follow-up actions are then taken to protect the species being monitored.

We consider biodiversity in our reclamation and closure plans. Reclamation activities for Pinto Valley's mine closure (currently projected for 2039) will include landform regrading and contouring. It will also consist of revegetation with native plant species to return the topography to a natural appearance, offset impacts to plant and animal communities, and provide upland habitat for native wildlife. Cozamin's Social Responsibility Policy and Strategic Environmental Plan also requires work to maintain the operation's reclamation and closure plans. (See *Closure Planning*.)

A Passion for Desert Wildlife

Chris Rife, a Senior Project Manager with Westland Resources, Inc., knows the Arizona desert and Pinto Valley Mine well. Over a long career, Chris has spent many hours conducting biological surveys for Pinto Valley Mine and other mining firms in the region. For Pinto Valley, Chris is focusing on two threatened or endangered species – the Yellow-billed Cuckoo and the Arizona Hedgehog Cactus. Chris continually monitors the area for these two species. "We haven't detected either of these species on Pinto Valley property or their proposed expansion area," explains Chris. "However, it's important that we continue to monitor the area to determine if either species become established, because they have important roles in the desert ecosystem."

IUCN Red List Species with Habitats in Areas Affected by Operations

NUMBER OF SPECIES[1]	PINTO VALLEY	COZAMIN[2]	SANTO DOMINGO	TOTAL 2020
Critically Endangered	0	0	0	0
Endangered	0	0	1	1
Vulnerable	1	0	0	1
Near Threatened	2	0	3	5
Least Concern	54	108	4	166
Total	**57**	**108**	**8**	**173**

1   Includes number of IUCN Red List species only. National species lists are classified with different definitions, as described above.
2   Based on preliminary study as part of Cozamin's biodiversity assessment.

Results

Pinto Valley has one species in the IUCN Red List Vulnerable classification – a bird known as the Chestnut-collared Longspur. Our surveys have not recorded any individuals on our property.

The USFWS[1] list for the area includes two endangered species – the Ocelot and Arizona Hedgehog Cactus. Threatened species include the Yellow-billed Cuckoo and Northern Mexican Gartersnake. The Northern Mexican Gartersnake has not been seen in the vicinity of Pinto Valley.

In early 2021, two reaches of the Pinto Creek watershed near our mine were designated critical habitat for Western Yellow-billed Cuckoo. Capstone's triennial surveys for this threatened bird species will add to a national database accessed to establish mitigation strategies. In addition, repeat surveys for the Arizona Hedgehog Cactus will be conducted in areas of new disturbance on National Forest System land.

Ocelots have historically been reported in the area but there are no recent records of sightings. The last reported sighting in the vicinity of the mine was a lone Ocelot struck by an automobile in 2010; none have been observed since. Cozamin's assessment, based on the national standard, is still underway. According to NOM-059, there are three threatened bird species, three bird species subject to special protection, and a cactus subject to special protection.

Santo Domingo records only one endangered species from the IUCN Red list: an endemic lizard known as the Dragon of Torres. This species is identified in the Fauna Rescue and Relocation Plan. We are also monitoring a nationally protected cactus-like plant known as Copiapoa de Philippi. It will be rescued and relocated as necessary, as per the RCA permit.

Looking forward

- In 2021 Pinto Valley will survey for the Arizona Hedgehog Cactus in areas of future soil disturbance on National Forest System land. If identified, the plants will be relocated.
- Pinto Valley will commence triennial Yellow Billed Cuckoo surveys in 2022.
- Cozamin will complete a biological diversity survey in 2021.
- Santo Domingo will follow our Fauna Rescue and Relocation Plan as well as the RCA.

1   Obtained from Information for Planning and Consultation (IPaC) database for area within Pinto Valley property boundary.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	EHS&S Policy
Governance and oversight	THES&S Committee
Regulations or standards	Energy regulations and permits in the jurisdictions where we operate
Evaluation	Energy use monitoring, outcomes of energy management system reviews and energy saving initiatives

Energy

❯ Energy refers to the fuel or electricity we use for production, transportation or other uses. We track energy use for our two operating mines and our development project.

Why this matters

Mines, including Capstone's, have large fuel and electricity requirements that account for a significant portion of operating costs. Access to reliable energy sources at stable prices is important for the long-term viability of our operations. These factors create a strong incentive for us to be efficient with our energy use.

All of our operations use grid power, and we have a responsibility to manage energy as a shared resource. Electrical grid power is derived from different sources in each jurisdiction where we operate. In Arizona, grid electricity is generated from a combination of nuclear, coal, natural gas and renewables such as hydro, biomass, solar and wind. Our electricity provider is forecasting a greater proportion of renewables in the future energy mix.

The Mexico Energy Reform is transitioning the federally owned electricity sector, which is currently based primarily on thermal power generation, to a grid that has more participation from the private sector and an increasing mix of renewable energy sources.

Grid power in the Santo Domingo area is derived largely from diesel and natural gas, with solar and wind energy also available to a lesser degree. In anticipation of the operating stage, Santo Domingo has a power purchase agreement with Colbún S.A., which operates a coal facility and natural gas fueled plants, as well as renewables, including solar, wind, hydro and biomass. In 2019 Colbún electricity generation was based on 56% thermal generation.

Energy use has impacts up and down our value chain, which are also linked to our material topic of climate change. There has been an increase in regulatory attention on the sources of energy for our mines. For instance, Cozamin is required to obtain at least 20% of our energy from renewable sources; this is met by purchasing 24% of our energy from the Federal Electricity Commission (CFE).

All of our operations use grid power, and we have a responsibility to manage energy as a shared resource.

How we manage it

We emphasize energy efficiency for our operations. We use grid power for electricity. Since we cannot control the source of grid generation, we focus on what we can manage – our consumption. The mill grinding circuit uses the largest amount of electricity at our operations. With respect to fuel, the majority we use is diesel. This is typically consumed by haul trucks transporting ore and waste rock from the mine to the mill or storage dumps. Energy efficiency is a key criterion for upgrading equipment and securing project funding.

We tailor our energy management to each operation. Since each of our operations have a distinct energy mix and regulatory climate, our management of energy is tailored to site conditions.

All operations include financial controls over diesel inventory and electricity billing, and standard energy management systems aligned to TSM (Towards Sustainable Mining) guidance.[1] Notable aspects of the energy management systems include:
- Energy performance models to monitor energy use and adjust use in peak demand
- Voluntary targets
- Designated Energy Leaders and teams to focus on improvement
- Task-specific training for employees in significant energy use areas
- Internal performance audits

Cozamin complies with a strong regulatory push for energy conservation, including limits set by the CFE, which can trigger fines for overconsumption.

Results

Energy use increased 3.4% over 2019, while tonnes of ore processed rose by 4.8%. Energy intensity shows a slight declining trend from 2018 to 2020. The 7% increase in fuel consumption is related to diesel usage. Pinto Valley's diesel use increase of 11% was offset by a decrease of 40% at Cozamin, which has much lower fuel requirements. The increase at Pinto Valley is attributed to an increase of approximately 5% in ore processed as well as an increase in blasting activity. Cozamin's use dropped by 40% due to a COVID-related shutdown of the operation as well as a shift away from purchasing diesel by the operation. Haulage contractors purchase their own diesel. Santo Domingo's proportionately smaller energy use reflects the stage of this project's development.

Cozamin did not incur any penalties for overconsumption.

2020 energy-saving initiatives at Pinto Valley and Cozamin included equipment replacement, automation, operational controls and LED lighting retrofits.
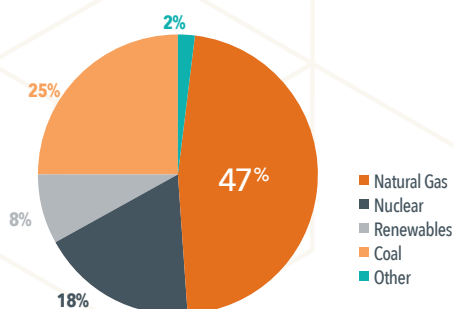
Looking forward

Our operations will continue to look for refurbishments that bring energy efficiency gains, such as replacements of aging infrastructure, and opportunities to employ new technologies.
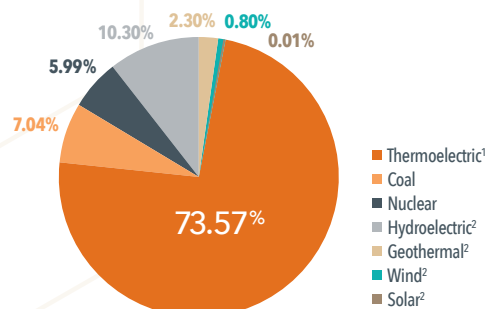
1   Mining Association of Canada, TSM Energy and Greenhouse Gas Emissions Management Protocol (2015)

Sources of Grid Electricity for Operations

Pinto Valley, Arizona 2020 Electricity Mix Forecast

- 47% Natural Gas
- 18% Nuclear
- 8% Renewables
- 25% Coal
- 2% Other

Cozamin, Mexico 2020 Electricity Mix

- 73.57% Thermoelectric[1]
- 7.04% Coal
- 5.99% Nuclear
- 10.30% Hydroelectric[2]
- 2.30% Geothermal[2]
- 0.80% Wind[2]
- 0.01% Solar[2]

1 Includes natural gas and diesel 2 Renewable source

Energy Consumption Within Capstone and Energy Intensity

ENERGY CONSUMPTION[1] (GIGAJOULES)	PINTO VALLEY	COZAMIN	SANTO DOMINGO	TOTAL 2020[3]	TOTAL 2019	TOTAL 2018	% CHANGE 2019-2020
Fuel[2]	1,307,660	64,127	8,432	1,380,219	1,287,390	1,417,356	7%
Electricity	1,248,757	198,104	154	1,447,015	1,447,909	1,413,570	0%
Total Energy Consumption	**2,556,418**	**262,231**	**8,586**	**2,827,234**	**2,735,299[4]**	**2,830,926[4]**	**3%**
Energy Intensity (gigajoules/tonne processed)	0.130	0.243	n/a	0.136	0.138	0.140	**-1%**

1 Includes energy required to support all extraction processing and associated activities on site. Does not include fuel requirements for transport of employees, supplies or concentrate.
2 Fuel includes diesel, gasoline, propane and liquefied petroleum gas.
3 In 2020 Santo Domingo results were measured and included in totals for the first time, in conjunction with the start of site development activities. Santo Domingo was not included in 2018 or 2019.
4 Cozamin results for 2018 and 2019 electricity have been restated from 2020 Interim Sustainability Summary.

Total Energy Consumption (000s Gigajoules)
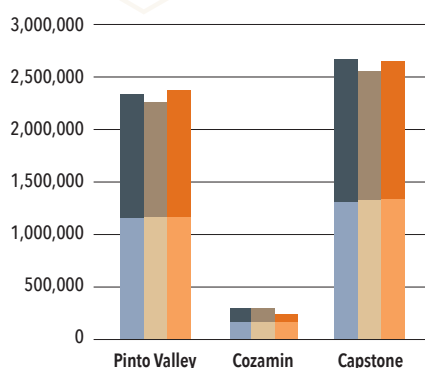
2018 ELECTRICITY FUEL 2019 ELECTRICITY FUEL 2020 ELECTRICITY FUEL

Energy Intensity (Gigajoules/Tonnes Processed)

2018 2019 2020

Foundation of our Management Approach

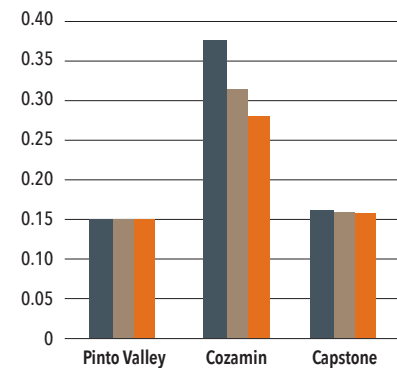| APPROACH	DESCRIPTION
Key policies	EHS&S Policy
Governance and oversight	THES&S Committee
Regulations or standards	Arizona Department of Environmental Quality, Mexican General Law on Climate Change
Evaluation	Emissions inventories

Climate Change

> This topic covers the greenhouse gas emissions (GHGs) associated with energy use at our operations. We also address how we are assessing Capstone's vulnerability to the impacts of climate change, and how we are responding to those risks.

