

# MANAGEMENT INFORMATION CIRCULAR

And Notice of 2023 Annual General and Special Meeting  
of Shareholders

**May 3, 2023**





# LETTER TO SHAREHOLDERS

March 13, 2023

Dear Fellow Capstone Copper Corp. Shareholders,



**Darren Pylot**  
Executive Chair



**George Brack**  
Lead Director

On behalf of Capstone Copper Corp.'s ("Capstone" or the "Company") Board of Directors (the "Board" or the "Directors") and employees, we are pleased to enclose the Notice of our Annual General and Special Meeting (the "Meeting") to be held at **11:00 am (Pacific Time) on Wednesday, May 3, 2023**, at the offices of Capstone, 510 West Georgia Street, Suite 2100, Vancouver, British Columbia.

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

The Board is proud of what Capstone has delivered in 2022, notably the successful completion of the combination of Capstone Mining Corp. and Mantos Copper (Bermuda) Ltd., to form Capstone and the extensive efforts of our people around the globe who have continued to safely execute our strategy, living our purpose of creating a positive impact in the lives of our people and local communities, while delivering compelling returns to investors by sustainably producing copper to meet the world's growing needs.

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

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

Sincerely,

*"Darren Pylot"*  
Executive Chair

*"George Brack"*  
Lead Director

## EXECUTIVE SUMMARY

### Capstone's 2022 Results

#### Corporate

- On March 23, 2022, the Company completed the business combination of Capstone Mining and Mantos Copper. After the transaction, the combined entity changed its name to Capstone Copper Corp. The Company's shares trade on the TSX under the symbol CS.
- Achieved 9-month production guidance for the period April 1, 2022 to December 31, 2022, with consolidated copper production of 136.3 thousand tonnes at C1 cash costs of \$2.68 per payable pound of copper.
- Generated Adjusted EBITDA of \$352.8 million and Operating Cash Flow Before changes in working capital of \$99.4 million.
- Presented the Mantoverde-Santo Domingo District Integration Plan, which outlines the approach Capstone is taking to maximize value creation, including synergies, across the district. Immediately following the release of the Mantoverde-Santo Domingo District Integration Plan, the Company hosted an Analyst Tour to its Chilean assets.

#### Cozamin

- Completed construction of the dry stack and paste backfill plant on time and on budget. The plant started the commissioning and ramp up process in Q1 2023.
- Introduced a new cut and fill mining method, which aims to increase mineralized recovery in some areas of the orebody and increase the opportunity to convert mineral resources to reserves. Advanced a new technical report, which is expected in Q1 2023.
- Continued exploration activities to test the Mala Noche Main Vein West Target with underground drilling from the west crosscut ramp.

#### Pinto Valley

- Advanced the PV4 Study, which is expected during H1 2023 and aims to maximize the conversion of approximately one billion tonnes of mineral resources to mineral reserves, significantly extending Pinto Valley's mine life and increasing the mine's copper production profile.
- Invested in infrastructure upgrades aimed at increasing water reclaim, tailings and environmental projects.
- Hired Lyndsay Potts as new Mine Manager, starting January 2023. Ms. Potts brings +17 years of mining experience, most recently with Newcrest's Cadia mine, where she held leadership positions over the past 13 years.

#### Mantoverde

- Advanced the Mantoverde Development Project ("MVDP") to 76% overall project completion and 57% construction completion by the end of 2022. The project remains on track for wet commissioning at the end of 2023 and within the estimated \$825 million budget. Structural and mechanical assembly in the primary crusher, grinding, flotation and tailings thickener are progressing as planned and critical equipment, components and others are already on site. Construction of the new Tailings Storage Facility is advancing as planned.
- Advanced the Mantoverde Phase II study, which is studying the addition of a second processing line, to process some of the additional 77% of resources not utilized in the optimized MVDP.

#### Mantos Blancos

- Concentrator Bottlenecking Project completed ramp up to commercial production in December 2022.
- Increased throughput capacity at the sulphide concentrator plant from 11,000 tonnes per day to 20,000 tonnes per day (or from 4.2 million tonnes per year to 7.3 million tonnes per year).
- Advanced the Mantos Blancos Phase II study, which is evaluating the potential to increase throughput of the sulphide concentrator from 7.3 million tonnes per year to 10 million tonnes per year.

#### Santo Domingo

- Developed a work plan and advanced several studies to better understand the full potential of the Mantoverde-Santo Domingo district integration opportunities and to maximize the outcomes for the company through an optimized flowsheet, including studies to unlock cobalt production from the Mantoverde-Santo Domingo District by building a pyrite concentrator and other options.

**Board of Directors (“Board”) Nominees**

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

	INDEPENDENT							
PLANNED COMMITTEE MEMBERSHIPS	Alison Baker	George Brack <sup>1</sup>	Robert Gallagher	Anne Giardini	Peter Meredith	Patricia Palacios	John MacKenzie <sup>2</sup>	Darren Pylot <sup>3</sup>
Audit Committee	C			✓	✓			
Governance, Nominating & Sustainability Committee			✓	C	✓	✓		
Human Resources & Compensation Committee	✓	C			✓			
Technical & Operational Performance Committee		✓	C			✓		
ADDITIONAL INFORMATION								
Age	52	61	72	63	79	56	54	55
Gender	F	M	M	F	M	F	M	M
Director Since	2022	2009	2016	2021	2019	-	2022	2003
Other Public Company Boards	3	1	1	2	1	Nil	Nil	1
C = Chair of the Committee    ✓ = Member of the Committee    M = Male    F=Female								

1 Mr. Brack currently serves as Lead Director of the Board of Directors.

2 Mr. MacKenzie is considered to be a non-independent director as he currently serves as Chief Executive Officer of Capstone.

3 Mr. Pylot is considered to be a non-independent director as he currently serves as Executive Chair of the Board of Directors and formerly served as Chief Executive Officer of Capstone Mining Corp. until March 23, 2022.

## NOTICE OF 2023 ANNUAL GENERAL & SPECIAL MEETING OF CAPSTONE COPPER CORP.

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the “Meeting”) of the Shareholders of Capstone Copper (“Capstone”) will be held:



Time and Date

Wednesday, May 3, 2023, 11:00 a.m.  
(Pacific Time)



Place

510 West Georgia Street  
Suite 2100, Vancouver, British Columbia



Record Date

March 13, 2023

At the Meeting, Shareholders will be asked to:

Item	For more details, please see:
1. Receive the audited consolidated financial statements of Capstone for the year ended December 31, 2022 and the auditors' report thereon;	
2. Determine the number of directors at eight;	
3. Elect directors for the ensuing year;	Page 8
4. Appoint Deloitte LLP, Chartered Professional Accountants (“Deloitte”), as Capstone’s auditors for the ensuing year and authorize the Directors to set the auditors’ remuneration;	Page 1
5. Consider a non-binding advisory resolution on Capstone’s approach to executive compensation;	Page 35
6. Ratify and approve Capstone’s Advance Notice Policy;	Page 2, Schedule A
7. Approve all unallocated entitlements, including options and bonus shares, under Capstone’s Incentive Stock Option and Bonus Share Plan, as amended from time to time (the “Plan”) in accordance with its terms until May 3, 2026;	Page 3
8. Transact any other business that may properly come before the Meeting.	

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

If you were a shareholder of Capstone on March 13, 2023, you are entitled to vote at the Meeting. If you are unable to attend the Meeting in person, you are encouraged to read, complete, date, sign, and return the enclosed Form of Proxy (“Proxy”) or Voting Instruction Form (“VIF”) in the manner specified on the form, no later than **11:00 a.m. (Pacific Time) on May 1, 2023**.

BY ORDER OF THE BOARD

“Wendy King”

Senior Vice President, Risk, ESG, General Counsel &  
Corporate Secretary  
March 13, 2023

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## BUSINESS OF THE MEETING

### I. Receive Financial Statements

The annual audited consolidated financial statements and Management's Discussion & Analysis ("MD&A") of Capstone for the year ended December 31, 2022, together with the auditor's report on those statements (together, the "Financial Statements"), will be placed before the shareholders at the Meeting. The Financial Statements will be available upon request from Capstone or they can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on Capstone's website at [www.capstonecopper.com](http://www.capstonecopper.com).

### II. Elect the Number of Directors

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

The board recommends  
you vote  
**for**  
the number of directors to  
be set at eight

### III. Election of Directors

At the Meeting, Capstone will ask shareholders to vote for the election of the eight nominees proposed by Capstone to serve as directors until the next annual general meeting or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of Capstone or with the provisions of the *Business Corporations Act* (British Columbia). You can find information about the nominated directors beginning on page 9 and our majority voting policy on page 17.

The board recommends  
you vote  
**for**  
each nominated director

### IV. Appoint Auditors

At the Meeting, Capstone will ask shareholders to vote on appointing the independent auditors and to authorize the Directors to fix their remuneration. The Audit Committee and Board assessed the performance and independence of Deloitte and recommends that Deloitte be re-appointed as the independent auditors until the next annual meeting.

The table below lists the services Deloitte provides and the fees we paid to them for the fiscal years ended December 31, 2022 and 2021.

		2022	2021
Audit Services	This amount includes the fees billed for the audit of the annual consolidated financial statements and for the interim review of the interim condensed consolidated financial statements.	\$1,839,000	\$1,035,000
Audit-related Services	This amount relates to the audit work on the Commissioner's reports for the Mexican entities. These fees were pre-approved by the Audit Committee.	\$9,000	\$9,000
Tax services outside of the audit scope	The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. All fees for tax compliance, tax advice and tax planning were pre-approved by the Audit Committee.	\$178,000	\$188,000
Other non-audit services	The aggregate fees billed that are not "Audit Fees", "Audit-Related Fees" or "Tax Fees". These fees in 2022 related primarily to the pro forma and information circular for the Mantos Transaction, and in 2021 related primarily to strategy advisory services. All fees for other professional services were pre-approved by the Audit Committee.	\$120,000	\$35,000

The board recommends  
you vote  
**for**  
Deloitte as our  
independent auditors

**VI. Say on Pay**

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

The purpose of Say on Pay is to provide appropriate accountability to the shareholders of Capstone for the Board’s compensation decisions by giving shareholders a formal opportunity to provide their views on Capstone’s disclosed objectives, program design and philosophy that is used to make executive compensation decisions.

The board recommends  
you vote  
**for**  
our approach to  
executive compensation

**VII. Ratify and Approve Capstone’s Advance Notice Policy**

**BACKGROUND**

On March 23, 2022, the Board adopted and approved an advance notice policy (the “Advance Notice Policy”) with immediate effect, a copy of which is attached to this Information Circular as Schedule “A”.

In order for the Advance Notice Policy to remain in effect following the conclusion of the Meeting, it must be approved and ratified by ordinary resolution of shareholders of Capstone present in person or voting by proxy at the Meeting.

**“RESOLVED THAT:**

Capstone’s Advance Notice Policy as set forth in Schedule “A” to Capstone’s Management Information Circular dated March 23, 2023, be and is hereby ratified and approved;

The Board of Directors of Capstone be authorized, in its discretion, to administer the Advance Notice Policy and to amend or modify the Advance Notice Policy in accordance with its terms and conditions to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges or so as to meet industry standards; and

Any director, or officer of Capstone be and is hereby authorized and directors, acting for, in the name of and on behalf of the Company, to execute or cause to be executed and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution.”

The board recommends  
you vote  
**for**  
our Advance Notice  
Policy

If the Advance Notice Policy is approved at the Meeting, the Advance Notice Policy will continue to be effective in full force and effect in accordance with its terms and conditions beyond the termination of the meeting. Thereafter, the Advance Notice Policy will be subject to annual review by the GNS Committee and the Board and will be updated to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards. If the Advance Notice Policy is not approved at the Meeting, the Advance Notice Policy will terminate and be of no further force or effect from and after the termination of the Meeting.

**VIII. Approve all unallocated entitlements, including options and bonus shares, under Capstone’s Incentive Stock Option and Bonus Share Plan, as amended from time to time (the “Plan”) in accordance with its terms until May 3, 2026;**

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

The Plan is an evergreen plan whereby the number of common shares issuable under the Plan is based on a 10% rolling reserve of Capstone’s total number of issued and outstanding shares. The Plan was last approved on April 29, 2020 by the shareholders of Capstone Mining Corp.