Why this matters

Climate change is an international and societal concern. Our sites are in countries that are signatories to the Paris Agreement, a legally binding international treaty on climate change. Due to the energy-intensive nature of our industry, we view climate change and associated GHGs as material topics for Capstone. We use GHG-producing fossil fuels in our vehicles, and indirectly to generate electricity.

All of our sites face vulnerabilities to climate change, due to potentially higher temperatures and changing precipitation patterns. As governments introduce measures to combat climate change, we may face additional regulations or costs. *See page 40* to find out about some of the climate change risks we recognize in our 2020 Annual Information Form.

How we manage it

We work within the climate change frameworks of the countries where we operate. The regulatory framework for GHG emissions varies by jurisdiction, and our site-level management approaches vary accordingly.

At Pinto Valley, we are in the development stage. Pinto Valley submits an annual emissions inventory report to the Arizona Department of Environmental Quality. Cozamin operates within the Mexican General Law on Climate Change, which mandates that we prepare an annual inventory of GHGs and have it independently verified. We completed our first inventory in 2018. Our Santo Domingo project will be subject to Chilean regulations, which are currently under development.

We take a risk-based approach to climate change. We respond to two main categories of climate risk: physical risks arising from actual climate changes such as extreme weather, and transitional risks that relate to the business impacts of governmental policy, such as carbon pricing.[1]

We manage physical risks to our assets or people – such as effects of extreme weather, wildfire or drought – through our Enterprise Risk Management framework. We are also developing climate adaptations that will allow Capstone to thrive across a spectrum of climate-related risk outcomes. For example, our Santo Domingo project must be designed to address the threat of flooding in the region, as was experienced in 2015.

We focus our efforts on improving energy efficiency. Since our greatest exposure to transition risks relates to our energy use, we concentrate on energy efficiency improvements, and researching alternative fuel and energy sources.

Most of our energy consumption relates to electricity from local grids, which use both renewable and non-renewable generation. As we do not have control over the emissions produced by generation, we focus on reducing energy consumption relative to production. One way we manage this is by purchasing more energy efficient options when we renew equipment.

We recognize the impact of climate change on water resources. We operate in water-scarce regions where water availability may also be affected by climate change. We are prioritizing investments in technology and improved operational practices that can reduce our reliance on shared water sources. See *Deploying Water Saving Technology at Pinto Valley* in the *Water* chapter.

We are improving our climate change disclosures. We are refining our techniques for measuring GHG emissions and data collection to align with the GHG Protocol Corporate Accounting and Reporting Standard.[2] We are also in the early stages of aligning to the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD). Our investors and other stakeholders have shown interest in understanding how Capstone is managing the risks associated with the changing climate. Responsibility for TCFD disclosures rests with our Board's Technical, Health, Environmental, Safety and Sustainability Committee (THES&S Committee).

Results

In 2020 we replaced older diesel engines with new lower-emitting ones. We also use a diesel engine fluid that transforms harmful nitrous oxide emissions into water and gas, which helps reduce our greenhouse gas emissions.

Emissions are tied to our energy use and show a similar pattern to our energy consumption over the past three years. Intensity trends are similarly stable. Pinto Valley has the highest total GHG emissions of Capstone's operations, due to its scale. From 2019 to 2020, Pinto Valley saw a slight increase in GHG emissions associated with fuel consumption. This is a direct result of increased production and associated fuel use.

GHG emissions associated with purchased electricity at Pinto Valley have decreased, due to less coal-fired generation and more nuclear and natural gas generation in the mix of purchased electricity in Arizona.

Cozamin is required to emit less than 100,000 tonnes of GHG gases on an annual basis as per the Mexican Regulation to the Law on Climate Change. Cozamin consistently stays within that emission requirement.

GHG Intensity (CO$_2$e T/ Tonnes Processed)
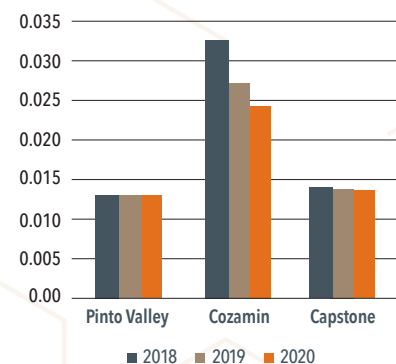
Looking forward

Capstone will continue to develop our programs for climate mitigation and adaptation. We will:

- Develop a Climate Change Policy in 2021
- Develop a system for measuring GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard by the end of 2021
- Produce an updated and verified GHG inventory in 2022
- Continue developing our ability to report climate-related financial disclosures

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1   For more information on physical and transition risks, refer to *Recommendations of the Task Force on Climate-related Financial Disclosures*.
2   GHG Protocol Corporate Accounting and Reporting Standard, World Resources Institute and World Business Council for Sustainable Development.

Some Climate Change Risks we are Facing

All operations	• Extreme weather events that disrupt operations and supply chains • Availability of insurance • Increased regulations and/or pricing related to carbon emissions • Costs of mitigating measures
Pinto Valley	• Extreme periods of drought, affecting water supplies and increasing wildfire risk • Heat stress affecting our workforce • Significant rainfall events that lead to flooding
Cozamin	• Heavy precipitation in rainy season • Drought conditions
Santo Domingo	• Extreme weather conditions, including flooding

We are developing climate adaptations that will allow Capstone to thrive across a spectrum of climate-related risk outcomes.

GHG Intensity

SITE	2020	2019	2018
Pinto Valley	0.01	0.01	0.01
Cozamin	0.027	0.029	0.033
Consolidated	0.014	0.014	0.014

Scope 1 and 2 Emissions and Emissions Intensity[1]

ENERGY-RELATED GHG EMISSIONS (TONNES CO_2E)[2,3]	PINTO VALLEY	COZAMIN	SANTO DOMINGO	TOTAL 2020	TOTAL 2019	TOTAL 2018	% CHANGE 2019-2020
Direct GHG Emissions[4]	91,407	4,459	587	**96,453**	89,942	99,033	7%
Indirect GHG Emissions[5] (location-based[6])	165,016	24,983	18	**190,017**	190,102	185,738	0%
Total GHG Emissions	**256,423**	**29,442**	**604**	**286,470**	**280,044**	**284,771**	2%
GHG Emissions Intensity (CO_2eT/tonnes processed)	0.013	0.027	n/a	0.014	0.014	0.014	0%

1   This table shows different values for 2018 and 2019 Indirect and Total Emissions than Interim Sustainability Summary, to correct a calculation error. Difference was an overstatement of 477 CO_2e tonnes for 2018 and an understatement of 376 CO_2e tonnes for 2019 in the Interim Summary.

2   Includes emissions associated with energy required to support all extraction processing and associated activities on site.

3   Emissions are calculated in carbon equivalent tonnes (CO_2eT) and include CO_2, CH_4 (methane) and N_2O (nitrous oxide). Source for global warming potential factors is the Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report, Emission Factor Database.

4   Direct (Scope 1) GHG emissions are related to fuel consumption for activities controlled by our operations. Sources for fuel emissions factors are Energy and GHG Emissions Management Reference Guide 2014, Mining Association of Canada and 40 CFR Part 98 and AP-42, US Environmental Protection Agency (EPA).

5   Indirect (Scope 2) GHG emissions are related to electricity purchased from other organizations. Sources for electricity emissions factors are: eGRID Summary Tables 2018, US EPA; Mexican Secretariat of Environment and Natural Resources (SEMARNAT); Chilean Ministerio de Energía 2018 SEN factor, Sustentabilidad – Energía Abierta, Comisión Nacional de Energía.

6   For market-based emissions factors, Arizona and Mexico, available data did not meet GHG Protocol Scope 2 quality criteria.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	EHS&S Policy
Governance and oversight	THES&S Committee
Regulations or standards	Regulations and permits in the jurisdictions where we operate related to mine operations, water, air, waste and biodiversity
Evaluation	Compliance with applicable regulations and permits, performance on corporate environmental targets, clean industry certification (Cozamin)

Environmental Compliance

This topic covers Capstone's compliance with environmental permits and regulations, as well as improvements in our environmental performance.

Why this matters

In all phases of the project life cycle, mining activities affect land, air and water. All jurisdictions in which we operate have environmental laws and regulations that govern our operations. Our environmental permits set the performance standards we must meet to ensure we are operating in a manner that protects the environment. Capstone's stakeholders, especially local communities, expect us to maintain environmental compliance.

Environmental legislation is evolving with stricter standards and enforcement, higher fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies and their directors, officers and employees. Incidents of environmental non-compliance can be costly and affect our ability to continue operating or obtain future permits.

Environmental Impact Statement

Mining is a highly regulated activity. In most jurisdictions, new mines or expansions are subject to a formal environmental assessment that includes stakeholder consultation. In 2020 the US Forest Service completed an Environmental Impact Statement (EIS) for our proposed expansion of Pinto Valley Mine. Potential impacts identified in the EIS will be mitigated and monitored through requirements that become part of the Mine Plan of Operation approved by regulators. These correspond to areas Pinto Valley is actively managing as part of current operations.

How we manage it

Our mine plans are comprehensive.
Common elements of our mine planning include:
- Waste
- Atmospheric emissions
- Noise
- Water use
- Spills
- Energy use
- Contaminated areas requiring remediation

We have dedicated environmental personnel at each operation.
Our teams:
- Engage with regulators
- Integrate environmental considerations into mine plans
- Conduct monitoring, sampling, inspection and reporting programs required by our permits
- Respond to environmental incidents that occur on site
- Train our workforce on environmental awareness and task-specific training

We set annual environmental objectives. These are recorded and tracked on corporate and site-level scorecards. This drives continuous improvement in our environmental performance and links to our organization-wide compensation program.
Our key metric is reducing the number of environmental incidents, the bulk of which are small spills of fuel or lubricants. To achieve this, we empower and motivate individuals to take an active role in our environmental performance through their daily activities and observations. Environmental incidents are reported internally as soon as they happen. We implement corrective actions such as changes to standard operating procedures or equipment repairs.

Corrective action also includes training, such as root cause analysis, which contributes to improved awareness and fewer incidents.

There are also regulatory requirements for our sites to report spills or releases of certain types and quantities of materials to government authorities. We categorize these spills as "reportable."

We participate in a voluntary audit program. Under the Mexican National Environmental Auditing Program (PNAA), Cozamin voluntarily undergoes an independent audit every two years to earn a Clean Industry Certification. The audit covers federal and local environmental laws and regulations as well as the Mexican Official Standards (NOMs) on the environment.

Results

In 2020 there were no environmental fines or non-monetary sanctions issued to Capstone. We achieved our 2020 objective of 0 reportable incidents. In fact, we have not had any reportable incidents at our operations from 2018 to 2020. Our operations had 17 non-reportable incidents. After several non-reportable spills, Pinto Valley implemented a scorecard goal of reducing the quantity of spills by 50% in 2020 and achieved that goal. Cozamin completed a successful Clean Industry Certification audit in 2020.

Looking forward

Capstone's company-wide 2021 objective for reportable spills is 0.

Number of Environmental Incidents
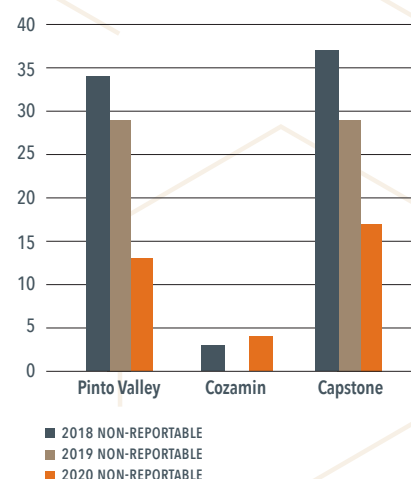

Table shows non-reportable incidents only as there were no incidents that met the threshold for reporting in these years.

In 2020 there were no environmental fines or non-monetary sanctions issued to Capstone and we achieved our objective of 0 reportable incidents.