A summary of the Plan is included in the CD&A at page 53 and a full copy of the Plan text can be found under Schedule “B”.

The following table sets out information with respect to the unallocated share awards under the Plan as at March 13, 2023.

Plan Category	Number of Shares
Total Common Shares Issued and Outstanding	693,760,661
10% Rolling Reserve	69,376,066
Options Issued and Outstanding	6,032,416
Unallocated Entitlements (available options for future issuance)	63,343,650

The board recommends  
you vote  
**for**  
the approval of all  
unallocated entitlements

At the Meeting, Capstone will ask shareholders to approve all unallocated entitlements under the Plan in accordance with its terms until May 3, 2026.

**“BE IT RESOLVED THAT:**

All unallocated entitlements, including options and bonus shares under the Plan, be and are hereby approved in accordance with the Plan’s terms until May 3, 2026; and

Capstone be and is hereby authorized to prepare such documents and make such submissions and filings as Capstone may be required to make to give effect to this resolution.”

**IX. Other Business**

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

## GENERAL PROXY INFORMATION

### Date of Information

All information in this Management Information Circular is as of March 13, 2023 unless otherwise noted.

### Currency

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

### Abbreviations

Capstone uses abbreviations for certain committee names:

Committee	Abbreviations
Audit	AC Committee AC
Governance, Nominating & Sustainability	GNS Committee GNS
Human Resource & Compensation	HR&C Committee HRC
Technical & Operational Performance	TOP Committee TOP

### Mantos Transaction

On March 23, 2022, Capstone Mining Corp. ("Capstone Mining") and Mantos Copper (Bermuda) Limited ("Mantos") completed a court-approved plan of arrangement pursuant to which Mantos was continued from Bermuda into British Columbia, acquired all of the issued and outstanding common shares of Capstone Mining., and changed its name to Capstone Copper Corp. (the "Mantos Transaction").

### Notice and Access

Capstone will deliver this Notice of Meeting and Management Information Circular, a Proxy and related documents (collectively, the "Meeting Materials") to shareholders by posting the Meeting Materials on its website at [www.capstonecopper.com](http://www.capstonecopper.com). The Meeting Materials are expected to be available on Capstone's website and on SEDAR at [www.sedar.com](http://www.sedar.com) on March 28, 2023 and will remain on Capstone's website for one full year thereafter.

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

### Voting Securities and Principal Holders of Voting Securities

Capstone's authorized capital consists of an unlimited number of common shares without par value. As at March 13, 2023, Capstone had 693,760,661 common shares issued and outstanding, fully paid and non-assessable common shares, each share carrying the right to one vote. Capstone has no other classes of voting securities and does not have any classes of restricted securities.

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

Shareholder	Number and Percentage of Shares
Hadrian Capital Partners Inc.	100,712,661 14.52%
Orion*	222,336,179 32.05%

\*Includes securities held in the names of Orion Fund JV Limited, Orion Mine Finance (Master) Fund I-A LP and Orion Mine Finance Fund II LP.

Shareholders who wish to receive paper copies of the Meeting Materials may request copies by contacting the Corporate Secretary at:

 604-684-8894

 [corporatesecretary@capstonecopper.com](mailto:corporatesecretary@capstonecopper.com)

## VOTING INFORMATION

### Solicitation of Proxies

This Management Information Circular is furnished in connection with the solicitation of proxies being made by the Management of Capstone for use at the Meeting of Capstone’s shareholders to be held on Wednesday, May 3, 2023 at the time and place and for the purposes set forth in the Notice on page v.

### Record Date

The record date for the Meeting is March 13, 2023 (the “Record Date”).

### Who Can Vote

Any shareholder of record at the close of business on March 13, 2023 who either personally attends the Meeting or who has completed and delivered a Proxy in the manner specified below, shall be entitled to vote or to have such shareholder’s shares voted at the Meeting.

### How to Vote

	Registered Shareholders	Non-Registered or Beneficial Shareholders				
What type of Shareholder are you?	<p>Your shares are held in your name and you are registered as a shareholder in Capstone’s shareholder registry maintained by Capstone’s registrar and transfer agent, Computershare Investor Services Inc. (“Computershare”).</p> <p>A Proxy is included with your Meeting Materials.</p>	<p>Your shares are not registered in your name but are instead registered in the name of the brokerage firm, bank, trust company, or other intermediary.</p> <p>There are two kinds of Beneficial Shareholders:</p> <ol style="list-style-type: none"> <li>I. those who object to their names being made known to the issuers of securities which they own (“OBOs” for Objecting Beneficial Owners); and</li> <li>II. those who do not object to the issuers of the securities which they own knowing who they are (“NOBOs” for Non-Objecting Beneficial Owners).</li> </ol> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><b>OBOs</b></td> <td style="text-align: center;"><b>NOBOs</b></td> </tr> <tr> <td style="text-align: center;">A Voting Instruction Form (“VIF”) is included with your Meeting Materials from your broker, bank, trust company, or intermediary</td> <td style="text-align: center;">A VIF is included with your Meeting Materials from Computershare</td> </tr> </table>	<b>OBOs</b>	<b>NOBOs</b>	A Voting Instruction Form (“VIF”) is included with your Meeting Materials from your broker, bank, trust company, or intermediary	A VIF is included with your Meeting Materials from Computershare
<b>OBOs</b>	<b>NOBOs</b>					
A Voting Instruction Form (“VIF”) is included with your Meeting Materials from your broker, bank, trust company, or intermediary	A VIF is included with your Meeting Materials from Computershare					
Attending in Person	<p>Attend the Meeting, register with a representative of Computershare upon arrival and vote your shares.</p> <p><b>Only registered shareholders or duly appointed proxyholders for an absent shareholder (“Proxyholders”) will be recognized to make motions or vote at the Meeting.</b></p>	<p>Insert your name in the blank space provided on the VIF.</p> <p>Sign and return in accordance with the instructions provided well in advance of the Meeting.</p> <p>Attend the Meeting and register with a representative of Computershare upon arrival.</p>				

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

### Appointment of Proxyholders

You can appoint someone to attend and act on your behalf at the Meeting other than the persons named in the Proxy as proxyholders. If you don't appoint a proxyholder, Darren Pylot (Executive Chair) and John MacKenzie (CEO) of Capstone, will be your proxyholder.

Indicate the manner in which your proxyholder is to vote with respect to any matter by marking "X" in the appropriate space.

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

If you wish to confer a discretionary authority with respect to any matter, then the space should be left blank. In such instance, the proxyholder, if nominated by Management, intends to vote the shares represented by the Proxy in favour of the motion.

If there are other items brought before the meeting, your proxyholder will decide how to vote. At the time of printing the Meeting Materials, Management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting.

Proxies must be deposited at the office of Computershare, no later than 11:00a.m. PT on Monday, May 1, 2023.

Deadline for the deposit of Proxies may be waived by the Chair of the Meeting at his sole discretion without notice.

Failure to properly complete or deposit a Proxy may result in its invalidation.

### Quorum

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

### Approvals

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

### Completion and Voting of Proxies

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

### Exercise of Discretion

On any poll that may be called for, the shares represented by a properly executed Proxy given in favor of the person(s) designated in the Proxy will be voted or withheld from voting in accordance with the instructions given on the Proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**Where no choice has been specified by the shareholder, such shares will be voted:**

- FOR the number of directors to be set at eight
- FOR the election of directors
- FOR the appointment of auditors
- FOR the approval of the Non-Binding Advisory Vote on Executive Compensation
- FOR the approval of the Advance Notice Policy
- FOR the approval of the unallocated entitlements

### Voting Results

We will issue a news release with the voting results shortly after the Meeting and will also file voting results on SEDAR at [www.sedar.com](http://www.sedar.com).

## ELECTION OF DIRECTORS

This year eight directors are proposed for election to our board.

### Independence

Six of our eight director nominees are independent. John MacKenzie, Capstone's Chief Executive Officer and Darren Pylot, Capstone's Executive Chair and former Chief Executive Officer of Capstone Mining Corp. until March 23, 2022 are considered to have a material relationship with Capstone and are deemed to be non-independent.

### Diversity

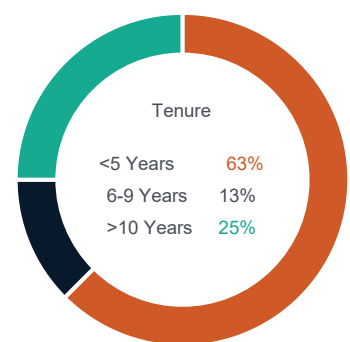
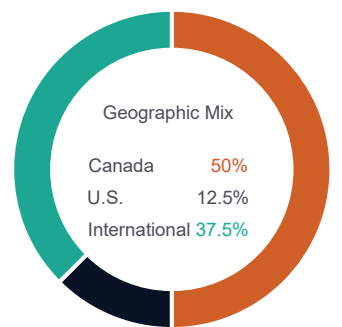
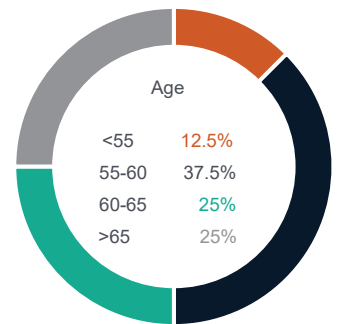
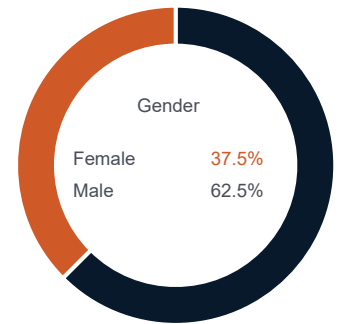
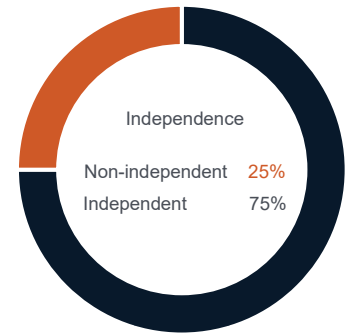
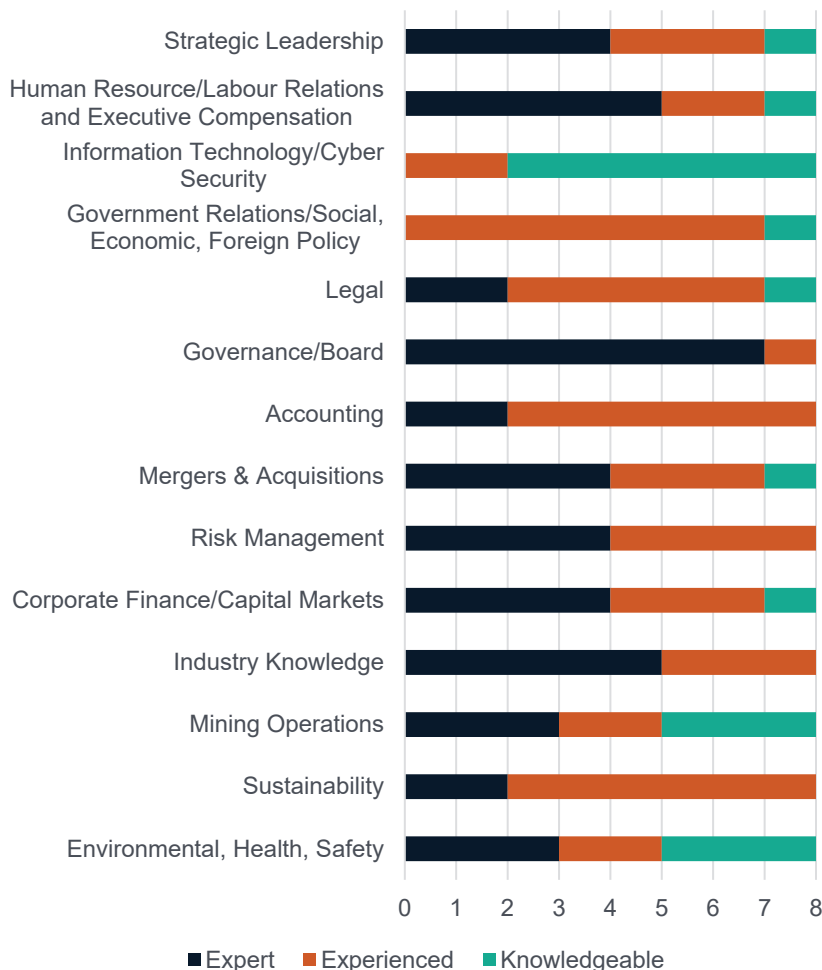
Capstone believes in the importance of having a diverse board and will meet its aspirational target of 30% women after the Meeting if all nominees are elected. You can read more about our policies on board diversity on page 21.

### Commitment

Directors are expected to devote enough time and energy to effectively carry out their duties on the Board. Total average attendance at meetings in 2022 of the independent directors was 100%. For further detail about attendance, please refer to page 20.

### Skills

Our GNS Committee and our Board have determined that each of the eight nominees possesses the necessary skills and qualifications to collectively comprise a highly effective board. For further detail, please refer to the Board's skills matrix on page 24.







**Alison Baker, Chair of the Audit Committee**  
Winchester, England

#### Career Highlights

- Former Partner at PricewaterhouseCoopers LLC leading the UK and EMEA Oil & Gas Practice
- Former Partner at Ernst & Young LLP leading the Utilities and Mining Assurance Practice
- Former Chair of the Audit Committee Chairs' Independent Forum (ACCIF)

#### Other Current Public Boards

- Endeavor Mining plc (TSX, LSE)
- Helios Towers plc (LSE)
- Rockhopper Exploration (LSE)

#### Other Public Boards in the past five years

- KAZ Minerals plc (LSE)
- Centamin plc (TSX)

**Age:** 52

**Independent**

**Director Since:** March 23, 2022

**Principal Occupation:** Corporate Director

#### Qualifications, Skills, Experience and Expertise:

- Chartered Accountant (ICAEW)
- Finance, investment and M&A experience
- B.Sc. in Mathematical Sciences

The Board of Directors has determined that Ms. Baker's accounting and financial experience combined with her experience in the utilities and mining assurance practice qualify her to serve as a director and as Chair of the Audit Committee.

#### Capstone Board/Committee Memberships

	2022 Attendance <sup>4</sup>	
Board	8 of 8	100%
Audit Committee <sup>5</sup>	4 of 4	100%
HR&C Committee	4 of 4	100%

#### Securities Held as of the Record Date

Options	Common Shares	DSUs	Meets Shareholding Requirements
27,152	Nil	40,667	✓

<sup>4</sup> Attendance is from March 23, 2022 to December 31, 2022.

<sup>5</sup> Ms. Baker was appointed as Chair of the Audit Committee effective August 15, 2022.



**George Brack, Lead Director and Chair of the HR&C Committee**  
North Vancouver, British Columbia, Canada

#### Career Highlights

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

#### Other Current Public Boards

- Wheaton Precious Metals Corp. (TSX)

#### Other Public Boards in the past five years

- Capstone Mining Corp. (TSX)
- Alio Gold Inc. (TSX, NYSE)
- Geologix Explorations Inc. (TSXV)
- Alexco Resource Corp. (TSX, NYSE)
- Newstrike Capital Inc. (TSX)

**Age:** 61

**Independent**

**Director Since:** March 23, 2022<sup>6</sup>

**Principal Occupation:** Corporate Director

#### Qualifications, Skills, Experience and Expertise:

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

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

#### Capstone Board/Committee Memberships

	2022 Attendance <sup>7</sup>	
Board	8 of 8	100%
HR&C Committee <sup>8</sup>	4 of 4	100%
GNS Committee	4 of 4	100%
TOP Committee	4 of 4	100%

#### Securities Held as of the Record Date

Options	Common Shares	DSUs	Meets Shareholding Requirements
353,516	530,000	1,458,180	✓

<sup>6</sup> Mr. Brack was a director of Capstone Mining Corp. since May 19, 2009 prior to the Mantos Transaction.

<sup>7</sup> Attendance is from March 23, 2022 to December 31, 2022.

<sup>8</sup> Mr. Brack currently serves as Chair of the HR&C Committee.



**Robert Gallagher, Chair of the TOP Committee**  
Deerfield Beach, FL, USA

#### Career Highlights

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

**Age:** 72

**Independent**

**Director Since:** March 23, 2022<sup>9</sup>

**Principal Occupation:** Corporate Director/Consultant

#### Qualifications, Skills, Experience and Expertise:

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

#### Other Current Public Boards

- Southern Arc Minerals Inc. (NEX)

#### Other Public Boards in the past five years

- Capstone Mining Corp. (TSX)
- Japan Gold Corp. (TSXV)
- Yamana Gold Inc. (TSX)
- New Gold Inc. (TSX)

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

#### Capstone Board/Committee Memberships

	2022 Attendance <sup>10</sup>	
Board	8 of 8	100%
GNS Committee	4 of 4	100%
TOP Committee <sup>11</sup>	4 of 4	100%

#### Securities Held as of the Record Date

Options	Common Shares	DSUs	Meets Shareholding Requirements
143,900	N/A	522,757	✓

<sup>9</sup> Mr. Gallagher was a director of Capstone Mining Corp. since November, 2016 prior to the Mantos Transaction.

<sup>10</sup> Attendance is from March 23, 2022 to December 31, 2022.

<sup>11</sup> Mr. Gallagher currently serves as Chair of the TOP Committee.



**Anne Giardini, QC, Chair of the GNS Committee**  
Rome, Italy

#### Career Highlights

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

#### Other Current Public Boards

- K92 Mining Inc. (TSX)
- Stella-Jones Inc. (TSX)

#### Other Public Boards in the past five years

- Capstone Mining Corp. (TSX)
- Nevsun Resources Ltd. (TSX)
- Thompson Creek Metals Company Inc. (TSX, NYSE)

Age: 63

Independent

Director Since: March 23, 2022<sup>12</sup>

**Principal Occupation:** Corporate Director/Consultant

#### Qualifications, Skills, Experience and Expertise:

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

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

#### Capstone Board/Committee Memberships

	2022 Attendance <sup>13</sup>	
Board	8 of 8	100%
Audit Committee	4 of 4	100%
GNS Committee <sup>14</sup>	4 of 4	100%
TOP Committee	4 of 4	100%

#### Securities Held as of the Record Date

Options	Common Shares	DSUs	Meets Shareholding Requirements
30,868	Nil	44,356	✓

<sup>12</sup> Ms. Giardini was a director of Capstone Mining Corp. since April 28, 2021 prior to the Mantos Transaction.

<sup>13</sup> Attendance is from March 23, 2022 to December 31, 2022.

<sup>14</sup> Ms. Giardini currently serves as Chair of the GNS Committee.



**John MacKenzie, Director and Chief Executive Officer**  
Toronto, Ontario, Canada

#### Career Highlights

- Former Executive Chairman and founder of Mantos Copper (Bermuda) Limited
- Former CEO of Audley Capital
- Former CEO Copper at Anglo American
- Former CEO Zinc at Anglo Base Metals

#### Other Current Public Boards

- N/A

#### Other Public Boards in the past five years

- KAZ Minerals plc (LSE)

Age: 54

Non-Independent

Director Since: March 23, 2022<sup>15</sup>

**Principal Occupation:** Chief Executive Officer of Capstone Copper Corp.

#### Qualifications, Skills, Experience and Expertise:

- 30+ years career in the mining industry
- Executive management, operational and investment experience
- M.Sc. in Mining Engineering from the University of Witwatersrand
- Master of Business Leadership from the University of South Africa

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

#### Capstone Board/Committee Memberships

	2022 Attendance <sup>16</sup>	
Board	8 of 8	100%

#### Securities Held as of the Record Date

Options	Common Shares	PSUs	RSUs	Meets Shareholding Requirements
352,258	15,049,040	350,705	175,353	✓

<sup>15</sup> Mr. MacKenzie was a director of Mantos Copper (Bermuda) Limited since September 10, 2015 prior to the Mantos Transaction.

<sup>16</sup> Attendance is from March 23, 2022 to December 31, 2022.



**Peter Meredith, Director**  
Vancouver, British Columbia, Canada

#### Career Highlights

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

#### Other Current Public Boards

- Ivanhoe Mines Ltd. (TSX)

#### Other Public Boards in the past five years

- Great Canadian Gaming Corporation (TSX)
- Capstone Mining Corp. (TSX)
- Cordoba Minerals Corp. (TSXV)
- Peregrine Diamonds Ltd. (TSX)

Age: 79

Independent

Director Since: March 23, 2022<sup>17</sup>

**Principal Occupation:** Corporate Director

#### Qualifications, Skills, Experience and Expertise:

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

The Board of Directors has determined that Mr. Meredith's accounting and financial experience combined with his extensive knowledge of the mining industry qualify him to serve as a director and a member of the Audit Committee.

#### Capstone Board/Committee Memberships

	2022 Attendance <sup>18</sup>	
Board	8 of 8	100%
Audit Committee <sup>19</sup>	4 of 4	100%
HR&C Committee	4 of 4	100%

#### Securities Held as of the Record Date

Options	Common Shares	DSUs	Meets Shareholding Requirements
223,689	63,500	313,948	✓

<sup>17</sup> Mr. Meredith was a director of Capstone Mining Corp. since April 25, 2019 prior to the Mantos Transaction.

<sup>18</sup> Attendance is from March 23, 2022 to December 31, 2022.

<sup>19</sup> Mr. Meredith served as Chair of the Audit Committee until August 14, 2022.



**Patricia Palacios**  
Concepción, Chile

**Career Highlights**

- Former General Manager at HIF SpA
- Former General Manager at Innergy S.A
- Former General Manager at Gasoducto del Pacifico Chile
- Former Chief Legal Counsel at Gasoducto del Pacifico Argentina
- Former Counselor of the Regional Energy Development Council in Bio Bio Region, Chile

**Other Current Public Boards**

- Corporación Universidad de Concepción

Age: 56

Independent Director Nominated for Appointment

Principal Occupation: Corporate Director

**Qualifications, Skills, Experience and Expertise:**

- 30+ years as a lawyer and senior executive
- Sustainability experience
- Broad public and government relations and permitting experience
- MEd in Human Resources and Organizational development from the University of Louisville, KY
- B.A. Legal and Social Sciences from the University of Concepción, Chile

The Board of Directors has determined that Ms. Palacios' extensive legal and executive career and experience with regulated industries in Chile qualify her to serve as a director.

**Capstone Board/Committee Memberships**

	2022 Attendance	
N/A	N/A	N/A

**Securities Held as of the Record Date**

Options	Common Shares	DSUs	Meets Shareholding Requirements
N/A	N/A	N/A	N/A



**Darren Pylot, Executive Chair**  
Vancouver, British Columbia, Canada

#### Career Highlights

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

#### Other Current Public Boards

- Capstone Mining Corp. (TSX)
- Zena Mining Corp. (TSXV)

Age: 55

Non-Independent<sup>20</sup>

Director Since: March 23, 2022<sup>21</sup>

**Principal Occupation:** Corporate Director

#### Qualifications, Skills, Experience and Expertise:

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

The Board of Directors has determined that Mr. Pylot's extensive experience in the mining industry and as former President and CEO of Capstone Mining Corp. qualify him to serve as a director. After the Meeting, Mr. Pylot will be appointed as Non-Executive Chair of the Board.

#### Capstone Board/Committee Memberships

	2022 Attendance <sup>22</sup>	
Board	8 of 8	100%

#### Securities Held as of the Record Date

Options	Common Shares	PSUs	RSUs	Meets Shareholding Requirements
1,155,186	3,171,091	328,148	164,075	✓

<sup>20</sup> Mr. Pylot is considered to be a non-independent director as he currently serves as Executive Chair of the Board of Directors and formerly served as Chief Executive Officer of Capstone Mining Corp. until March 23, 2022.

<sup>21</sup> Mr. Pylot was a director of Capstone Mining Corp. since October 23, 2003 prior to the Mantos Transaction.

<sup>22</sup> Attendance is from March 23, 2022 to December 31, 2022.



### Advance Notice

In accordance with Capstone's Advance Notice Policy, as adopted by the Board of Directors on March 23, 2022, shareholders who wish to nominate a candidate for election as director must provide timely notice in proper written form by personal delivery, facsimile or email to the Corporate Secretary of Capstone. **The notice must be made not less than 35 days prior to the date of the Meeting.** As a result, any shareholder wishing to nominate a candidate for election as director must provide notice to Capstone by **March 29, 2023**. A copy of our Advance Notice Policy is attached as Schedule "A" to this Management Information Circular.