Pinto Valley Phase 3 EIS Summary

RESOURCE AFFECTED	POTENTIAL IMPACTS	EXAMPLES OF MITIGATION	MATERIAL TOPIC
Air Quality	Impact of higher-emitting vehicle engines on air quality.	Considerations include replacing haul trucks, shovels and dozers with lower-emitting engines at the end of vehicle life span.	Air Quality
Biological Resources	Impact on vegetation wildlife, and special status species from surface disturbance and water use.	Implement a Biological Resources Monitoring and Mitigation Plan.	Biodiversity
Cultural Resources and Tribal Resources of Concern	Potential adverse effects on historic properties related to surface disturbance.	Implement an Historic Properties Treatment Plan and invite participation from tribal monitors.	Indigenous Relations
Fire Management, Public Health and Safety	Potential for fire ignition from mine activities on adjacent forest land. Potential impact on public safety from project facilities and the use, storage and transport of hazardous and non-hazardous materials.	Implement a Fire Plan. Implement a Health and Safety Plan.	Health & Safety
Geology, Minerals and Geotechnical Stability,	Potential impacts from instability of the open pit.	Implement an Open Pit Wall Stability and Mitigation Plan.	Mining Waste
Livestock Grazing	Proposed activities could result in removal of existing fencing or create need for additional fencing.	Promptly repair or replace any livestock grazing fencing damaged by project activities.	Community Impacts
Soils	Potential impacts of surface disturbance on soils, including the long-term productivity of soils and vegetation on forest land.	Salvage and stockpile growth media removed during excavation to be used in reclamation.	Closure Planning
Traffic and Transportation	Continued use of and potential impacts on forestry road resulting from authorized mine access. Realignment of the road could affect agency needs, public safety and emergency response access.	Follow road use permit conditions for use and maintenance. Work with stakeholders to ensure appropriate signage, gates and fencing, and other mechanisms to ensure access for fire response, recreation and other public uses.	Community Impacts
Water Resources	Drawdown and potential contamination of water resources from mine-relatedfacilities could affect groundwater and surface water quantity and quality, other downstream users and water rights.	Implement Comprehensive Water Resource Monitoring and Mitigation Plan. Host annual workshops on Pinto Valley watershed with other vested rights and interests.	Water

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	EHS&S Policy, Tailings Management Policy
Governance and oversight	THES&S Committee, Tailings Working Group
Regulations or standards	Site-level environmental regulations and permits, TSM-based Tailings Management System
Evaluation	Engineer of Record reviews, internal audits of Tailings Management System, biannual independent tailings reviews

Mining Waste

◆ This topic covers the management of tailings, waste rock and hazardous materials generated at our operations.

Why this matters

Mines typically generate large quantities of tailings (the byproduct of processing ore) and waste rock (the rock removed to get to the valuable ore). Responsible management of waste is critical for minimizing the environmental and social impacts of a mining operation. Inadequate performance of a tailings or waste rock storage facility can result in environmental and property damage, and present a risk to the safety of mine employees and the public. Potential environmental damage can include impacts to local flora and fauna, surface water and groundwater. Excessive dust emissions from tailings storage facilities can affect air quality.

In addition to potential environmental and social risks, the monetary and reputational risks of inadequate tailings or waste rock management can impact the long-term viability of an operation. Following recent high-profile tailings dam failures in Canada and Brazil, stakeholders and society at large are paying close attention to how mines manage tailings, from design and construction to responsible operation and closure. The mining industry has responded by strengthening best practice standards and tailings management commitments, including the Global Industry Standard on Tailings Management.[1]

1 Global Industry Standard on Tailings Management, Global Tailings Review, August 2020. The Global Tailings Review includes the International Council on Mining and Metals, the United Nations Environment Programme, and the Principles for Responsible Investment, and was convened to establish an international standard for tailings management.

How we manage it

We actively manage tailings and waste rock in all stages of mining. Pinto Valley manages five tailings storage facilities: two active, two inactive and one closed. They store waste rock in dumps on surface. Cozamin manages one active and one inactive tailings facility. The majority of waste rock produced is used in the underground to backfill mine openings, while a small amount of waste rock is temporarily stored at surface. The Santo Domingo project includes one proposed tailings storage facility and a number of waste rock dumps.

We have high-level oversight of tailings and waste. Responsible tailings stewardship is a commitment in Capstone's EHS&S Policy, as outlined in our Tailings Management Policy. At the corporate level, Capstone's SVP and Chief Operating Officer is accountable for tailings management, and reports to the THES&S Committee at least quarterly. Our corporate Director of Technical Services oversees tailings management across the operations and leads Capstone's Tailings Working Group. This working group aims to ensure that tailings risks are adequately mitigated and managed. It includes representatives from all of our sites, as well as tailings experts from engineering consulting firms. Our Mine General Managers have site-level responsibility for tailings, with the support of a dedicated Responsible Tailings Facility Engineer.

Planning for waste starts with the end in mind. Capstone's mining engineers develop mine plans that specify the volume of tailings and waste rock that will be produced by the mine. They work with expert consultants to determine how these materials will be safely and responsibly transported and stored.

These waste management plans are evaluated by regulatory agencies that issue permits for tailings and waste rock storage, including requirements for their design, operation, monitoring and closure. We continually review and update these plans throughout the life of the mine.

We follow industry best practices. Each operation has a Tailings Management System (TMS) that is developed using guidance from the Mining Association of Canada[1] and the Global Tailings Review. This ensures that tailings storage facilities are designed, constructed, operated and closed appropriately. Key TMS components include:
- Close collaboration with a qualified Engineer of Record (EOR)
- Risk assessment and risk management processes
- Emergency preparedness and response planning
- An Operations, Maintenance and Surveillance Manual
- Operator training programs
- Regular monitoring and inspection of tailings facilities

Each site has dedicated personnel and procedures to carry out regular geotechnical and environmental data collection, inspection and analysis to ensure the facilities are performing as intended in their permitted design.

We review performance and practice continuous improvement. We monitor our plans and facilities to ensure the storage facilities are performing adequately, meeting the expectations of regulators and other stakeholders, and meeting the requirements of the mine. We improve our tailings management practices through regular EOR reviews, annual internal audits of each site's TMS,

and bi-annual Independent Tailings Reviews by independent experts. To ensure an adequate and timely response, we track all review and audit findings and recommendations until completion.

We manage sludges, hazardous waste and other materials. Some processes, and reagents or consumables required for mining processes, may generate waste that requires specialized disposal. Pinto Valley responsibly disposes of hazardous waste through a licenced and reputable waste disposal company. Other potentially hazardous materials are recycled wherever possible to recover valuable metals, including sending SX/EW sludge to a lead smelter for recycling. Cozamin is not a significant source of hazardous waste and does not produce sludge.

Pinto Valley and Cozamin together recycle over one million pounds of non-hazardous waste annually, significantly reducing the amount of material sent to landfills. The majority of this material is steel from equipment that has worn out and been replaced.

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1   Mining Association of Canada, Towards Sustainable Mining Tailings Management Protocol (2019)

Enhancing Tailings Management to Decrease Water Consumption

Capstone has been safely and responsibly operating Cozamin's tailings storage facility (TSF) since 2006. In 2020 Capstone made the decision to convert this TSF from a conventional wet storage facility to a dry stack facility. With this change, tailings in the facility will retain significantly less water than they have in the past. This will greatly decrease water consumption, and reduce risks to mine personnel, local communities and the environment. This type of approach to risk minimization associated with tailings storage is one of the Principles of the Global Industry Standard on Tailings Management.

Capstone will also use approximately half of Cozamin's tailings to produce a cemented paste that will be pumped underground to be used as mine backfill material. This will decrease the required footprint of surface tailings storage and improve the long-term stability of underground mine workings. Engineering consultants, who have expertise in dry stack tailings design and paste backfill systems, have completed feasibility-level design of these systems. Both the dry stack TSF and paste backfill system are expected to come into operation in 2022.

Our corporate Director of Technical Services oversees tailings management across the operations and leads Capstone's Tailings Working Group to ensure that tailings risks are adequately mitigated and managed.

Results

Results refer to quantities of mining waste in the Pinto Valley and Cozamin facilities only, as Santo Domingo is not yet producing any mining waste. In 2020 there were no significant changes to the amounts of tailings and waste rock generated relative to throughput at Pinto Valley and Cozamin.

Cozamin made progress on designs for a new dry stack tailings storage facility and underground paste backfill system. Conversion of the current slurry tailings deposition system to these new methods aligns with industry best practices.

Looking forward

In 2021 we will continue to improve waste management with action on the following projects:

- Capstone will continue development of a corporate Tailings Management Framework to establish a standardized process and single point of reference for tailings management systems.
- Pinto Valley will install an automated data acquisition system (ADAS) that remotely transmits pore pressure data from piezometers to our tailings engineers. This will provide more regular and rapid measurement of this critical control for tailings facility performance.
- Pinto Valley will continue to run field trials of the Jetti catalytic technology at the mine, while also running laboratory tests to better understand the long-term potential of this technology to recover copper from waste rock. See *Generating Economic Value* from *Waste in Economic Impacts*.
- Cozamin will commence construction of the tailings filtration and paste plant needed for conversion to a dry stack tailings storage facility and underground paste backfill system.

Mining Waste Production (material in tonnes)

MINING WASTE[1]	PINTO VALLEY	COZAMIN	TOTAL 2020	TOTAL 2019	TOTAL 2018	% CHANGE 2019-2020
Waste Rock[2]	27,291,994	0	27,291,994	30,101,599	27,687,247	-10%
Tailings	19,260,866	1,001,905	20,262,771	19,583,129	19,979,596	3%
Sludge[3]	4	0	4	4	3	0%

1 Overburden mined at Pinto Valley is minimal and is included in waste rock figures. Cozamin is an underground operation and does not mine overburden.
2 Waste rock produced at Cozamin is used as backfill material for ground support, and little or no waste rock will be permanently stored at surface. For this reason, this material is not considered waste by Capstone's definition, and is not included in these figures.
3 Sludge is generated by the Pinto Valley SX/EW plant and annually shipped off site to a lead smelter for recycling, as it is considered hazardous.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	EHS&S Policy, Human Rights Policy
Governance and oversight	THES&S Committee
Regulations or standards	Water use regulations and permits in the jurisdictions where we operate
Evaluation	Outcomes of water balance modeling and monitoring programs, feedback from local communities

Water

> Water refers to the ways in which we source and use water in our operations. This topic also covers the effects of mining water use on other users and communities.

Why this matters

Globally, fresh water is an increasingly scarce resource that is further threatened by climate change. Water is critical to the mining process: we require a reliable source to maintain our operations. Water is also essential to society and our local communities, and we must responsibly share our water use with those around us. Water use is highly regulated in jurisdictions where we operate.

Pinto Valley and Cozamin are in water-stressed regions with the potential for water shortages. There are cumulative impacts on local water resources resulting from different users competing for water in these areas.

How we manage it

We recognize the shared value of water. Capstone's Human Rights Policy recognizes that water is a fundamental human right and we must use it responsibly. Accordingly, we treat water as a scarce resource and only use what we need. Our strategy is to practice good water stewardship – using water efficiently, reusing water whenever possible, and avoiding impacts to water.

We understand where our water comes from. Pinto Valley's main water sources are reclaimed water from a closed open-pit mine owned by a third party and groundwater wells around our mine site. The groundwater wells we rely on are part of the regional water system,

We operate in water-scarce regions where water availability may be affected by climate change. As water is critical to the mining process, we are prioritizing investments in technology and improved operational practices that can reduce our reliance on shared water sources.

and we monitor our withdrawals. We also use captured rainwater when available.

Cozamin's main water sources are processed water reclaimed from tailings and water that is removed from the underground mine. We obtain additional water from rainwater stored on site and wastewater from a municipal water treatment plant.

Santo Domingo will use desalinated seawater for processing as per our EIS and Environmental Qualification Resolution (RCA).

We reuse water from processing. As we operate in areas of water scarcity, both of our mines essentially operate as closed-loop systems. We avoid withdrawal of new water by maximizing use of reclaimed process water. Cozamin occasionally uses reprocessed municipal wastewater.

We calculate our water balance to find opportunities for water savings. In 2020 Pinto Valley built a water balance model. We then trained operators and developed maintenance programs to reduce our water "waste." We also adopted a new dust control reagent that significantly reduces water needed on haul roads. (See *Pinto Valley Open-Pit Dust Control Improvemen*t in *Air Qualit*y.)

Cozamin also maintains a water balance model. In 2020 the mine developed a strategy to thicken the tailings slurry so that more process water can be reclaimed and reused in the mill. Cozamin's plan to convert the tailings facility to dry stack tailings will also significantly increase water recovery from tailings. (See *Enhancing Tailings Management at Cozamin* in *Mining Waste*.)

We avoid impacts to water. At all of our sites, clean rainwater is segregated from potentially contaminated stormwater and safely directed offsite. While we rarely discharge water from sites, we maintain permits for emergency water discharge.

We monitor water use and impacts. Mining activities, including storage of waste rock and tailings, can impact local surface and groundwater resources if not appropriately managed. We view compliance with water-related permit requirements as a necessary first step in mitigating negative impacts. To accomplish this, we monitor surface water quality, conduct daily team surveillance by our teams, and report results to regulators. Santo Domingo plans to have zero discharges into the environment. Our modeling shows that tailings water stored in the tailings dam will not significantly impact the underlying groundwater.

We maintain a community-wide view of water use. We further identify water-related impacts by building relationships with local communities to better understand how our operations are impacting water stress levels. This happens via formal processes (e.g., public meetings related to permitting processes) and informally by taking part in community working groups or engaging with community leaders.

Total Water Withdrawal by Source (m³)

Legend: GROUNDWATER · THIRD PARTY WATER · SURFACE WATER
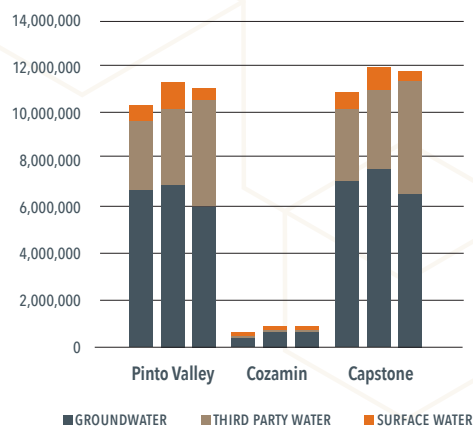
Results

Our 2020 water modeling efforts are producing results. At Pinto Valley, water modeling helped clarify our projected water deficit, which resulted in new water project plans for 2021. It also helped us explore new evaporation mitigation strategies. At Cozamin, water modeling helped focus the planning for the tailings filtration plant. It has also assisted us in managing the deposition of tailings.

In 2020 total groundwater withdrawal declined slightly despite an increase in production. Declines in withdrawals of groundwater and surface water were offset by an increase in third-party withdrawals at Pinto Valley.

Overall water intensity improved 5% from 2019-2020, with improvements at Pinto Valley offset to some degree by reduced efficiency at Cozamin. Cozamin experiences less water stress than Pinto Valley.

Looking forward

In 2021 Pinto Valley will replace the centerwells in the tailings thickeners, allowing us to capture and reuse a much higher percentage of process water in the mill. This project has the potential to help reduce withdrawals from outside sources, as well as losses to evaporation.

Cozamin's objective is to avoid using ground water or water from third-parties, except for potable water.

Water Withdrawal and Consumption[1]

Volume (m³)	PINTO VALLEY[2]		COZAMIN[2]		TOTAL 2020			2019	2018	% CHANGE 2019-2020
	Fresh[3]	Other	Fresh	Other	Fresh	Other	Total	Total	Total	Total
Surface Water[4]	302,836	0	63,042	0	365,878	0	365,878	985,299	654,595	-63%
Groundwater	5,911,324	0	618,299	0	6,529,623	0	6,529,623	7,682,221	7,158,139	-15%
Third-party Water[5]	0	4,802,499	79,421	0	79,421	4,802,499	4,881,920	3,274,892	3,071,120	49%
Total Water Withdrawal	11,016,659		760,762		11,777,421			11,942,413	10,883,854	-1%
Total Water Consumption	11,016,659		760,762		11,777,421			11,942,413	10,883,854	-1%
Water intensity[6]	0.56		0.71		0.57			0.60	0.54	-5%

1   Data is based on flow meters, meteorological stations and water balance modeling.
2   Pinto Valley and Cozamin are located in water-stressed areas.
3   Fresh water is defined as water containing Total Dissolved Solids equal to or below 1,000 mg/L. [GRI 303]
4   Surface water includes precipitation. The significant change from 2019-2020 reflects decreased rainfall at Pinto Valley.
5   Pinto Valley third-party water includes water pumped from a closed open-pit mine owned by a third party. Cozamin third-party water is primarily wastewater from a local water treatment plant.
6   Water intensity is calculated as water consumption per tonne of ore processed.

Deploying Water-saving Technologies

After experiencing drought conditions in 2020 Pinto Valley increased efforts to find technology solutions. We were able to use information from our water balance model *(see page 50)* to improve the way we manage water in the milling process. This is based on a key finding that we were losing considerable water to evaporation from the slurry coming out of mills and going to the tailings dam. In 2020 we also completed a successful pilot test using Eriez HydroFloat technology in our mill. The technology allows for coarser grinding of rock, which makes particles settle more quickly and allows us to recover more water before it evaporates. This method has additional environmental benefits: coarser grinding uses less energy. In the long term, the Eriez HydroFloat technology also has the potential to give us more flexibility in tailings management strategies and better water recoveries in the milling process.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Capstone Values, EHS&S Policy, Human Rights Policy
Governance and oversight	THES&S Committee
Regulations or standards	Regulatory requirements for public input on environmental permits, environmental quality regulations in each jurisdiction (see Environmental Compliance)
Evaluation	Stakeholder engagement activities, complaints received through internal mechanisms (e.g., Whistleblower hotline, site systems), issues reported to regulatory agencies

Community Impacts

❯ Community impacts refer to the ways in which we nurture positive community relationships, and manage the potential negative effects of mining on local communities.

Why this matters

Mining has the potential to impact communities – both positively and negatively – during the various phases of the mining life cycle.

Positive impacts include employment, community investment and economic development. (Read more in *Employment* and *Economic Impacts*.) Negative community impacts include the human costs of environmental impacts and nuisances such as noise and traffic, which can potentially disrupt communities and impact their support of our operations.

Capstone operates in regions that have long mining traditions. Communities were often established to support mining, and residents are familiar with mining's challenges and operational requirements. However, it is still important for us to work together to identify and mitigate potential concerns. The proximity of our operations to local communities increases the potential for environmental or socio-economic impacts.

Throughout Mexico, including the regions where we operate, there has been an increase in violence between drug cartels, human trafficking organizations and other criminal enterprises, including violence towards the authorities. Capstone's Cozamin mine operates in Zacatecas, Mexico, a region that is experiencing an increasing rate of criminal activity and violence. Impacts are most likely to occur in the surrounding communities, which can affect our employees, contractors and visitors. See *Health & Safety* to learn more about how we ensure the security of our employees and contractors.

Capstone operates in regions with long mining traditions where communities were often established to support mining. We maintain relationships with residents, who are familiar with the challenges and operational requirements of mining.

How we manage it

Capstone respects the communities that host our operations. We work tirelessly to grow the trust and respect of our communities. Our corporate values and robust policy framework are the foundation of our local relationships. These guide us to minimize the short- and long-term effects of mining, and maintain transparent communication with our stakeholders. Capstone's Human Rights Policy, adopted in 2020, formalizes our requirement to integrate stakeholder engagement into project planning and operations, with an emphasis on the rights of vulnerable groups impacted by our activities.

We maintain relationships with communities and stakeholders. By maintaining trusting relationships, we can best identify and manage potential impacts and concerns. Pinto Valley and Cozamin have procedures to identify and engage with stakeholders, which include regularly updated stakeholder registers. Some Cozamin mine infrastructure is located on land owned by neighbouring Ejidos, and site management meets bi-weekly with Ejidal leadership. Cozamin has also identified vulnerable stakeholder groups, including children, seniors and people with disabilities. The mine has a program to improve food

security, access to education and health opportunities for these groups.

At Santo Domingo, community stakeholders were initially identified and consulted during the environmental assessment process. For greenfield exploration, we engage with local leaders and hire local people. We also meet with landowners, or Indigenous groups where relevant, to secure permission for entry to exploration sites. See *Indigenous Relations*.

Our sites are active community members. Pinto Valley is a member of several community groups, including the United Fund of Globe-Miami and Bullion Plaza Cultural Centre and Museum. We sponsor local projects through volunteer time and donations. Many of Cozamin's community initiatives focus on the preservation of local traditions and culture. Due to the COVID-19 pandemic, many of the festivals and other social activities that Cozamin usually supports were suspended, and we redirected our funding to health programs. The mine also earns annual certifications from Mexican authorities for its sustainability practices in the local community.

In 2020 we initiated site preparation activities at Santo Domingo, but

community activities were limited due to COVID-19. Santo Domingo supported local Pirquineros (small-scale, artisanal miners) by providing masks, labour and machinery for earthworks, to improve buildings at their mine site.

We engage directly with community stakeholders. Regulatory processes, such as Pinto Valley's recent Environmental Impact Statement (EIS), provide opportunities for public participation. The EIS evaluated the effects and consequences of continued operation and mine expansion, including air quality, land ownership, noise, public health and safety, recreation and wilderness, socioeconomic conditions, Indigenous interests, traffic and water resources. (See *Pinto Valley's Environmental Impact Statement in Environmental Compliance*.) At Cozamin, a key interest is financial support to address community needs. We have regular face-to-face meetings with community members to discuss their interests and provide financial support (See *Economic Impacts*).

We listen and respond to feedback and concerns. Our operations have mechanisms that stakeholders can use to submit concerns or suggestions.

When a complaint is received, Pinto Valley contacts the complainant to understand the concern, implements a solution and follows up to confirm the issue is adequately resolved. At Cozamin, complaints can be made anonymously using mailboxes located around the site. The management team reviews all submissions, and responses are published in the quarterly newsletter. Community concerns about environmental matters are most often sent directly to regulatory authorities, which typically initiates an inspection or inquiry. If potential impacts are identified, we respond by monitoring, managing and improving operational practices or implementing appropriate measures.

We manage security risks for the safety of our communities. The COVID-19 pandemic may contribute to crime and violence in the communities, as people experience economic hardship. We train our people on how to implement security measures, even when they're not on site. We periodically invite third-party consultants to help us improve our security approaches.

Results

In 2020 there were no significant impacts on local communities and no significant disputes related to land or rights of local communities or Indigenous peoples. There were also no complaints reported through our Whistleblower hotline in 2020. Pinto Valley and Santo Domingo's potential impacts and mitigation requirements have been identified through regulatory environment impact assessments. In Mexico, regulatory processes do not result in a formal impact assessment. We have identified the potential impacts Cozamin is managing based on the requirements of operational permits.

Looking forward

In 2021 Santo Domingo will develop a formal community development program. When construction begins, Santo Domingo will establish a community information office and a system for responding to community complaints or suggestions.

Our employees and their families are regular volunteers in community activities.

Assisting with Road Hazard Clean-up

In the late afternoon of January 21, 2020, not far from Pinto Valley, a rockslide occurred on Highway 60, blocking traffic on this major road. The Arizona Department of Transportation (ADOT) responded, but realized their equipment was too small to rapidly clear the large boulders, and that clean-up could become an overnight job. Mark Chism, a road crew supervisor at Pinto Valley, was waiting in traffic near the slide and came up with a solution.

He proposed using one of Pinto Valley's 992 mine loaders to clear the road. A 992 loader handles 30 tons of material while an ADOT loader can only handle 2. The Pinto Valley team and ADOT quickly and safely put a plan into action. Working together, they cleared the debris, and reopened in the road in a matter of hours. This is just one example of how strong community partnerships contribute to positive local outcomes.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Code of Conduct, EHS&S Policy
Governance and oversight	Audit Committee and THES&S Committee
Regulations or standards	Tax requirements in jurisdictions where we operate
Evaluation	Annual operational and financial performance, stakeholder feedback and impact of community investments, outcomes of technology pilot projects

Economic Impacts

> This topic includes Capstone's direct inputs to local and regional economies through spending on goods and services, payment of wages and salaries, payments to governments, and community investments.

Why this matters

Indirect economic activity includes the ripple effect of this spending. Economic impacts also include development of the economy through innovation and investment, and the production of crucial mineral resources for the green economy.

Mining companies, including Capstone, can significantly contribute to local economies through tax revenues, employment, procurement and community investments. Mining can also generate jobs and economic activity throughout the value chain: upstream through the demand for goods and services, and downstream with requirements for road transport and handling of concentrate product at port facilities.

It is important to our employees and stakeholders that we prioritize local procurement and make investments that support community needs. As described in *Copper – Part of the*

Climate Solution, copper is a vital resource for the technologies that are powering the transition to a low-carbon future. With the growing global need for copper for a wide range of applications, we consider this to be an important economic contribution.