### Majority Voting for Directors

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

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

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

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

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

Notice may only be given:

**by mail:**



2100-510 West Georgia Street  
Vancouver, BC, V6B 0M3

**by fax:**



604-688-2180

**by email:**



corporatesecretary@capstonecopper.com

## GOVERNANCE OF CAPSTONE

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

### Corporate Governance Highlights

Board Structure and Independence	<ul style="list-style-type: none"> <li>✓ Two female directors on the Board and one additional female nominee in 2023 (37.5% female directors)</li> <li>✓ The Board has an independent Lead Director and the chairs of each of the committees are independent</li> <li>✓ In camera sessions held at the end of each Board meeting and committee meeting without management present</li> <li>✓ There are no directors who are overboarded</li> </ul>
Shareholder Rights	<ul style="list-style-type: none"> <li>✓ All Directors are elected annually</li> <li>✓ Majority Voting Policy for all Directors (in uncontested elections)</li> <li>✓ Shareholders representing at least 5% of outstanding shares are able to call special meetings</li> </ul>
Board Oversight	<ul style="list-style-type: none"> <li>✓ The Board has oversight of the corporate strategy and annual operating plan</li> <li>✓ The Board has oversight of Enterprise Risk Management (“ERM”)</li> <li>✓ The Board has oversight over Environmental, Social, Governance (“ESG”) matters</li> <li>✓ The Board monitors Capstone’s Code of Conduct, workplace culture and values</li> <li>✓ Annual off-site Board meeting focused on strategy</li> <li>✓ The Board has oversight of cybersecurity matters, and our whistleblower reporting and global insurance programs</li> <li>✓ The Board has oversight of executive compensation and succession planning</li> </ul>
Corporate Governance Practices	<ul style="list-style-type: none"> <li>✓ Prohibits Directors and Management from hedging</li> <li>✓ Annual Board and committee performance assessments</li> <li>✓ Clawback Policy for Management</li> <li>✓ Significant share ownership requirements for Directors and Management</li> <li>✓ Comprehensive director orientation and continuing education programs</li> <li>✓ Responsive, active and ongoing shareholder engagement</li> </ul>

Capstone's corporate governance practices comply with all applicable securities regulatory requirements and we continue to monitor developments in best practices to ensure we have strong governance practices. The Board believes that Capstone's governance system is effective and appropriate to its circumstances, and that there are appropriate structures and procedures in place to ensure the Board's independence from Management.

The mandate of the Board is to oversee the management of the business and affairs of Capstone. The mandate of the Board, which it discharges directly or through one of its four Board committees, is to oversee the management of the business and affairs of Capstone, and includes or without limitation, approving strategic goals and objectives, reviewing operations, disclosure and communication policies, overseeing the financial reporting and other internal controls, overseeing Capstone's ESG strategy, risks, performance and disclosures, overseeing Capstone's Enterprise Risk Management ("ERM") system including Capstone's cyber security and global insurance programs, corporate governance, director orientation and education, executive compensation and succession planning oversight, and director nomination, compensation and assessment. The frequency of Board and committee meetings may be increased when Capstone is facing new opportunities or risks that require oversight by the Board. The mandate of the Board, which it discharges directly or through one of its four Board committees, is to oversee the Management of the business and affairs of Capstone and includes or without limitation, approving strategic goals and objectives, reviewing operations, disclosure and communication policies, overseeing the financial reporting and other internal controls, overseeing Capstone's ESG strategy, risks, performance and disclosures, overseeing Capstone's Enterprise Risk Management ("ERM") system including Capstone's cyber security and global insurance programs, corporate governance, director orientation and education, executive compensation and succession planning oversight, and director nomination, compensation and assessment. The Board increases the frequency of Board and committee meetings when Capstone faces new opportunities or risks requiring oversight. Management regularly informs the Board of the operations of Capstone through reports and discussions with Management during and between Board and committee meetings.

### Governance Guideline

The Board has adopted a Corporate Governance Guideline that complies with the listing standards of the TSX. The Corporate Governance Guideline provides a framework of corporate governance, including outlining the Board's duties, goals and responsibilities, the organization and composition of the Board, and the conduct of the Board. A copy of our Corporate Governance Guideline is available on our website at [www.capstonecopper.com](http://www.capstonecopper.com).

### Members of our Board and Committees of the Board

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

	INDEPENDENT							
	Alison Baker	George Brack <sup>23</sup>	Robert Gallagher	Anne Giardini	Peter Meredith	John MacKenzie <sup>24</sup>	Darren Pylot <sup>25</sup>	Istvan Zollei
Audit Committee	C			M	M			
Governance, Nominating & Sustainability Committee		M	M	C				
Human Resource & Compensation Committee	M	C			M			
Technical & Operational Performance Committee		M	C	M				

C = Chair of Committee M = Member of Committee

Based on an assessment of the skills required for each committee, the GNS Committee nominates an independent director as Chair of each committee to the Board. The Board has the authority to appoint *ad hoc* committees as needed.

<sup>23</sup> Mr. Brack currently serves as Lead Director of the Board of Directors.

<sup>24</sup> Mr. MacKenzie serves as Chief Executive Officer of Capstone.

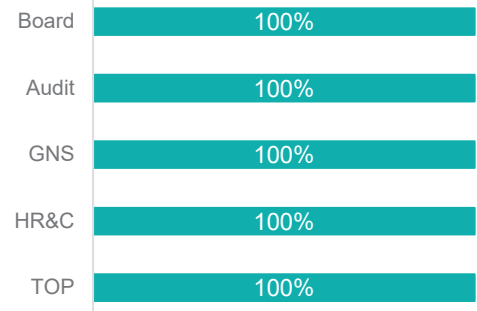
<sup>25</sup> Mr. Pylot currently serves as Executive Chair of the Board of Directors.

## Meetings of the Board and Committees of the Board

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

### Attendance of Directors at Board and Committee Meetings

In 2022, the Board held a total of eight meetings and each committee of the Board held four meetings. The chart on the right shows the attendance record for all Board and committee meetings in 2022.



### In Camera Sessions

The Board's policy is to hold *in camera* sessions at the end of each Board meeting at which non-independent Directors and members of Management do not attend. In addition, each committee holds an *in-camera* session at the end of each committee meeting. Additional *in camera* sessions are held as required.

### Directorships

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

Name of Director	Reporting Issuer(s) or Equivalent(s)
Alison Baker	Endeavor Mining plc, Helios Towers plc and Rockhopper Exploration plc
George Brack	Wheaton Precious Metals Corp.
Robert Gallagher	Southern Arc Minerals Inc.
Anne Giardini	K92 Mining Inc. and Stella-Jones Inc.
John MacKenzie	nil.
Peter Meredith	Ivanhoe Mines Ltd.
Patricia Palacios	nil.
Darren Pylot	Zena Mining Corp.

### Directors Serving Together

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

### Board and Committee Terms of Reference

The Board has developed written terms of references for the Board and each committee of the Board. These terms of references are reviewed annually by the respective committees and the Board. The Board's and each committee's terms of references are available on Capstone's website at [www.capstonecopper.com](http://www.capstonecopper.com) and a copy of the Board's terms of reference is attached as Schedule "C" to this Annual Information Form.

### Position Descriptions

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

- Chair of the Board;
- Lead Director;
- Chief Executive Officer;
- Audit Committee Chair;
- GNS Committee Chair;
- TOP Committee Chair;
- HR&C Committee Chair;
- Chief Financial Officer ("CFO"); and
- President & Chief Operating Officer ("COO").

The position descriptions are reviewed by the GNS Committee and the Board annually.

**Director Tenure**

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

**Diversity**

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

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

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

When considering candidates, a short-list identifying potential candidates shall include at least one female candidate for each available board seat and if at the end of the selection process, no female candidates are selected, the Board must be satisfied that there are objective reasons to support this determination.

On an annual basis, the GNS Committee assesses the effectiveness of Capstone’s performance in meeting the objectives outlined in the Diversity Policy by a review of our progress in increasing diversity amongst Management and on the Board.



The Diversity Policy may be accessed on Capstone’s website at [www.capstonecopper.com](http://www.capstonecopper.com).

**Director Orientation and Education Process**

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

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

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

Board members are provided with:

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

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

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

**Board Performance Assessments**

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



The process is composed of the following steps:

- Board and committee performance evaluation questionnaires including a self-assessment by each director and an assessment by members of Management;
- Chair evaluation questionnaire;
- Lead Director evaluation questionnaire;
- Committee chairs evaluation questionnaire; and
- One-on-one confidential meetings between the Lead Director and every director covering comments provided in the questionnaire and peer evaluations. In addition, the Board may from time to time, retain an independent advisor to assist the Board in independently assessing the performance of the Board, Board committees, Board and committee chairs and individual Directors.

As part of the Board assessment process, Directors are asked to rate items such as structure and size of the Board, the knowledge and diversity of the collective Board, the timeliness and completeness of information received from Management, the relationship with

Management and the overall effectiveness of the decision-making process. The assessment is intended to identify any deficiencies and any areas for improving the functionality of the Board. The GNS Committee is responsible for evaluating and implementing any suggestions elicited through the evaluation process.

### Nomination of Directors

The GNS Committee, composed entirely of independent directors, with oversight from the Board, has responsibility for identifying and recruiting potential Board candidates for nomination to the Board.

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

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

Capstone has implemented a majority voting policy for Directors which may be accessed on Capstone’s website at [www.capstonecopper.com](http://www.capstonecopper.com).

### Independence

The Governance, Nominating and Sustainability Committee assesses the independence of each director on an annual basis as well as the independence of director nominees prior to nomination for election or appointment. In making an independence assessment the GNS Committee considers applicable securities laws as well as other matters it considers relevant, including investor and proxy advisor voting guidelines.

Capstone currently has five independent directors and three non-independent directors (Mr. Pylot, Mr. MacKenzie and Mr. Zollei). Mr. Zollei will not be standing for re-election at this Meeting and Ms. Palacios, who is considered to be independent, has been nominated by the Board to stand for election in place of the vacancy.

To allow the Board to function independently of Management, the following structures and processes are in place:

1. Capstone has an independent Lead Director, Mr. Brack, who is responsible for, among other things, providing leadership to ensure the Board functions independently, working with the Chair to ensure appropriate committee structures are in place, consulting and meeting with any or all of the independent directors and, in the absence of the Chair, chairing Board meetings;
2. The CEO and Executive Chair of Capstone do not serve on any of the Committees of the Board;
3. Pursuant to the Articles of Capstone, any one director may call a meeting of the Board;
4. The CEO’s compensation is considered, in the CEO’s absence, by the Human Resources & Compensation Committee and at a Board meeting of the independent members of the Board at least once a year;
5. In addition to the standing committees of the Board, *ad hoc* committees are appointed from time to time, when appropriate; and
6. The directors hold in camera meetings at the end of all Board and committee meetings at which members of Management do not attend.



### Skills Matrix

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

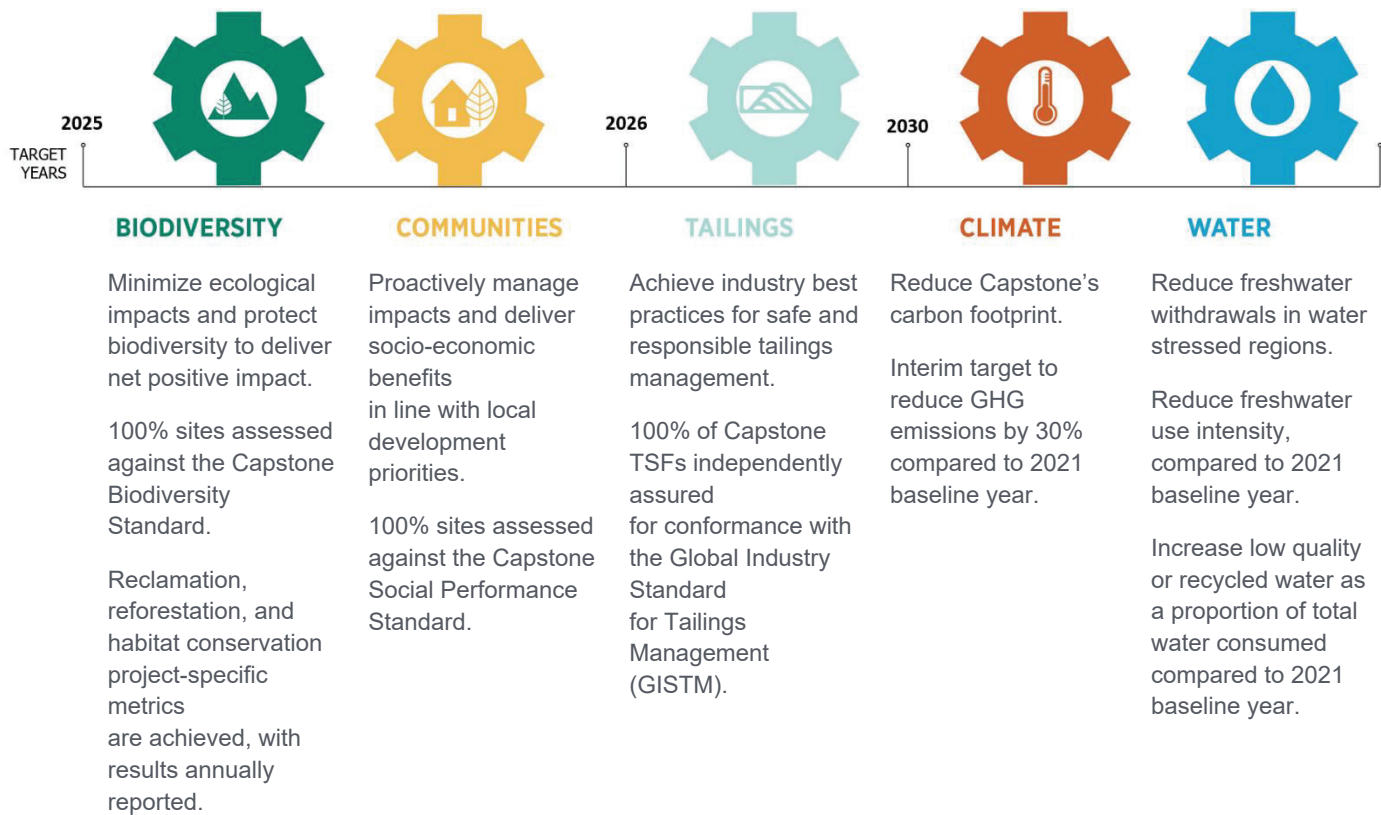
- ✓ Gold – Expert - worked directly or had individuals directly reporting to you in specific area
- Silver – Experienced – a reasonable wide range of understanding and knowledge in specific area
- Bronze – Knowledgeable - limited expertise in specific area

Summary of Director Qualification and Experience	Baker	Brack	Gallagher	Giardini	MacKenzie	Meredith	Palacios	Pylot
Environmental, Health, Safety	●	●	✓	✓	✓	●	●	●
Sustainability	●	●	✓	●	✓	●	●	●
Mining Operations	●	●	✓	●	✓	●	●	✓
Industry Knowledge	●	✓	✓	●	✓	✓	●	✓
Corporate Finance/Capital Markets	✓	✓	●	●	●	✓	●	✓
Risk Management	✓	●	✓	●	●	✓	●	✓
Mergers & Acquisitions	●	✓	●	●	✓	✓	●	✓
Accounting	✓	●	●	●	●	✓	●	●
Governance/ Board	✓	✓	✓	✓	●	✓	✓	✓
Legal	●	●	●	✓	●	●	✓	●
Government Relations/Social, Economic, Foreign Policy	●	●	●	●	●	●	●	●
Information Technology/Cyber Security	●	●	●	●	●	●	●	●
Human Resource, Labour Relations and Executive Compensation	●	●	✓	✓	●	✓	✓	✓
Strategic Leadership	●	✓	✓	●	✓	●	●	✓



## Environmental, Social, Governance

Management, with Board oversight, has developed a Sustainable Development Strategy (the “Strategy”) and has adopted GHG emissions reduction targets to support the Company’s commitment to responsible copper production. The Strategy identifies five initial priorities with milestones, goals and targets for each.



For further details on our Strategy please see the Responsibility section of our website at <https://capstonecopper.com/responsibility>.

Capstone published its 2021 Sustainability Report on June 21, 2022 for its Pinto Valley mine in Arizona, USA, Cozamin mine in Zacatecas, Mexico, and in Santo Domingo project in Chile. The Report is Capstone’s sixth sustainability report prepared following the Global Reporting Initiative (“GRI”) Standards (Core option) and Capstone’s first report using the Sustainability Accounting Standards Board (SASB) Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Capstone also published its 2021 Sustainability Report for its Mantos Blancos and Mantoverde mines in August 2021.

This year, Capstone’s 2022 Sustainability Report (combined entities) is expected to be published in H2 2023 and will further incorporate SASB.

Capstone’s Mantos Blancos and Mantoverde mines joined the Copper Mark, an assurance framework to promote responsible production practices and demonstrate the industry’s commitment to the United Nations Sustainability Development Goals. We have completed the self-assessment stage of the Copper Mark Assurance Process and expect to commence the Independent Assessment stage in Q3 2023. Capstone’s Pinto Valley and Cozamin mines are preparing to participate in Copper Mark.

To underscore the important role of the Governance, Nominating and Sustainability Committee in overseeing Capstone’s environmental, safety and health, corporate social responsibility, policies and performance, we renamed the Corporate Governance & Nominating Committee as the “Governance, Nominating and Sustainability Committee” in March 2022. We believe that this change in the committee’s name better reflects the breadth of its responsibilities and highlights the important role that this committee plays in overseeing Capstone’s sustainability culture. The GNS Committee’s Terms of Reference is available on our website at [www.capstonecopper.com](http://www.capstonecopper.com).

**Risk Oversight**

Our Corporate Governance Guideline explicitly recognizes that our Board has the responsibility to oversee Capstone’s Enterprise Risk Management Framework and risk management activities (“ERM System”). These risks include strategic, operational, environmental, health, safety and security, human resources, information security, legal and compliance, and ESG global risks, such as climate change, water scarcity, human rights, diversity and inclusion and other risks faced by Capstone. Management is responsible for identifying, evaluating, managing and mitigating Capstone’s exposure to risk. It is the Board’s responsibility to assess key risks facing Capstone and to review Management’s strategies for risk mitigation. Our Board committees assist the Board in fulfilling its enterprise risk oversight responsibilities in certain areas of risk. Our Terms of Reference for the Board and each committee further outlines these responsibilities.

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

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, the significant financial impacts of ESG risk, and the significant financial risks disclosed in Capstone’s continuous and other public disclosure documents.
Human Resource & Compensation Committee	Oversight responsibility related to talent management, succession planning and other ESG risks specific to the HRC Committee and the business risk implications of our compensation policies and programs, as well as the compensation of directors.
Governance, Nominating & Sustainability Committee	Oversight responsibility for risks related to Board structure, membership and corporate governance compliance and for ESG risks.
Technical & Operational Performance Committee	Oversight responsibility for technical risk and operational risk related to production and costs, tailings management, environmental protection, climate change, occupational health and safety, security, sustainability and social risks facing Capstone.

**Enterprise Risk Management (ERM)**

Capstone’s robust ERM System is implemented across Capstone to ensure that the risks affecting Capstone’s business objectives and strategy are identified, evaluated and managed. The Board and Management identify and discuss key risks and opportunities during the annual strategic planning process. Our framework is used to navigate both negative risk and positive risk in order to better achieve our objectives. Additionally, Capstone’s ERM system is integrated across all operations and aligned with our crisis management and emergency response plans and insurance program to establish a more efficient, effective and transparent risk management system. This strategic alignment allows Capstone to successfully transfer risk as appropriate through a robust global insurance program.

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

- Detailed risk registers are developed for the operating sites, major projects and corporate activities.
- The site and project risk registers are assessed, evaluated and updated through regular workshops and meetings with the general managers and their respective Management teams.
- The corporate risk register is developed, reviewed and updated with input from site management followed by a review by the Management team.
- Top risks at each site are regularly discussed during Management meetings.
- Risk training and awareness programs are implemented across Capstone.
- Risks facing Capstone are discussed at each committee of the Board, as appropriate.
- Crisis Management and Emergency Response training and testing.

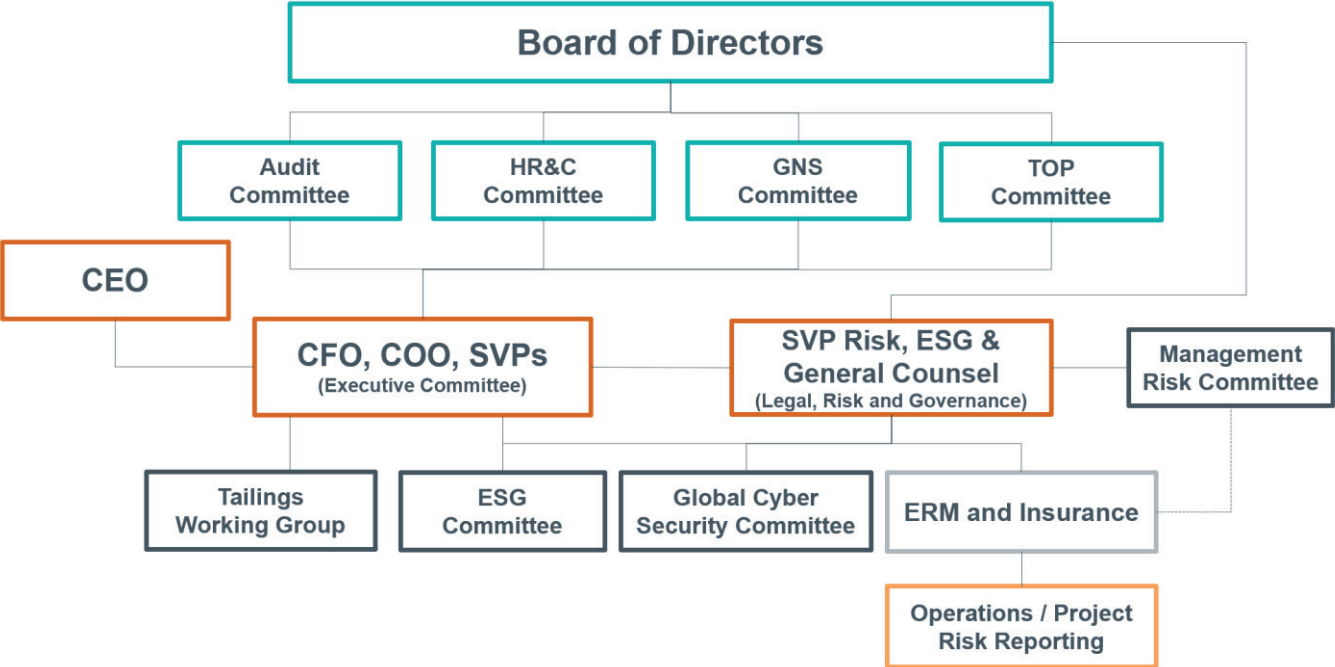
Risk champions are identified and trained at the operating sites and development projects; this coupled with on-going training and awareness programs for the Management teams, assists in embedding our ERM System and enhancing our risk awareness culture and risk-based decision making.

Capstone’s ERM framework includes a cross functional management risk committee which meets to identify and discuss emerging and disruptive risks, and the interconnectivity between identified risks and mitigation strategies. Additionally, committees and working groups are established to manage key risks. The Tailings Working Group, ESG Committee, Global Cyber Security Committee and Global Pandemic Response Team report quarterly to the Board of Directors.

Tailings Working Group	The <b>Tailings Working Group</b> is led by our Director, Technical Services, a tailings management professional, and provides tailings management guidance and oversight to ensure tailings risks and mitigation efforts are adequately understood and communicated, and responsible tailings management practices are applied across all operations and projects.
ESG Committee	The <b>ESG Committee</b> 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 topics that are material for Capstone. It also plays a role in ensuring the risk management and internal control systems are in place for managing ESG risks.
Global Cyber Security Committee	The <b>Global Cyber Security Committee</b> manages information security risk through ongoing governance, policies, practices and cyber security training initiatives. Capstone continuously monitors the effectiveness of existing controls and the Cyber Incident Response Plan and utilizes third parties to assist with identifying and assessing new cyber threats and system vulnerabilities. Capstone highlights the importance of cyber and information security risk through direct oversight from the Board of Directors.
Global Pandemic Response Team	Capstone has a dedicated <b>Global Pandemic Response Team</b> and a robust Pandemic Response Plan as part of the Company’s overall Crisis Management and Business Continuity efforts. The team continually assesses any potential health and business impacts across all our offices and operations and provides recommendations to Management on controls and prevention measures.