How we manage it

We have resilient operations and deliver strong financial performance. This ensures we can continue building economic value in the communities and regions where we operate, through tax revenues and employment.

We emphasize local content in our supply chains. We make efforts to source goods and services locally, which stimulates local economic activity. At Pinto Valley, this means working with local suppliers and contractors from the Globe-Miami area. Cozamin is a member of the Zacatecas Mining Cluster, a committee of local mining companies, suppliers, and government

and educational institutions that promotes growth in the local mining industry. Working with suppliers near our sites can also make our supply chains more reliable and cost effective.

We invest in technology, innovation and modernization. This helps our mines remain efficient and productive. For instance, at Pinto Valley, we are in the process of testing Jetti catalytic technology to generate economic benefits from waste. See *Generating Economic Benefits from Waste*.

We invest in the communities where we live and work. Our operations manage community investments locally, which includes both funding and employee volunteer hours. We define 'local' as communities close enough to be directly affected by our operations. Pinto Valley maintains a 5 km paved section of Forest Road 287. This road provides public access to the Tonto National Forest.

Results

Despite the limitations of the pandemic, we increased consolidated production from 153.4 to 156.9 million pounds of copper, an increase of 3.5%. Our operations processed 19.7 million tonnes of ore, an increase of 5.4% from the 18.7 tonnes processed in 2019. Refer to 2020 Consolidated Financial Statements and Management's Discussion and Analysis for details.

In 2020 our team worked hard to improve the efficiency of our operations, contributing to the economic value we can share with our stakeholders. One of the most significant was the completion of a one-way haul ramp at Cozamin. By avoiding the need for trucks to pass in opposite directions, we expect to see a 50% growth in production. The ramp also has important safety benefits

(See *Improving Safety at Cozamin with a One-Way Ramp and Ventilation Shaft* in *Health & Safety*).

Our main 2020 indirect economic impacts included the ripple effect of Capstone payments to our workforce and our suppliers of energy, equipment and materials.

In 2020 the total proportion of spending on local goods and services was 6% ($10.8 million) by Pinto Valley (in Miami, Globe, and Greater Globe-Miami area.) and 26% ($17.4 million) by Cozamin (in Hacienda Nueva, Zacatecas City, Morelos, Veta Grande, Guadalupe and Calera).

We invested nearly $400,000 in local community initiatives and programs during 2020. Pinto Valley's biggest contribution was to the United Fund

of Globe-Miami which supports many local non-profit organizations. Cozamin supported cultural, social and sports programs in their community. Read *Our Response to the COVID-19 Pandemic* to learn how we supported local communities during the pandemic.

Looking forward

Investments in technology and innovation will continue to play an important role in the future of our operations. In 2021 we will continue to test the Jetti technology (See *Generating Economic Benefits from Waste*) with a view to making a decision on its use by 2022. We will also conduct trials of the Eriez Hydrofloat technology (See *Deploying Water-saving Technologies at Pinto Valley* in the *Water* chapter).

Community giving focuses in the areas of health, social and welfare; leadership, civic and sports; children and education and environmental initiatives.

Direct Economic Value Generated and Distributed (in thousands USD)

	CANADA	US	MEXICO	CHILE	2020	2019	2018
DIRECT ECONOMIC VALUE GENERATED							
Revenue	166	321,303	132,538	0	454,007	419,431	416,367
ECONOMIC VALUE DISTRIBUTED							
Operating Costs	6,088	176,675	47,697	-1,338	229,122	238,125	209,262
Employee Wages and Benefits	7,867	61,264	8,542	1,835	79,508	79,925	83,059
Interest Payments Made to Lenders	9,482	2,031	133	5	11,651	13,654	14,784
Taxes and Government Payments[1]	-1,833	23	11,790	0	9,980	7,518	14,817
Community Investments	13	105	264	12	394	281	1,133
Total Economic Value Distributed	**21,617**	**240,098**	**68,426**	**514**	**330,655**	**339,503**	**323,055**
Economic Value Retained	**-21,451**	**81,205**	**64,112**	**-514**	**123,352**	**79,928**	**93,312**

1   Taxes and government payments reported above and payments to public bodies reported under the Canadian Extractive Measures Transparency Act (ESTMA) are prepared under different standards (GRI vs. ESTMA).

Generating Economic Benefits from Waste

At Capstone, we are continually looking at ways to invest in technology with both operational and sustainability benefits. One of the ways we're doing that? By transforming our copper recovery processes.

Our Pinto Valley operation has traditionally produced copper cathode by using run of mine (ROM) dump leaching, which uses a solvent extraction and electrowinning (SX/EW) process to recover the copper as cathode. Solvent extraction leaching can be used to extract copper from lower-grade material that would otherwise become waste. It also uses less energy and water than mill extraction.

The challenge? Over time, less copper is recovered as the rock being leached develops an impermeable outer layer that blocks the leach solution. In fact, Pinto Valley's cathode production, started in 1981, has steadily decreased to only 20% of its original capacity. This is where innovation comes in. Capstone has partnered with Jetti Resources to test a new catalyst that alters the outer layer of the rock so the solution can contact the minerals and successfully extract the copper.

In 2020 Jetti completed the first trial study of this technology at Pinto Valley, with impressive results. Cathode production in the test area doubled. Pinto Valley is now completing the detailed investigations needed to determine how to extract copper from the mine's large historic waste rock dumps and from the lower-grade rock that will be mined over Pinto Valley's remaining mine life.

This technology has the potential to maximize the mine's economic value by significantly increasing copper production from the same amount of mined rock, with no additional site disturbance. This means that for every pound of copper produced we could generate less mining waste and use less water and energy. This process would also increase employment at the mine. If successful, this technology could potentially be adopted by other mining companies worldwide, helping to decrease industry-wide use of resources.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Capstone Values, Code of Conduct, Human Rights Policy, Diversity and Inclusion Policy, Respectful Workplace Policy, Supplier Code of Conduct
Governance and oversight	Human Resources & Compensation Committee
Regulations or standards	Employment laws and standards in all jurisdictions where we operate
Evaluation	Key indicators (e.g., turnover rate, demographics, local hires, employee survey results, outcomes of stay and exit interviews)

Employment

> This topic includes Capstone's performance as an employer, including the composition of our workforce, employee attraction, retention and engagement, local hiring and conditions of work.

Why this matters

Employment is recognized as an important factor in sustained and inclusive global economic growth. Employment is a key benefit of mining operations, especially in rural or r emote areas. It develops the skills of local people and provides wages that increase opportunities for local spending.

At Capstone, developing a skilled and engaged workforce is critical to our business success. Failure to attract or retain qualified employees can result in increased costs or project delays. Capstone, along with the rest of the mining industry, is facing a talent shortage due to an aging workforce.

How we manage it

Our employment approach is built on our Capstone Values. All of our employee recruitment, development and retention initiatives align with our values related to accountability, execution, delivery of results, and working responsibly.

Local communities are an important source of talent. We mainly operate in communities that have a long tradition of mining, which gives us access to talented people with knowledge of the industry. In some cases, we see generations of the same family working for our operations. (See *Mining as a Family Business*.) Our sites aim to be an employer of choice for these valued recruits.

We create a rewarding environment through industry-competitive compensation and benefits, opportunities for professional development and employee incentive programs.

Pinto Valley has an employee referral program and conducts "stay interviews" to learn why people choose to work at the mine. Cozamin has built a strong reputation through community and employee engagement, and has been recognized for its positive work culture.

Training is an integral part of our employment efforts. Our sites focus on training to develop and retain a skilled workforce. Pinto Valley develops training plans for each employee, which identify skills required to advance to the next level. Cozamin offers skill certifications to attract employees in a competitive local environment. See *Training* for more information.

We create a rewarding environment. Capstone offers industry-competitive compensation and benefits, as well as professional development opportunities. Through our performance management program, we objectively measure and reward performance at the individual, team, operation and corporate levels.

Our Board of Directors approves annual corporate objectives set by the Senior Leadership Team, which cascade to our operations and are linked to employee compensation. This program gives our employees a sense of ownership and enables them to share in Capstone's success.

At Pinto Valley, our Creating A Rewarding Environment (C.A.R.E.) program rewards five types of employee contributions and shares the news via email and TV monitors. These include:
- Kudos – Recognizes everyday actions that align with our Capstone Values
- Service awards – Honours years of service
- Good catch – Incentivizes reporting of safety near misses
- Community champions – Celebrates good work in communities
- Spot awards – Rewards exceptional performance

Cozamin also has reward programs for employees, which celebrate safety awareness, service and education.

We support our employees who support us. Pinto Valley is proud to be an Arizona Veteran Supportive Employer, in partnership with the Arizona Coalition for Military Families. We are thankful for the sacrifices made by our service members and veterans, and are honoured and committed to supporting them and their families by providing employment opportunities. We have more than 75 veterans on the Pinto Valley team.

Capstone's commitment extends to our contractors and suppliers. Capstone is committed to fair labour practices, respect of workers' rights, and a safe, inclusive, diverse and equitable work environment. Through our Supplier Code of Conduct, we extend these performance standards to all employees, contractors and workers in our supply chain.

Mining as a Family Business

Dennis Palmer, Pinto Valley's Operations Support Superintendent (third from the left), is the third in his family to work for our operation. His maternal grandfather, Ron Ray, was General Foreman at Pinto Valley. Ron worked at Pinto Valley for 36 years, and retired in 2009. Dennis's father, still works at Pinto Valley as an X-Ray Technician. Dennis's daughter, Madison Palmer, started at Pinto Valley as a summer intern in 2020 and will be joining us in this role again in 2021. While acknowledging that mining is in his blood, Dennis stays for "the busy pace, the interactivity, being in the field and helping to solve problems."[1]

1 Globe Miami Times, August 18, 2020

Results

In 2020 we had 1,549 employees and contractors globally, which is a 7% decrease from 2019. This is attributed to a 44% reduction of contractors at Cozamin related to the government-mandated shutdown at the start of the COVID-19 pandemic. Santo Domingo brought on more than 80 contractors to start site preparation activities, following receipt of final permits.

Employee demographics, such as age and gender diversity, are important factors in building inclusive and productive teams that have a mix of experience and talents. The age demographic of our employees is fairly diversified across age groups. In 2020 11% of Capstone's employees were women. This is comparable with the mining industry as a whole.

Capstone's turnover rate has shown a decreasing trend over the past three years. Notably at Pinto Valley, retirement was the top reason that employees left. Removing retirement, Pinto Valley's turnover rate was 7% in 2020. We also hired 189 new employees in 2020, of whom 57% were 35 or younger.

Looking forward

To further embed sustainability, Capstone will add ESG-specific metrics to the executive annual incentive plan in 2021.

Pinto Valley will focus on using data to measure programs and quantify the impact of decisions. Cozamin is currently developing the Seed Program, a training initiative that will provide work opportunities for the Ejidos, our community neighbours. We anticipate rolling out this initiative in 2022.

Employment by Region[1]

	PINTO VALLEY		COZAMIN		SANTO DOMINGO		CORPORATE[2]		TOTAL 2020		TOTAL 2019		TOTAL 2018		% CHANGE 2019-2020	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Full-time Permanent Employees	478	75	448	24	9	3	17	20	**952**	**122**	920	127	943	134	3%	-4%
Part-time and Temporary Employees[3]	0	0	0	0	0	0	0	1	**0**	**1**	0	2	0	3	0%	-50%
Total Employees by Gender	478	75	448	24	9	3	17	21	**952**	**123**	920	129	943	137	3%	-5%
Total Employees	**553**		**472**		**12**		**38**		**1,075**		**1,049**		**1,080**		**2%**	
Full-time Contractors[4]	109	7	271	3	76	7	1	0	**457**	**17**	602	12	519	8	-24%	42%
Total Workforce by Gender	587	82	719	27	85	10	18	21	**1,409**	**140**	1,522	141	1,462	145	-7%	-1%
Total Workforce	**669**		**746**		**95**		**39**		**1,549**		**1,663**		**1,607**		**-7%**	
Workforce[5] from Local Community[6]	33%		85%		80%											
Senior Management[7] from Local Community	0%		43%		50%											
Manager-level Employees[8] from Local Community	28%		100%		0%											

1 Includes full-time salaried and hourly employees (by headcount) who are employees of Capstone Mining Corp. (corporate) or one of its subsidiaries.
2 Includes employees of greenfield exploration.
3 Includes part-time permanent and employees with finite employment contracts.
4 Includes contractors who are regularly on site performing core business functions (e.g., surface and underground mining, blasting, security).
5 Total workforce at significant areas of operation (excluding corporate office and greenfield exploration).
6 Local is defined as communities that are directly impacted (economically, socially or environmentally) by our operations. Local communities at Pinto Valley include Miami, Globe, and the Greater Globe-Miami area. Many employees choose to live in the Greater Phoenix area which is not included in our definition of local. Cozamin communities include Hacienda Nueva, Zacatecas City, Morelos, Veta Grande, Guadalupe and Calera. Santo Domingo includes Diego de Almagro (mine site), Chañaral (transportation route) and Caldera (port facility).
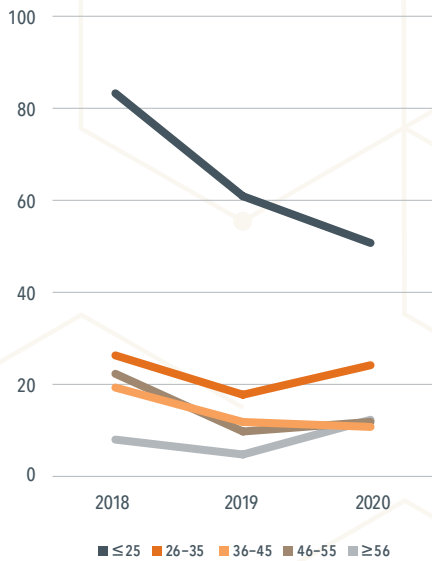7 Senior management includes direct reports to mine general managers.
8 Includes employees in the manager salary level band.

Global Employee New Hire Rate by Age Group (%)

≤25   26–35   36–45   46–55   ≥56

Global Employee Turnover Rate by Age Group (%)

≤25   26–35   36–45   46–55   ≥56
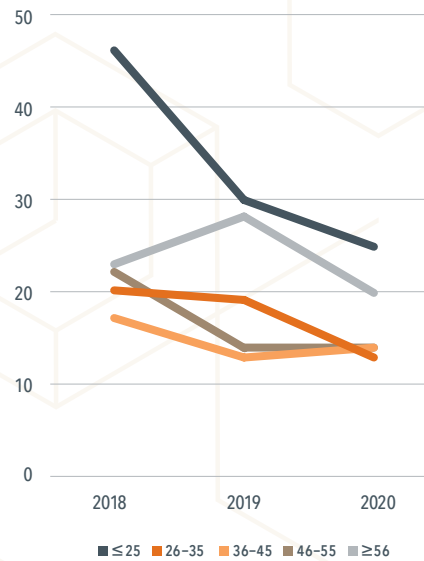
Global Employee Turnover Rate by Gender (%)

FEMALE   MALE

Developing a skilled and engaged workforce is critical to our business success. Failure to attract or retain qualified employees can result in increased costs or project delays.

Capstone Employee Demographics by Age Group and Gender (%)

≤25   26–35   36–45   46–55   ≥56   FEMALE   MALE
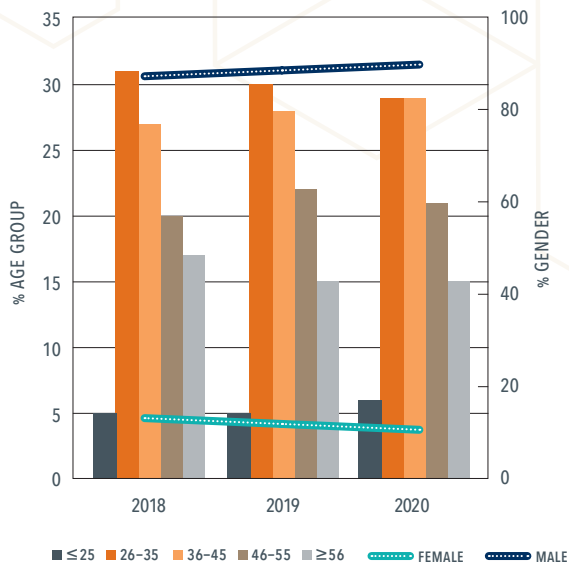
Workforce from the Local Community (%)

85%
80%
33%

Pinto Valley   Cozamin   Santo Domingo
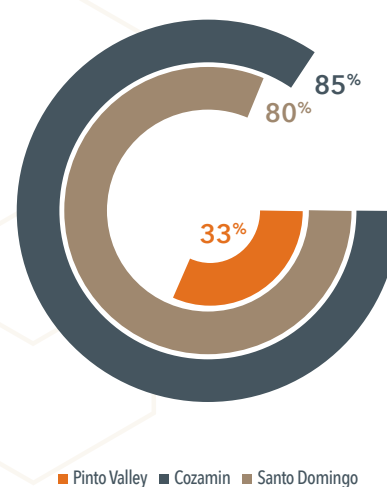
Many Pinto Valley employees choose to live in the Greater Phoenix area which is not included in our definition of local.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Code of Conduct, Anti-Bribery Policy, Supplier Code of Conduct, Whistleblower Policy
Governance and oversight	Board; Senior Leadership Team; SVP, Risk, ESG and General Counsel; Corporate Governance and Nominating Committee
Regulations or standards	Canadian Extractive Measures Transparency Act (ESTMA), Canadian Corruption of Foreign Public Officials Act, US Foreign Corrupt Practices Act, any other applicable laws
Evaluation	Whistleblower hotline, quarterly reports

Anti-Corruption

❯ This topic covers the measures we have in place to avoid incidents of bribery, fraud and extortion involving any Capstone employee, director, contractor or third party acting on our behalf.

Why this matters

The potential for corruption is global concern for the mining industry. Corruption impedes development, undermines the market economy, and leads to a loss of confidence in institutions. Local communities may also be affected when project benefits are not fairly distributed. For Capstone, non-compliance with anti-corruption measures could threaten our reputation and expose Capstone and our directors, officers and employees to the risk of prosecution, fines and imprisonment in the jurisdictions where we operate.

How we manage it

Anti-corruption is a fundamental value in our work culture. Capstone respects and follows anti-corruption laws. Capstone employees, directors and suppliers conduct business in an honest and ethical manner when dealing with government officials and any other parties. Anti-corruption is part of our risk-based decision-making that applies to all business activities.

We have comprehensive anti-corruption polices. Anti-corruption governance starts with Capstone's Code of Conduct and is supplemented by an Anti-Bribery Policy. All employees and directors are required to confirm in writing that they have read, understood and agree to comply with the policy. We also conduct annual employee anti-bribery training.

Anti-corruption extends to our suppliers. We implement anti-corruption in procurement practices, through our Supplier Code of Conduct and our Anti-Bribery Policy. These documents can be easily accessed by suppliers through the Supplier Hub on Capstone's website.

The Board and Senior Leadership Team oversee our anti-corruption efforts. The Board has appointed Capstone's SVP, Risk, ESG and General Counsel to oversee administration of the Anti-Bribery Policy. This senior officer reports directly to the Board. Every quarter we report legal violations, including anti-bribery breaches, to the Senior Leadership Team. Significant risks and violations are reported to the Corporate Governance and Nominating Committee on a quarterly basis. Any incidents of corruption or bribery reported through Capstone's Whistleblower hotline are reported directly to the Board.

We annually disclose <u>payments</u> made to public bodies in Canada and abroad as required by the Canadian Extractive Measures Transparency Act (ESTMA).

Results

We have assessed all Capstone sites for risks related to corruption, including Pinto Valley, Cozamin and Santo Domingo, and no significant risks have been identified. In 2020 there were no corruption incidents reported at any of our sites.

Looking forward

At this time, we are only tracking and reporting anti-corruption violations at Capstone sites. In 2021 we plan to develop procedures for evaluating our suppliers' compliance with our anti-corruption requirements.

2020 Watchlist Topics

Watchlist Topics do not merit the same level of disclosure as material topics but warrant our attention as they may become material.

OUR SEEING BEYOND ICON is inspired by copper's amazing properties owed to its cubic crystal structure. This symbol is used to mark stories about some of our most notable shifts and achievements in 2020.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	EHS&S Policy
Governance and oversight	THES&S Committee
Regulations or standards	Closure planning and bonding regulations based on the jurisdiction of our sites
Evaluation	Regulatory review of closure plans, annual internal review of closure costs, performance of concurrent reclamation activities

Closure Planning

This topic covers all aspects of planning for mine closure, including future impacts on communities and the surrounding environment, as well as financial considerations.

Why this matters

Mining inherently places a significant burden on the land. Closure planning minimizes the potential long-term impacts of mining activities after their operations have ceased. Successful reclamation of disturbed areas must consider social, environmental and financial obligations. Closure planning is a regulatory requirement. It also assures stakeholders that we have the financial resources and technical ability to close our operations in a responsible manner. This is especially relevant in the US, where multiple mine closures have historically fallen to government and taxpayers.

Closure planning has substantial costs for any mining operation. Pinto Valley has a long history of operation and has significant reclamation obligations.

Cozamin has a relatively small surface footprint but has inherited historic mining operations on the property, which require remediation.

How we manage it

We integrate closure planning into our mine planning and project design processes. Closure plans include the activities, materials and costs required to restore the area and leave it safe once mining activities cease.

Closure planning also addresses the potential for a temporary closure scenario if the project is put into a care and maintenance phase.

Pinto Valley's closure plan was most recently approved by regulators in 2019. In the future, final closure plans

Closure planning is a regulatory requirement which also assures stakeholders that we have the financial resources and technical ability to close our operations in a responsible manner.

Closure-planning Activities at Capstone

- Physical contouring of the land to re-slope surfaces and ensure long-term stability
- Surface and groundwater management
- Soil and rock covers or revegetation with native seeds on mine facilities (e.g., tailings and waste rock dumps)
- Long-term monitoring to ensure reclamation activities are performing as planned
- Personnel requirements to retain a skilled workforce and perform the tasks required

will be subject to a regulatory review that includes stakeholder consultation. In Mexico, there are currently no formal mine reclamation and closure standards, but closure plans are required for land use permits. Santo Domingo's Mine Closure Plan was approved in 2019.

We make financial provisions for closure costs. As part of Capstone's financial diligence, we annually review the reclamation and closure cost obligations of each site. Financial provisions for closure of Capstone operations are available in our annual financial statements. Arizona and US Forest Service regulations require us to guarantee funds to the government for closure obligations. Santo Domingo must provide a closure bond to the government during the first year of operation.

We remediate historic mining impacts, where they exist. Cozamin is in the process of remediating the historic Chiripa tailings area. Since 2017, through our remediation work, we have stabilized the dam faces, defined water diversion channels to better manage run-off and reduce

erosion, and added and replaced downstream retaining walls.

We conduct concurrent reclamation and monitor the results. Some closure activities can be completed while operations continue. This concurrent reclamation includes the following processes: reclaiming waste materials in accordance with approved mine plans, ensuring adequate revegetation, capturing affected water, and removing obsolete infrastructure. By monitoring the results of these activities, we can confirm our closure plans are effective and adjust them as needed. Concurrent reclamation is a responsible and cost-effective practice that reduces long-term closure costs and liability.

Looking forward

Closure plans will be updated as required by regulatory requirements or changes in mine plans. The potential for future development at Pinto Valley and Cozamin has limited the number of areas for concurrent reclamation.

Closure planning also addresses the potential for a temporary closure scenario if the project is put into a care and maintenance phase.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Code of Conduct, Supplier Code of Conduct, Whistleblower Policy
Governance and oversight	Audit Committee
Regulations or standards	Securities laws, regulatory requirements
Evaluation	Third-party audits

Compliance with Laws & Standards

This topic covers compliance with non-environmental laws and regulations at both the corporate and site levels. It includes areas such as securities laws, financial reporting, mineral resource reporting, health and safety, labour, and human rights.

Why this matters

Regulation helps to ensure the benefits of mining can be enjoyed by society, without incurring significant adverse impacts. At Capstone, it is of paramount importance that we comply with all applicable legal and regulatory requirements. This helps maintain business continuity, protects workforce health and safety, minimizes potential impacts on people and communities, and builds trust with our stakeholders and society. Strong compliance processes also preserve value by reducing business risk. Non-compliance can result in monetary fines, operational disruption and reputational damage.