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

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



## Shareholder Engagement

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

Investor relations is considered a priority at Capstone, with responsibility for communications with investors maintained at the executive level. Information requests and inquiries are handled by Investor Relations. The Company's executives regularly meet with shareholders and prospective investors to discuss relevant topics such as business strategy, operational performance, project development, catalysts, and ESG strategy and performance.

	Contact Capstone's Investor Relations at:	Contact Capstone's Board of Directors at:
	2100-510 West Georgia Street Vancouver, BC, V6B 0M3	2100-510 West Georgia Street Vancouver, BC, V6B 0M3
	604-684-8894	604-684-8894
	<a href="mailto:info@capstonecopper.com">info@capstonecopper.com</a>	<a href="mailto:directors@capstonecopper.com">directors@capstonecopper.com</a>

## Other Corporate Governance Related Policies

### ***Advance Notice Policy***

The purpose of the Advance Notice Policy is to provide Shareholders, Directors and management of the Company with a clear framework for nominating Directors of the Company. The Advance Notice Policy fixes a deadline by which Director nominations must be submitted to the Company prior to any annual or special meeting of Shareholders and sets forth the information that must be included in the notice to the Company for the notice to be in proper written form in order for any Director nominee to be eligible for election at any annual or special meeting of Shareholders.

### ***Anti-Bribery Policy***

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

### ***Anti-Hedging Policy***

Capstone has an Anti-Hedging Policy which prohibit Directors and Management from directly or indirectly hedging against future decisions in the market value of any securities of Capstone through the purchase of financial instruments designed to offset such risk. Prohibited transactions include the purchase by a director or Management of financial instruments, including, without limitation, prepaid variable forward contracts, equity swaps, collars, puts, calls or other derivative securities that are designed to hedge or offset a decrease in market value of equity securities of Capstone.

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

### ***Clawback Policy***

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

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

### ***Cyber Security Policy***

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

### ***Disclosure & Confidentiality Policy***

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

### ***Ethical Business Conduct***

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

The Board has adopted the Code of Conduct that is posted on our website at [www.capstonecopper.com](http://www.capstonecopper.com) and under Capstone's profile at [www.sedar.com](http://www.sedar.com). The Board has instructed Management and employees to abide by the Code. Management reports significant breaches of the Code of Conduct to the GNS Committee on an annual basis, allowing the GNS Committee to monitor any trends. The Board also conducts an annual review of the performance of Capstone personnel under the Code of Conduct with a view to making any required changes in Capstone practice or policy to enhance compliance with the Code of Conduct. The Board keeps a record of

any departures from the Code of Conduct and waivers requested and granted, and confirms that no material change reports have been filed by Capstone since the beginning of Capstone's most recently completed financial year pertaining to any conduct of a director or executive officer that constitutes a departure from the Code of Conduct. Employees and Directors are required to annually certify their understanding of and adherence to the Code of Conduct.

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

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

### ***Insider Trading Policy***

Capstone has an Insider Trading Policy to ensure that any purchase or sale of securities occurs in accordance with applicable securities laws. The Insider Trading Policy applies to the Directors, officers, employees, contractors, and their respective family members, other persons living in their household, or partnerships, trusts, corporations or other similar entities under their control, of Capstone and its subsidiaries. The Insider Trading Policy prohibits trading of securities based on inside information, speculating, short-selling, purchasing or selling puts and calls, and tipping, and sets out trading restrictions and reporting requirements.

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

### ***Policy on Hiring from External Auditors***

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

### ***Subsidiary Governance Policy***

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

### ***Tax Policy***

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

### ***Whistleblower Policy***

Capstone has a Whistleblower Policy to assist employees, Directors, shareholders and contractors of Capstone to report actual or suspected fraud or other ethical concerns. The Whistleblower Policy outlines the process for reporting an ethical concern and the investigation based on the whistleblower report and confirms Capstone's commitment to employee protection. Concerns can be raised by individuals through the process on a confidential and anonymous basis. Training or other awareness initiatives on the Whistleblower Policy are provided on an ongoing basis, with testing conducted annually. The Whistleblower Policy may be accessed on Capstone's website at [www.capstonecopper.com](http://www.capstonecopper.com).



## BOARD COMMITTEES

### Audit Committee

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

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

Members	Independent	2022 Attendance <sup>26</sup>	
Alison Baker, CA (ICAEW) (Chair)	✓	4 of 4	100%
Anne Giardini	✓	4 of 4	100%
Peter Meredith, CPA, CA	✓	4 of 4	100%

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

The Audit Committee's terms of reference is located on our website at [www.capstonecopper.com](http://www.capstonecopper.com).

### Human Resource & Compensation Committee

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

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

Members	Independent	2022 Attendance <sup>26</sup>	
Alison Baker	✓	4 of 4	100%
George Brack (Chair)	✓	4 of 4	100%
Peter Meredith	✓	4 of 4	100%

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

The HR&C Committee's terms of reference is located on our website at [www.capstonecopper.com](http://www.capstonecopper.com).

<sup>26</sup> Attendance is from March 23, 2022 to December 31, 2022.



### Governance, Nominating and Sustainability Committee

The GNS Committee provides assistance to the Board in fulfilling its oversight responsibilities with respect to:

- developing and implementing principles and systems for the management of corporate governance;
- establishing and leading the process for identifying and recruiting qualified individuals for Board and Board committee membership;
- evaluating the Board, Board committee and individual director performance;
- oversight for Code of Conduct;
- oversight of risks related to board structure, membership and corporate governance;
- establishing the process for ongoing development for Directors; and
- oversight and direction of Capstone's ESG strategy and provide oversight of ESG disclosures.

Members	Independent	2022 Attendance <sup>27</sup>	
George Brack	✓	4 of 4	100%
Robert Gallagher	✓	4 of 4	100%
Anne Giardini (Chair)	✓	4 of 4	100%

The GNS Committee consists of three Directors, all of whom are independent.

The GNS Committee's terms of reference is located on our website at [www.capstonecopper.com](http://www.capstonecopper.com).

### Technical & Operational Performance Committee

The TOP Committee provides assistance to the Board in fulfilling its oversight responsibilities with respect to:

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

Members	Independent	2022 Attendance <sup>27</sup>	
George Brack	✓	4 of 4	100%
Robert Gallagher (Chair)	✓	4 of 4	100%
Anne Giardini	✓	4 of 4	100%

The TOP Committee consists of three Directors, all of whom are independent.

The TOP Committee's terms of reference is located on our website at [www.capstonecopper.com](http://www.capstonecopper.com).

<sup>27</sup> Attendance is from March 23, 2022 to December 31, 2022.

## **ADDITIONAL INFORMATION**

### **Interest of Informed Persons in Material Transactions**

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

### **Interest of Certain Persons in Matters to be Acted Upon**

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

### **Indebtedness of Directors and Executive Officers**

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

### **Additional Information**

Additional information relating to Capstone is on the SEDAR website at [www.sedar.com](http://www.sedar.com) under "Capstone Copper Corp." Financial information is provided in Capstone's comparative financial statements and MD&A for its most recently completed financial year, copies of which will be mailed to shareholders who requested them, are available on our website at [www.capstonecopper.com](http://www.capstonecopper.com) and on the SEDAR website at [www.sedar.com](http://www.sedar.com). Shareholders may request copies of Capstone's financial statements and MD&A by contacting the Corporate Secretary at 604-684-8894.

### **Other Business**

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

# COMPENSATION DISCUSSION AND ANALYSIS

## An Introduction from Human Resources & Compensation Committee Chair

Dear Shareholders,

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



### The Creation of Capstone Copper

On March 23, 2022, Capstone Mining and Mantos Copper combined to create Capstone Copper, an Americas-focused premier copper producer with transformational and peer-leading production growth.

As part of the negotiations surrounding the Capstone Mining and Mantos Copper transaction, key Board and management roles were agreed on for the combined entity, Capstone Copper. Among other things, it was agreed that John MacKenzie (former Executive Chair and Founder of Mantos Copper) would become CEO of Capstone Copper and Darren Pylot (former President & CEO of Capstone Mining) would become Executive Chair of the Board of Capstone Copper. The Executive Chair role was created to support with the integration of the companies and was intentionally limited to approximately one year. As of the 2023 Annual General Meeting, Mr. Pylot will become Non-Executive Chair and the Executive Chair role will be eliminated. Additionally, Cashel Meagher joined Capstone as President & COO on January 5, 2022.

Capstone Copper adopted the strong shareholder-aligned compensation program and policies that were previously in place at Capstone Mining.

### Our Philosophy

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

### Pay for Performance

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

### Say on Pay

Capstone has a “Say on Pay” advisory vote on executive compensation to give shareholders a formal opportunity to provide their views on Capstone’s disclosed objectives, program design and philosophy used to make executive compensation decisions.

### Capstone’s 2022 Performance

Capstone’s 2022 key performance highlights are as follows. Refer to page 46 for a more detailed summary.

- On March 23, 2022, the Company completed the business combination of Capstone Mining and Mantos Copper.
- Achieved 9-month production guidance for the period April 1, 2022 to December 31, 2022, with consolidated copper production of 136.3 thousand tonnes at C1 cash costs of \$2.68 per payable pound of copper.
- In November, presented the Mantoverde-Santo Domingo District Integration Plan, which outlines the approach Capstone is taking to maximize value creation, including synergies, across the district.
- At Cozamin, completed construction of the of dry stack and paste backfill plant on time and on budget. The plant started the commissioning and ramp up process in Q1 2023.
- At Pinto Valley, advanced the PV4 Study, which is expected during H1 2023 and aims to maximize the conversion of approximately one billion tonnes of mineral resources to mineral reserves.
- Also at Pinto Valley, invested in infrastructure upgrades aimed at increasing water reclaim, tailings and environmental projects.

## COMPENSATION DISCUSSION & ANALYSIS

- Advanced the Mantoverde Development Project (“MVDP”) to 76% overall project completion and 57% construction completion. The project remains on track for wet commissioning at the end of 2023 and within the estimated \$825 million budget.
- At Mantos Blancos, the Concentrator Debottlenecking Project completed ramp up to commercial production in December 2022.

### Key Compensation Activities in 2022

The HR&C Committee monitored emerging trends in executive compensation practices and reviewed the need for changes to align with the market. Our key activities in 2022 included:

- Managed the HR decisions and changes relating to the combination of Capstone Mining and Mantos Copper, including the appointment of a new CEO and Executive Chair;
- Updated our compensation peer group to account for the new size and scale of Capstone Copper;
- Reviewed executive and independent director pay levels based on updated compensation peer group;
- Reviewed executive compensation risk in light of Capstone Copper’s new compensation programs and scale;
- Continued our shareholder engagement; and
- Reviewed CEO and executive team succession plans.

### 2022 CEO Pay

The Board set total direct compensation (TDC) at \$3.62 million for the CEO, which included a short-term incentive award of \$778,750 and mid- and long-term equity incentives awards totaling \$2.19 million at grant. The CEO’s short-term incentive award was based on Capstone’s overall performance relative to safety, environmental, ESG, operational, financial and strategic objectives established by the Board at the start of the year, as well as individual objectives. The mid- and long-term equity incentives were in the form of Performance Share Units (50%), Restricted Share Units (25%) and stock options (25%) to align with long-term shareholder interests. The Performance Share Units are completely at-risk and vest based on TSR performance relative to other copper producers against which we compete for investor capital.

We believe the compensation awarded to our CEO in 2022, which was informed by market data from our compensation peer group, appropriately reflects Capstone’s operating performance as well as Mr. MacKenzie’s delivery on key strategic objectives that contribute to long-term shareholder value.