How we manage it

Compliance is embedded in our culture. Compliance with laws and standards is a requirement for all Capstone employees, and is embedded in our Code of Conduct and our core value of Working Responsibly. In 2020 we implemented a global Supplier Code of Conduct to ensure our contractors comply with our expectations for conduct, and operate in compliance with applicable laws and standards. (Read more in *Procurement Practices*.)

To help us maintain business continuity, protect workforce health and safety, and minimize potential impacts on people and communities, it is of paramount importance that we comply with all applicable legal and regulatory requirements.

Our rigorous compliance standards and processes are embedded into all of our operations and extend to our Supplier Code of Conduct. These standards reduce exposure to business risk and non-compliances costs such as monetary fines, operational disruption and reputational damage.

We have a rigorous compliance process. We monitor legal and regulatory changes, as well as stakeholder expectations. We use a standardized framework to develop and implement corporate policies. This framework is reviewed on a regular basis to ensure it aligns with corporate expectations. To remain informed of new developments, we also engage legal and technical advisors, and participate in local mining and professional associations.

We adhere to robust governance standards. We have governance processes in place to regularly evaluate financial compliance. Our Board Audit Committee oversees financial reporting, ensures internal financial controls are effective, and reviews compliance with these systems. We conduct regular internal and third-party financial audits to ensure compliance with applicable securities laws and regulatory instruments. As part of our internal controls, we also utilize third-party consultants to review non-financial processes (e.g., adherence to our policy framework, meeting training commitments for employees).

In 2020 Capstone had no legal fines, regulatory fines, settlements or controversies associated with violations of bribery, corruption or anti-competitive standards, labour standards or human rights.

Looking forward

In 2021 we will continue strengthening our compliance processes in high-priority areas, including anti-corruption, procurement practices and human rights.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Diversity, Code of Conduct, Diversity and Inclusion, Respectful Workplace, Social Responsibility
Governance and oversight	Human Resources, Compensation, and Corporate Governance and Nominating Committees
Regulations or standards	Human rights legislation in all jurisdictions where we operate
Evaluation	Hotlines and reporting mechanisms

Diversity & Equal Opportunity

❯ This topic covers the fair treatment of our workforce through equal opportunities and non-discrimination, as well as efforts to increase the diversity of our workforce.

Why this matters

The mining industry as a whole is challenged with an aging workforce and a low representation of women. A large proportion of mining professionals are close to retirement, and there is an opportunity to hire a greater diversity of employees to broaden the talent pool. By improving workforce diversity, Capstone enhances its culture and provides a competitive advantage. It creates a greater sense of belonging and respect, improves decision-making, and promotes innovation.

Workforce diversity also demonstrates equal opportunity, which improves employee attraction and retention, and drives business performance. Society also has growing expectations for

businesses to prioritize and normalize workforce diversity and inclusion, as evidenced by global social movements against racism and discrimination.

How we manage it

Diversity and inclusion begin with good governance. As part of our Diversity Policy, our 2022 target is to have one woman director on our Board, and to ensure 20% of our executive officers are women. As of 2020 we had 25% gender and racial diversity on our Board and 33% gender and racial diversity in executive direct reports to the CEO.

We are enhancing our culture and creating a greater sense of belonging and respect through workforce diversity. We believe this improves decision-making and promotes innovation, which provides a competitive advantage.

Society has growing expectations for businesses to prioritize and normalize workforce diversity and inclusion, as evidenced by global social movements against racism and discrimination.

Comprehensive policies guide our diversity and inclusion efforts. These include both global core values and policies that apply to all of our sites, as well as locally developed policies to respond to the unique situations of individual sites. These policies include:

- Capstone's Code of Conduct requires people to be treated with respect, provided with equal opportunity based on merit, and kept free of discrimination.
- Our Diversity Policy has requirements for female representation on the Board and Senior Leadership Team, and commitments to promote gender diversity across the business.
- Our Diversity and Inclusion Policy addresses Capstone's commitment to creating an inclusive culture and building diversity at all levels of the organization.
- Our Respectful Workplace Policy covers all employees, directors, contractors and suppliers. It requires everyone at Capstone to ensure a safe and respectful workplace that is free from bullying and harassment. It applies to all behaviours at work, including off-site activities and assignments.
- Social Responsibility Policies cover diversity and inclusion efforts specific to Santo Domingo and Cozamin.

We welcome feedback and concerns. We have feedback mechanisms to manage concerns about diversity or equal opportunity. Employees can raise concerns directly with their leader, through our Human Resources department, or through our confidential Whistleblower hotline, which has service in English and Spanish. Cozamin also has site-level mechanisms available, including a local hotline and on-site mailboxes, ensuring complaints can be made anonymously. All submissions are reviewed, and Cozamin's responses are made public in their newsletter.

We collaborate with our peers to promote diversity in the mining industry. All mining companies benefit when we all work together to enhance diversity in our industry. See *Opportunities for Women in Mining* to learn how Pinto Valley is seeing beyond company boundaries to celebrate diversity.

Looking forward

In early 2021 we met our 2022 goal to add one woman director to our Board, so we set a new aspirational goal of two women on the Board in the event of a vacancy. We will also establish a Diversity, Equity & Inclusion (DEI) Committee consisting of members from corporate and local sites. The committee will determine our baseline and create a DEI strategy that will include focus areas, goals and targets. Once the DEI strategy is in place, we will roll it out to contractors.

Opportunities for Women in Mining

In 2019 and 2020 Pinto Valley partnered with other local mining companies on a Women in Mining series in the *Globe Miami Times*. This year-long series featured four women from our Pinto Valley operation, who shared their inspiration to pursue a career in mining, their day-to-day work life, and their perspectives on the mining industry. Our featured colleagues included Tech 3 Mechanic Cyndi Elkins, Project Controller Linda Guo, Recruiting Coordinator Sherri Powell and Operations Support Manager Colleen Roche.

Their favourite parts of their jobs? Cyndi feels empowered by the scale of the equipment she maintains. Linda finds excitement in seeing a project she worked on getting built. And for Sherry, it's the opportunity to offer someone else a job. Colleen Roche has some advice for other women. "Just consider mining," she says. "There are great careers in this industry. Mining companies are great employers. They offer training and tuition support programs for a range of jobs. Technology has brought us to the point where you don't have to have a very physical job to be in mining."

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Human Rights, Code of Conduct, Supplier Code of Conduct
Governance and oversight	Corporate Governance and Nominating Committee
Regulations or standards	Human rights legislation in the jurisdictions where we operate, United Nations Guiding Principles on Business and Human Rights, United Nations' Universal Declaration of Human Rights, Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises
Evaluation	Under development

Human Rights Management

> This topic covers the responsibility to recognize and respect human rights in Capstone and our supply chain, and to mitigate any impacts.

Why this matters

Human rights are basic rights that are inherent to all human beings. The respect of human rights is a fundamental corporate responsibility[1] for all businesses, including the mining industry. At Capstone, we take responsibility for avoiding or mitigating any adverse human rights impacts related to our activities. We recognize every person's worth, and their right to be treated with dignity.

How we manage it

Our Human Rights Policy guides our work. In 2020 we implemented a global Human Rights Policy to broaden and deepen the human rights commitment in our Code of Conduct. The policy defines our principles and expectations with respect to human rights, and is in compliance with applicable laws and international human rights standards. It applies to all employees, directors and contractors.

The policy provides a foundation for managing human rights and defines our next steps. Our commitment includes the development of:
- Ongoing internal human rights training
- Procedures to evaluate the effectiveness of our human rights response and measures, using performance indicators and stakeholder feedback
- A formalized process to audit and assess human rights compliance internally and with our suppliers

We actively monitor trends or events that may increase risk. We evaluate human rights risks and identify appropriate mitigation actions during our annual strategic planning process. Human rights management is a standard item on Capstone's risk register.

We include a complaints procedure in our Code of Conduct. This procedure serves as our reporting system for human rights concerns. Concerns can be reported in person or anonymously through the Whistleblower hotline. On a quarterly basis, the Senior Leadership Team reviews all human rights concerns and reports any significant human rights violations to the Corporate Governance and Nominating Committee.

In 2020 no human rights violations were reported for Capstone or any of our sites.

Looking forward

In 2021 we will develop procedures to evaluate and measure our human rights response, as outlined above.

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1   Guiding Principles on Business and Human Rights were endorsed by the United Nations Human Rights Resources Council in 2011.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Human Rights Policy
Governance and oversight	THES&S Committee, Enterprise risk management process, due diligence on exploration partnerships
Regulations or standards	UN Declaration on the Rights of Indigenous Peoples (UNDRIP)
Evaluation	Consultation processes

Indigenous Relations

❯ This topic covers Indigenous rights, impacts on Indigenous communities, and opportunities for Indigenous peoples and communities.

Why this matters

Mining companies have the ability to provide long-term value to local communities in which they operate, including Indigenous communities. However, through exploration, development and operations, mining may also have adverse impacts on land that is important to Indigenous communities, affecting Indigenous peoples and their culture. The Canadian government has adopted the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and has embarked on a process to harmonize Canadian laws with its provisions.

Capstone does not have any operations or development projects in, or adjacent to, Indigenous peoples' territories. We have recognized Indigenous relations as a Watchlist topic because our land holdings at our Pinto Valley Mine include known cultural resource sites and are near concentrations of Native American communities. There is also potential for cultural artifacts to be found in the area of our Santo Domingo project.

The respect and reverence shown to this ancestral heritage and the peoples that identify with it are integral to Capstone's values.

How we manage it

Our Human Rights Policy formalizes our commitments. Capstone recognizes and respects the cultural values, beliefs and traditions of people in the countries and regions in which we operate, and the rights of Indigenous peoples. This commitment is formalized in our Human Rights Policy and guided by our core values and the formal consultation responsibilities attached to our sites.

We also adhere to this policy during our exploration activities, including those with joint venture partners. We address our responsibilities through our due diligence on potential projects.

Capstone recognizes and respects the cultural values, beliefs and traditions of people in the countries and regions in which we operate, and the rights of Indigenous peoples. Our commitment to Indigenous relations is formalized in our Human Rights Policy.

Community engagement is key to our efforts. Our best opportunities for meaningful, long-term contribution usually arise through engagement with Indigenous communities in our regions.

We protect cultural resources. At Pinto Valley, Capstone engages with Indigenous communities and local stakeholders to protect cultural resource sites that could be affected by current operations or our planned expansion. The expansion is subject to the U.S. National Environmental Policy Act (NEPA) and requires an Environmental Impact Statement (EIS). Over a five-year period, Pinto Valley participated in a multi-faceted consultation process led by the US Forest Service Archeologist, beginning with eleven federally recognized tribes and the State Historic Preservation Office.

In 2020 the consultation process focused on the execution of a Memorandum of Agreement and a Native American Graves Protection and Repatriation Act permit. The Hopi and Zuni tribes expressed interest in having tribal monitors participate in data recovery efforts if and when any cultural resource sites are excavated.

As an outcome of the consultation, this measure was included in the Final EIS, released in April 2021.

Our Santo Domingo project in the Atacama region of Chile also provides an opportunity for engagement. The project will require development of port infrastructure approximately 40 km from our site. We are actively consulting with the coastal villagers whose livelihood depends on the harvesting of seaweed and mollusks around the port site, for sale to local restaurants.

We do not anticipate any interruptions to their harvesting and our project will offer them additional opportunities for employment. Our partner, Puerto Ventanas, was selected partially on their track record of developing positive community support and initiating sustaining enterprises in the form of locally owned co-operatives.

Looking forward

We look forward to continued dialogue with Indigenous groups.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Capstone Values, Human Rights Policy
Governance and oversight	Human Resources team, Senior Leadership Team, Site Leadership Team, Ethical and Moral Committee (Cozamin)
Regulations or standards	Human rights legislation in all jurisdictions where we operate, especially with respect to freedom of association and collective bargaining; Pinto Valley Collective Agreement
Evaluation	Whistleblower hotline

Labour Management Relations

❯ This topic covers the relationship between management and Capstone's workforce (including union and non-union employees). It includes the methods we use to communicate information across the organization and engage our workforce on significant operational changes.

Why this matters

We believe that healthy labour management relations provide many benefits to our business, including improved recruitment, increased productivity and higher levels of employee engagement and retention. Conversely, strained relations can result in increased labour costs, higher turnover, labour union issues, strikes or other work stoppages that can affect business continuity.