### ESG

Capstone’s vision is to create a positive impact in the lives of our people and local communities while delivering compelling returns to investors by sustainably producing copper to meet the world’s growing needs. Our goal is to be a responsible, industry-leading source of copper. To support our commitment, Capstone has ESG specific objectives on our Corporate Scorecard, that are directly linked to executive short-term incentives. Our ESG objectives (which include our focus on safety and the environment) have a very meaningful weighting of 30% in the Corporate Scorecard.

### Conclusion

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

Yours sincerely,

“George Brack”

Lead Director & Chair of HR&C Committee

### Executive Summary

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

#### What We Do

✓	We pay for performance
✓	We engage an independent compensation advisor
✓	We benchmark our executive compensation program against an appropriate peer group
✓	More than 71% of CEO compensation and 68% of other Named Executive Officer (“NEO”) target compensation is at risk
✓	We have maximum payout caps on our short- and long-term incentive programs
✓	50% of the CEO and other NEO’s equity-based compensation is in the form of Performance Share Units
✓	We have Share Ownership Guidelines for our directors and executive officers
✓	We have a Clawback Policy, an Anti-Hedging Policy and an Insider Trading Policy
✓	We review compensation risk annually, and ensure a balanced focus in the Corporate Scorecard on financial, ESG, operating and strategic milestones
✓	The Board may exercise discretion when considering compensation decisions to reduce or increase the size of any award or payout to reflect unusual or extraordinary events or circumstances

#### What We Do Not Do

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

## COMPENSATION DISCUSSION & ANALYSIS

### 2022 Named Executive Officers Summary Compensation Table

For the financial year ended December 31, 2022, our NEOs include our CEO, CFO and the three other most highly compensated executive officers. The following table is a summary of compensation paid in Canadian dollars to our NEOs for each of Capstone's three most recently completed financial years (2020, 2021 and 2022).

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$)	Option Based Awards (\$) <sup>28</sup>	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$) <sup>29</sup>	Long-Term Incentive Plans (\$)		
<b>Darren Pylot</b> Executive Chair <sup>30</sup>	2022	567,708	962,585	250,000	168,000	-	84,199	2,032,492
	2021	800,000	1,500,000	500,000	1,008,000	-	75,907	3,883,907
	2020	735,000	1,378,125	459,375	1,137,780	-	70,877	3,781,157
<b>John MacKenzie</b> CEO and Director <sup>31</sup>	2022	656,316	1,640,625	546,875	778,750	-	375,646 <sup>32</sup>	3,998,212
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
<b>Cashel Meagher</b> President & COO <sup>33</sup>	2022	619,792	2,072,075 <sup>34</sup>	524,025 <sup>34</sup>	500,625	-	39,910	3,756,427
	2021	-	-	-	-	-	-	-
	2020	-	-	-	-	-	-	-
<b>Raman Randhawa</b> Senior Vice President & CFO	2022	482,500	606,240	180,938	332,925	-	60,542	1,663,145
	2021	420,000	441,000	147,000	352,170	-	39,875	1,400,045
	2020	378,000	396,900	132,300	364,127	-	33,864	1,305,191
<b>Wendy King</b> Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary	2022	417,500	526,842	156,563	273,984	-	61,931	1,436,820
	2021	380,000	399,000	133,000	318,630	-	40,816	1,271,446
	2020	325,500	341,775	113,925	316,728	-	37,894	1,135,822

<sup>28</sup> Option-based compensation is valued using the Black-Scholes option pricing model. We selected the Black-Scholes model because it is widely used in estimating option based compensation values by Canadian public companies. The Black-Scholes model resulted in a value of an option of \$3.25 on March 7, 2022, \$1.76 on March 2, 2021 and \$0.31 on February 24, 2020.

<sup>29</sup> The amounts earned as non-equity incentive pay compensation were paid during the subsequent financial year.

<sup>30</sup> Mr. Pylot was appointed Executive Chair of Capstone Copper on March 23, 2022. His 2022 salary was pro-rated based on time as CEO and Executive Chair of Capstone.

<sup>31</sup> Mr. MacKenzie was appointed CEO of Capstone Copper on March 23, 2022. He does not receive any remuneration in his role as a Director of Capstone Copper.

<sup>32</sup> Includes a signing bonus of \$96,000 and reimbursement of \$44,000 in relocation related fees, both which were grossed up to cover taxes for a total value of \$301,075.

<sup>33</sup> Mr. Meagher was appointed President & COO of Capstone on January 5, 2022.

<sup>34</sup> Includes new hire incentives that were required to attract Mr. Meagher away from his former employer.

## COMPENSATION GOVERNANCE

### Roles of the Human Resources & Compensation Committee and Management

George Brack, Peter Meredith and Alison Baker are members of the HR&C Committee, which is responsible for implementing and assisting the Board in fulfilling its oversight responsibilities in relation to executive and general compensation, human resources policies, labour relations strategy and succession planning. Each member of the HR&C Committee is an independent director and has a wide range of understanding and knowledge in human resources management, labour relations and compensation.

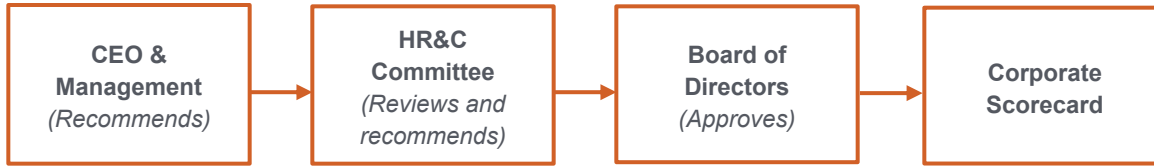
Management plays an important role in executive compensation and human resources policy decisions by making recommendations to the HR&C Committee.

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

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

**Decision Making Process**

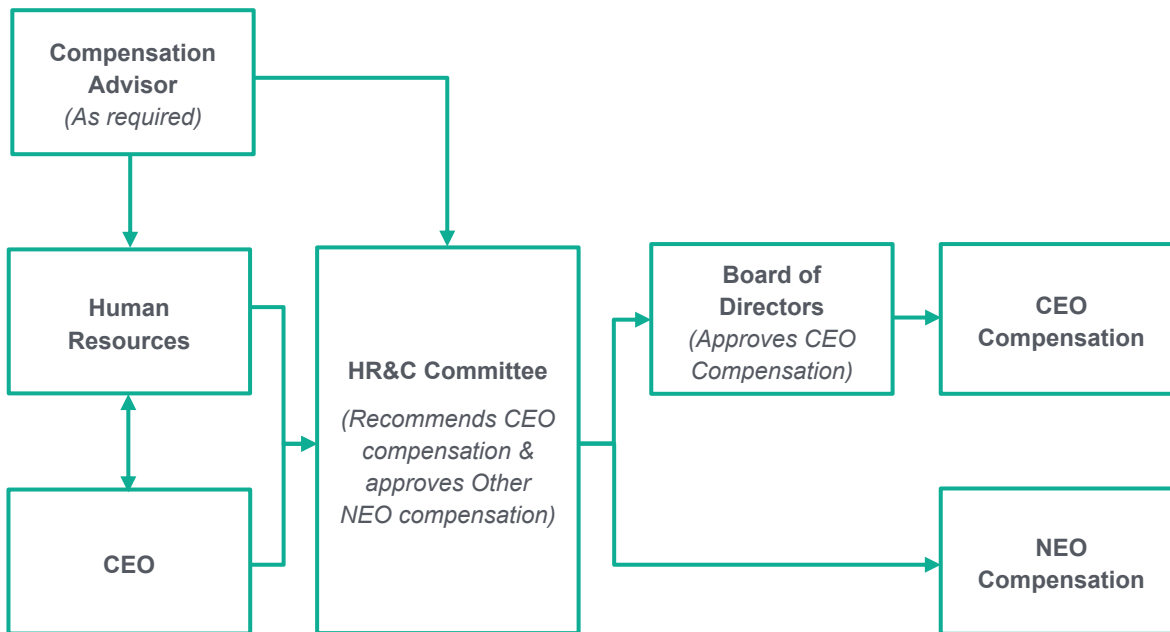
*Corporate Scorecard Objectives & Weightings*



*Corporate Scorecard Rating*



*CEO and NEO Compensation*



**Compensation Risk Management**

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

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

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



**Anti-Hedging Policy**

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

Hedging or monetizing transactions to fix the value of equity holdings in Capstone could potentially break the alignment between the holder’s interests and those of other Capstone shareholders, thus defeating the purpose of long-term incentive (“LTI”) compensation.

**Clawback Policy**

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

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

**Share Ownership Guidelines**

The Board believes that certain executive and directors should own and hold common shares of Capstone to further align their interests and actions with the interests of shareholders. Capstone’s Share Ownership Guidelines apply to the independent directors and officers of Capstone and its subsidiaries (includes independent directors, CEO, CFO, COO, Senior Vice Presidents, Vice Presidents and Mine General Managers).

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

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

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

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

Level	Requirement
Independent Directors	4x Annual Retainer
CEO	3x Base Salary
Other Executives (CFO, COO, Senior Vice Presidents, Vice Presidents and Mine General Managers)	2x Base Salary

Participants are required to achieve ownership of a number of Qualifying Shares meeting the required market value by the later of five years after adoption of the Share Ownership Guidelines or five years after first being designated as a participant. After a change in base salary or annual retainer fee or, if appropriate, a change in title, participants are required to meet the additional incremental value requirement within three (3) years.

The following table provides information about the stock-based holdings of Capstone’s NEOs, as at December 31, 2022.

## COMPENSATION GOVERNANCE

Executive	Guideline: Multiple of Salary (\$)	Status as at December 31, 2022 <sup>35</sup>	Meets Requirement
<b>Darren Pylot</b> Executive Chair	3X \$1,500,000	58.0X \$28,981,150	✓
<b>John MacKenzie</b> <sup>36</sup> CEO and Director	3X \$2,625,000	131.9X \$115,411,376	✓
<b>Cashel Meagher</b> <sup>37</sup> President & COO	2X \$1,250,000	4.1X \$2,560,091	✓
<b>Raman Randhawa</b> Senior Vice President & CFO	2X \$965,000	14.6X \$7,044,830	✓
<b>Wendy King</b> Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary	2X \$835,000	18.7X \$7,819,558	✓

The following table provides information about the stock-based holdings of Capstone's independent directors, as at December 31, 2022.

Independent Director	Guideline: Multiple of Retainer (\$)	Status as at December 31, 2022 <sup>35</sup>	Meets Requirement
<b>George Brack</b>	3X \$375,000	78.3X \$9,781,934	✓
<b>Robert Gallagher</b>	3X \$195,000	38.9X \$2,528,547	✓
<b>Peter Meredith</b>	3X \$195,000	27.9X \$1,810,720	✓
<b>Anne Giardini</b>	3X \$195,000	2.7X \$176,257	On Track
<b>Alison Baker</b>	3X \$195,000	1.8X \$117,532	On Track
<b>Istvan Zollei</b>	3X \$195,000	1.8X \$117,532	On Track

<sup>35</sup> The value calculated per share is the higher of the December 30, 2022 market price, being \$4.94 on the TSX, and the original purchase price or exercise price on acquisition of the share. Assumed a target (100%) performance rating for unvested PSUs.

<sup>36</sup> Mr. MacKenzie was appointed CEO on March 23, 2022.

<sup>37</sup> Mr. Meagher was appointed President & COO of Capstone on January 5, 2022.

## EXECUTIVE COMPENSATION PRACTICES

### Executive Compensation Objectives

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

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

### Compensation Philosophy

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

Total direct compensation includes base salary, short-term incentive and long-term incentives.

### Peer Benchmarking

The HR&C Committee engages Meridian Compensation Partners ("**Meridian**") as its independent advisor. Meridian generally benchmarks executive and independent director pay levels and practices every two years.

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

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

These criteria were validated by Capstone's HR&C Committee and management. The HR&C Committee may expand these criteria as necessary to maintain an appropriately sized peer group.

### Compensation Peer Group

The below table summarizes the compensation peer group for 2022, and how Capstone compares in terms of assets, revenue and market capitalization:

Company Name	Total Assets <sup>38</sup>	Trailing 12 Month's	Market Cap <sup>39</sup>
	(\$ millions)	Revenue (\$ millions)	(\$ millions)
Lundin Mining Corporation	10,671	4,460	6,405
SSR Mining Inc.	6,858	1,716	4,378
Eldorado Gold Corporation	6,057	1,195	2,082
Hudbay Minerals Inc.	5,887	2,149	1,791
IAMGOLD Corporation	5,832	1,824	1,662

<sup>38</sup> Most recently reported annual assets.