We respect workers' rights to freedom of association, freedom of speech and collective bargaining. Pinto Valley is our only operation with a collective bargaining agreement. The agreement covered 377 employees as of December 31, 2020 and is in effect until May 2022.

How we manage it

We work as "One Team." In 2020 we worked to create a culture of "One Team" across Capstone, which emphasizes open, proactive two-way communication. We share information with employees about the corporate and site-level objectives that are the basis for our performance management program. By maintaining effective communication, we build trust with our people and invest in our human and social capital.

We encourage an open and honest management style. Across Capstone, we communicate information through a variety of mechanisms including email communications, "town hall" meetings with large groups and direct engagement with supervisors. We use our intranet site to facilitate collaboration

We build trust with our people and invest in our human and social capital by maintaining effective communication. We share information with our employees about corporate and site-level objectives that are the basis for our performance management program.

and share information within the organization. The Senior Leadership Team also publishes an intranet blog to foster timely communication and personal connections. Site-level communication methods also include local newsletters and magazines, bulletin boards, kiosks and television monitors.

We encourage and act upon feedback. We collect employee feedback through surveys, employee focus groups, roundtables and exit interviews. Employees can raise concerns to their leader, the Human Resources department, or Capstone's Whistleblower hotline. Union relations at Pinto Valley are managed by the site and are governed by the requirements of the collective agreement. Employees covered under the collective bargaining agreement provide feedback or raise concerns directly with their union. Cozamin employees can submit concerns through a local hotline or via mailboxes located on site. Cozamin's Ethical and Moral Committee reviews and resolves complaints on a monthly basis, with the support of the Human Resources department.

Looking forward

In 2021 we will engage in the following initiatives:

- Pinto Valley will commence union negotiations for the collective agreement.
- Cozamin will complete a biannual workforce survey on psychosocial risk factors[1] and use the results to adapt the work environment as required.
- In preparation for the project construction stage, Santo Domingo will define and implement a system to evaluate labour relations performance.

1   Psychosocial risk factors are related to the way individuals interact with their job requirements and work environment (e.g., work stress, quality of leadership, feedback from management). These factors can be a source of stress in the workplace, and affect performance and well-being.

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Supplier Code of Conduct, Respectful Workplace, Diversity and Inclusion, Anti-Bribery, Human Rights, Cyber Security, EHS&S, site-specific policies
Governance and oversight	Site Leadership Team
Regulations or standards	Regulations establishing fair business practices in the jurisdictions where we operate
Evaluation	Supplier assessment and due diligence

Procurement Practices

◆ Procurement practices refer to activities that govern the selection of suppliers, fair treatment of suppliers and monitoring of the supplier relationship. Suppliers includes consultants, vendors, contractors and agents that provide goods or services to or on behalf of Capstone.

Why this matters

Capstone globally procures a broad range of goods and services that may have social or environmental impacts. Through sustainable procurement, we are able to extend social and environmental compliance into our supply chain. Our formalized and standardized procurement process ensures fair treatment of our suppliers. It also reduces enterprise risk, and minimizes negative impacts to the communities in which we operate, including environmental impacts.

How we manage it

We take a global approach to procurement. This ensures consistent expectations and fair treatment of suppliers at all Capstone sites.

Many of Capstone's policies apply to suppliers. In addition, each operation maintains site-specific policies that are applicable to their suppliers.

We have a Supplier Code of Conduct. In 2020 we developed a Supplier Code of Conduct, which applies immediately to all new suppliers, and supported it with training. The Supplier Code sets our minimum expectations of suppliers with respect to Capstone's governance, social and environmental standards and core values. It requires supplier compliance with applicable laws and industry standards, Capstone's Code of Conduct, and the policies outlined above. We also have a Supplier Hub on our website, which provides suppliers with access to Capstone's policies and requirements.

Suppliers can report their concerns. If a supplier believes there is a violation of the Supplier Code of Conduct or any other Capstone policy, they can report their concerns using our Whistleblower process.

Looking forward

In 2021 we will continue to implement our Supplier Code of Conduct. We will:
- Develop a standardized global supplier selection and monitoring process that includes ESG considerations
- Develop an audit process to measure supplier performance and compliance with Capstone's legal requirements and standards

Foundation of our Management Approach

APPROACH	DESCRIPTION
Key policies	Site-specific training and professional development policies
Governance and oversight	Senior Leadership Team, Human Resources department
Regulations or standards	Site specific
Evaluation	Evaluation forms, focus groups, metrics, rate of internal promotions

Training & Education

This topic covers training initiatives to upgrade employee skills, opportunities for employee professional development, and training opportunities for local communities.

Why this matters

Training and education build value for both Capstone and our local stakeholders. They are important for attracting and retaining employees, supporting our capacity for continuous improvement, and building a skilled workforce for the future. Training and education also offer opportunities to collaborate with communities. Training opportunities benefit local people and help build a pool of skilled employees close to our sites.

How we manage it

We provide training to all of our employees. Our approach to training and development is mainly site driven but has a common framework. Employees receive task-specific training to develop competency in their roles. Team leaders provide direct feedback and performance reviews, helping employees improve and develop in their careers. Capstone also supports external professional development opportunities for employees to enhance their skills.

We subsidize costs for professional membership and certification fees, tuition fees for formal designation programs, and fees to attend conferences.

Leadership development is a primary focus. In 2020 Pinto Valley introduced its Leadership Academy training program. The program goals are to develop leaders from within the organization, equip and empower them with fundamental leadership competencies and build their subject matter expertise so they can share learnings with their teams. In 2020 we also introduced a Safety Leadership Certificate, which was completed by 100% of frontline leaders.

Cozamin launched Phase 1 of a customized leadership development program in 2019. Phase 2, planned for 2020, was postponed due to the COVID-19 pandemic. The program is designed to help leaders develop competencies in demonstrating our core values, driving employee accountability, communicating effectively, coaching, providing feedback and solving conflicts.

It involves both group learning and one-on-one coaching throughout the year.

We work with local partners to develop training programs. Cozamin participates in internship programs with the University of Zacatecas and the Zacatecas Mining Cluster to offer training and mentorship opportunities for local students. Since 2018 Cozamin has hosted students in different areas of the mine.

Looking forward

We will continue leadership development and training at all of our sites. This will include:

- Pinto Valley will expand the Leadership Academy training program by offering an Inspiring Leader Certificate in 2022.
- Cozamin will restart the leadership development program.
- In 2021 Santo Domingo will develop a training and development program to attract people from the local community.

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Air Quality – Capstone Material Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	28, 30
GRI-305: Emissions 2016	GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	30
Mining waste – Capstone Material Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	45-46
GRI 306: Waste 2020	GRI 306-1	Waste generation and significant waste-related impacts	45
GRI 306: Waste 2020	GRI 306-2	Management of significant waste-related impacts	46
GRI G4 Mining and Metals Sector Disclosures	MM3	Total amounts of overburden, rock, tailings and sludges and their associated risks	48

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE	PAGE OR REFERENCE
Environmental Compliance – Capstone Material Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	41, 43
GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	43
GRI G4 Mining and Metals Sector Disclosures	G4-EN24	Total number and volume of significant spills	43
Employment – Capstone Material Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	60-61
GRI 401: Employment 2016	GRI 401-1	New employee hires and employee turnover	64
GRI G4 Mining and Metals Sector Disclosures	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	63
Labour Management Relations – Capstone Watchlist Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	77-78

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE	PAGE OR REFERENCE
Health & Safety – Capstone Material Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	23-24
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	24
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	24
GRI 403: Occupational Health and Safety 2018	403-3	Occupational health services	23
GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	24
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	24
GRI 403: Occupational Health and Safety 2018	403-6	Promotion of worker health	24
GRI 403: Occupational Health and Safety 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	24
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	24
GRI 403: Occupational Health and Safety 2018	403-9	Work-related injuries	27 and website
Training and Education – Capstone Watchlist Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	80
Diversity and Equal Opportunity – Capstone Watchlist Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	71-72

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE	PAGE OR REFERENCE
Indigenous Relations – Capstone Watchlist Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	75-76
Human Rights – Capstone Watchlist Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	74
Community Impacts – Capstone Watchlist Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	53-55
GRI 413: Local Communities 2016	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	55
GRI G4 Mining and Metals Sector Disclosures	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous peoples	55
Compliance with Laws and Standards – Capstone Watchlist Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	69-70
GRI 419 Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	70
Closure Planning – Capstone Watchlist Topic			
GRI 103: Management Approach 2016	103-1, 103-2, 103-3	Management approach	67-68
GRI G4 Mining and Metals Sector Disclosures	MM10	Number and percentage of operations with closure plans	68

Centerwell
A designed cylinder in the center of the thickener that receives the process slurry and serves to minimize turbulence and direct the flow into the thickener.

Dry stack tailings
A tailings storage method that involves removing water from the tailings then placing and compacting the tailings in a storage facility.

Energy intensity
A measure to assess energy efficiency; refers to the amount of energy required per unit output or activity.

Greenfield
Exploration or mining that takes place in an area where there has been no previous activity.

Molybdenum
A brittle silvery-gray metal contained in various minerals; obtained as a by-product of mining.

NOx and SOx
The common abbreviations for nitrogen oxide and sulphur oxide emissions; produced when fuel is burned at high temperatures; negatively impacts air quality.

Particulate matter (PM)
A complex mixture of solid and liquid particles; the main air pollutant in mining.

Paste backfill
Tailings with enough water content removed to create a paste consistency that is mixed with a binder, such as cement, then pumped underground into mined out voids to provide ground support.

SX/EW
Stands for solvent extraction-electrowinning technology, a process that leaches copper from rock.

Run-of-Mine (ROM)
Rock utilized or processed directly from the blasted face without further crushing, grinding or further size classification.

Sludge
Liquid waste produced by mining activities.

Slurry tailings deposition system
A disposal method characterized by pumping watery tailings to a designated tailings dam.

Tailings
Waste materials left after the target mineral is extracted from ore; consist mainly of crushed rock and wáter.

Waste rock
Mined native bedrock that is not processed for extraction of minerals or mineral product.

Wet scrubbers
Devices that use a scrubbing solution to help eliminate PM and other pollutants.

Caution on Forward-Looking Information

Capstone Mining Corp. (the "Company") cautions readers regarding forward-looking statements found in this report (including the documents incorporated by reference herein) and in any other statement made by, or on the behalf of the Company.

Except for statements of historical fact, information contained in this report and the documents incorporated by reference herein, constitutes "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements").

Forward-looking information and forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", and similar expressions, or describes a "goal", or variation of such words and phrases or states that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements in this report include, but are not limited to: statements relating to our sustainability strategy; short-term and long-term sustainability goals; strategic priorities and our goals, targets, commitments and plans and our expectations regarding those goals, targets, commitments and plans, including but not limited to our water policy goals and energy goals; expected timing of progress of water conservation projects; the expected timing and success of the underground paste backfill system study and tailings filtration project at Cozamin, the Pinto Valley HydroFloat project; the success of our use of the Jetti technology; the timing and success of the Cobalt Study for Santo Domingo, estimated timing and spending to achieve our goals; and expectations regarding the conduct of our suppliers and contractors.

The forward-looking statements in this report are based on a number of estimates, projections, beliefs and assumptions the management team believed to be reasonable as of the date of this report, though inherently uncertain and difficult to predict, including but not limited to expectations and assumptions concerning: the development and performance of technology; our ability to attract and retain skilled employees; environmental compliance costs generally; and assumptions regarding the development of our business generally. Risks and uncertainties that could influence actual results include, but are not limited to: risks associated with the consequence of climate-change; risks associated with permitting and development of our properties; operational problems; regulatory action; environmental compliance challenges; changes in laws and governmental regulations; costs of compliance with environmental and other laws and regulation; risks relating to the development and use of new technology or lack of appropriate technologies needed to advance our goals; natural disasters and adverse weather conditions, changes in commodity prices; geotechnical challenges; global crises and pandemics; changes in carrying values of our assets; dependence on the availability of water; operations in foreign countries; general business and economic conditions and the future operation and financial performance of the company generally.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in this report including without limitation, those referred to in the Company's Annual Information Form, the Company's short form base prospectus, and in the Company's interim and annual financial statements and MD&A, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Accordingly, readers and investors should not place undue reliance on forward-looking statements. The Company does not intend to update forward-looking statements, except as required by law). There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.