<sup>39</sup> Market capitalization as of December 31, 2022.

## EXECUTIVE COMPENSATION PRACTICES

Company Name	Total Assets <sup>38</sup>	Trailing 12 Month's	
	(\$ millions)	Revenue	Market Cap <sup>39</sup>
		(\$ millions)	(\$ millions)
Equinox Gold Corp.	5,058	1,475	1,351
Alamos Gold Inc.	4,942	1,088	5,386
B2Gold Corp.	4,829	2,288	5,169
Pan American Silver Corp.	4,393	2,116	4,656
Hecla Mining Company	4,029	974	4,501
Centerra Gold Inc.	3,363	1,226	1,545
New Gold Inc.	3,096	884	907
First Majestic Silver Corp.	2,819	935	2,994
Coeur Mining, Inc.	2,628	1,076	1,345
Lundin Gold Inc.	2,244	1,086	3,118
Ero Copper Corp.	1,516	610	1,698
Dundee Precious Metals Inc.	1,497	801	1,237
<b>Capstone Copper Corp.</b>	<b>7,223</b>	<b>1,578</b>	<b>3,411</b>
Percentile Positioning	Above 75 <sup>th</sup> percentile	Between 50 <sup>th</sup> and 75 <sup>th</sup> percentile	Between 50 <sup>th</sup> and 75 <sup>th</sup> percentile

### Compensation Advisor

Meridian has been engaged to provide the HR&C Committee with independent advice on our compensation program. Meridian was previously engaged by Capstone Mining since 2017 and continues to support Capstone Copper. Meridian provided the following support to the HR&C Committee in 2022:

- advised on compensation-related decisions relating to the combination of Capstone Mining and Mantos Copper, including the market analysis for the CEO, Executive Chair and Lead Director roles;
- advised on trends in executive compensation and reviewed compensation philosophy;
- provided views on alignment with market practices, good governance principles and proxy advisory voting policies;
- reviewed and advised on compensation and Performance Share Unit performance peer groups;
- reviewed and advised on compensation peer group;
- conducted market analysis, advised on trends and reviewed executive compensation;
- conducted market analysis, advised on trends and reviewed independent directors' compensation; and
- conducted market analysis, advised on director and executive compensation programs and policies, including short-term incentives and long-term incentives.

### Executive Compensation-Related Fees

A summary of the fees paid to our compensation advisors and their affiliates for 2021 and 2022 are outlined in the following table.

Consultant	2021		2022	
	Executive Compensation Related Fees (\$)	All Other Fees (\$)	Executive Compensation Related Fees (\$)	All Other Fees (\$)
Meridian	96,032	-	110,759	-

### Executive Continuing Education

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

### Diversity

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

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

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

As of December 31, 2022, 20% of executive direct reports to the CEO are female.

## 2022 CORPORATE PERFORMANCE

Capstone bases short-term variable compensation on predetermined objectives that are recommended annually by Management, reviewed by the HR&C Committee and approved by the Board. These objectives are documented on the annual Corporate Scorecard, with a significant proportion based on the performance of Capstone's operating mines. Scorecards help to align Management efforts with shareholder interests, to communicate priorities, to measure and to reward performance. The objectives are based on what Management can control. Targets are set for safety, environmental, ESG, operational and financial performance, with specific strategic growth and execution initiatives set at each of our assets. Executives' short-term variable compensation is determined based on a combination of performance against the Corporate Scorecard and individual performance commitments which are also set early in the year and tracked.

### Summary of Corporate Scorecard Results

2022 was a transformational year for Capstone Copper with the merger between Capstone Mining and Mantos Copper closing in March. Our Corporate Scorecard targets and performance results for 2022 are summarized as follows. Scorecard weightings (out of 100%) are shown in brackets behind each category.

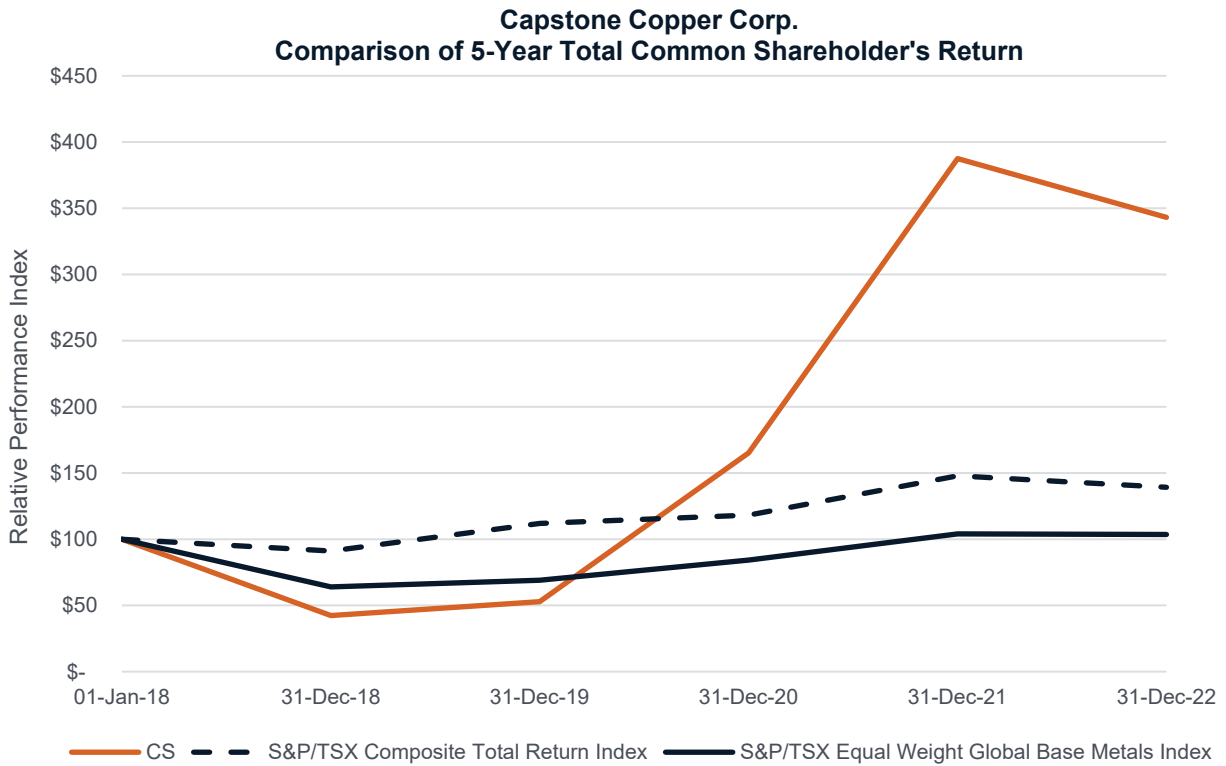
- **Safety (15%):** Performance targets are set both for leading indicators, such as compliance with site safety management plans and for lagging indicators, such as injury statistics. Overall, Capstone performed well in this category during 2022.
- **Sustainability (15%):** The Sustainability category captures reportable and non-reportable environmental incidents as well as performance on various goals, which in 2022 included the definition of emission reduction targets, the development of Capstone Copper ESG Strategy, and the implementation of a Supplier Code of Conduct. We achieved an above target score in the ESG category during 2022.
- **Operational Performance (40%):** Operational performance is measured against consolidated production targets (20%) and operating costs (20%). Capstone did achieve its public guidance for production and costs in 2022, however, we did not achieve the higher production and lower cost numbers targeted internally, resulting in a below target score for 2022.
- **Strategic (30%)** The Strategic section of the Corporate Scorecard encompasses company-wide and site-specific targets covering financial deliverables, growth, execution, and risk management. In 2022, progress at our Mantoverde Development Project, measured in terms of project advancement and pre-stripping advancement, had an outsized weighting. Other targets included in the Strategic section included various engineering studies, completion of the Mantos Blancos' Concentrator Debottlenecking Project, commissioning of the paste backfill and drystack tailings plant at Cozamin, as well as balance sheet re-financing. We achieved an above target score in the Strategic section for 2022.

Overall, the Board approved a score of 80% on the Corporate Scorecard for 2022.

### Summary of Market Performance

The macro environment in 2022 made it a challenging period for copper miners with the industry impacted by inflationary pressures, significant copper price volatility, supply chain disruptions and a broader concern regarding global economic uncertainty. Over the course of the year, Capstone's share price closely tracked the volatility in the copper price and our share price finished the year 11% down, compared with the copper price which was down 13% over the same time period. Copper prices have recovered since the last quarter of 2022, with China lifting the zero-Covid policy, increased global economic activity, tighter inventories and supply disruptions in key copper-producing regions further supporting copper fundamentals and a positive market backdrop for copper given its critical role in supporting the decarbonization and electrification efforts, globally. Copper prices have averaged above \$4.00 per pound for the first forty-five trading days of 2023.

The following graph compares the cumulative total shareholder return (“TSR”) on \$100 invested in common shares of Capstone Copper from January 1, 2018 through December 31, 2022 with the cumulative TSR for the same period of the Standard & Poor’s 500 Index (“S&P”)/TSX Composite Index and S&P/TSX Equal Weight Global Base Metals Index.



For the five-year period ended December 31, 2022, Capstone Copper’s share price increased by 243%, outperforming the S&P/TSX Equal Weight Global Base Metals Index, which was up 3.6% over the same period.

Over the same timeframe:

- **Short-Term Incentive:** Results on the Corporate Scorecard (which drive a portion of short-term incentive payouts) have directionally aligned with share price performance.
- **PSUs:** Our PSUs, which are 100% linked to total shareholder return relative to a group of companies with similar production and commodity price exposure, have paid out in relation to our share price performance over the five-year timeframe (183% of target for 2018-2020, 200% of target for 2019-2021, and 200% of target for 2020-2022). PSUs also precisely track the underlying value of Capstone’s share price, so there is 100% alignment with share price performance over the 5-year period.
- **RSUs:** RSUs precisely track the underlying value of Capstone’s share price, so there is 100% alignment with share price performance over the 5-year period.
- **Stock Options:** Stock options are only valuable to recipients to the extent that share price appreciates. Given the strong share price appreciation in Capstone’s stock over the last 5 years, most of our stock option grants over the last 5 years are in-the-money and align executive rewards with company performance.

## EXECUTIVE COMPENSATION COMPONENTS

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

### Compensation Elements, Key Features and Objectives

Compensation Elements	Key Features	Objectives
<b>Base Salary</b>	<ul style="list-style-type: none"> <li>Set in the first quarter of each year for the 12-month period from January to December</li> </ul>	<ul style="list-style-type: none"> <li>Attract and retain talented and experienced executives</li> <li>Recognize individual experience, level of responsibility and performance</li> </ul>
<b>Annual Short-Term Incentive (“STI”)</b>	<ul style="list-style-type: none"> <li>Annual bonus based on the achievement of corporate and leadership effectiveness goals in the context of the overall performance of Capstone as set out in the Corporate Scorecard</li> <li>Payments can be above (up to 200% for Corporate component and up to 150% for Individual component) or below target (to zero) depending on performance</li> <li>NEO weightings of corporate and leadership effectiveness ratings vary by level</li> </ul>	<ul style="list-style-type: none"> <li>Motivate and reward NEOs and other executives to meet Capstone’s near-term objectives using a performance-based compensation program with objectively determined goals</li> <li>Recognize individual contributions</li> </ul>
<b>Long-Term Incentive (“LTI”)</b>		
<b>Performance Share Units (“PSU”)</b>	<ul style="list-style-type: none"> <li>Performance vesting: at the end of three years based on a three-year rolling performance rating</li> <li>Performance ratings are obtained by measuring Capstone’s TSR relative to a predetermined peer group using a 0-200% performance scale</li> <li>Vested awards can be settled in cash, or in shares purchased on the open market (under the Treasury Share Plan approved in 2021, vested awards are intended to be settled with shares from treasury, however the Treasury Share Plan allows for settlement in cash)</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that long-term incentive plan payouts are directly linked to absolute and relative share price performance</li> <li>Reward executives for industry out-performance, by measuring TSR performance to other copper producers</li> </ul>



## EXECUTIVE COMPENSATION COMPONENTS

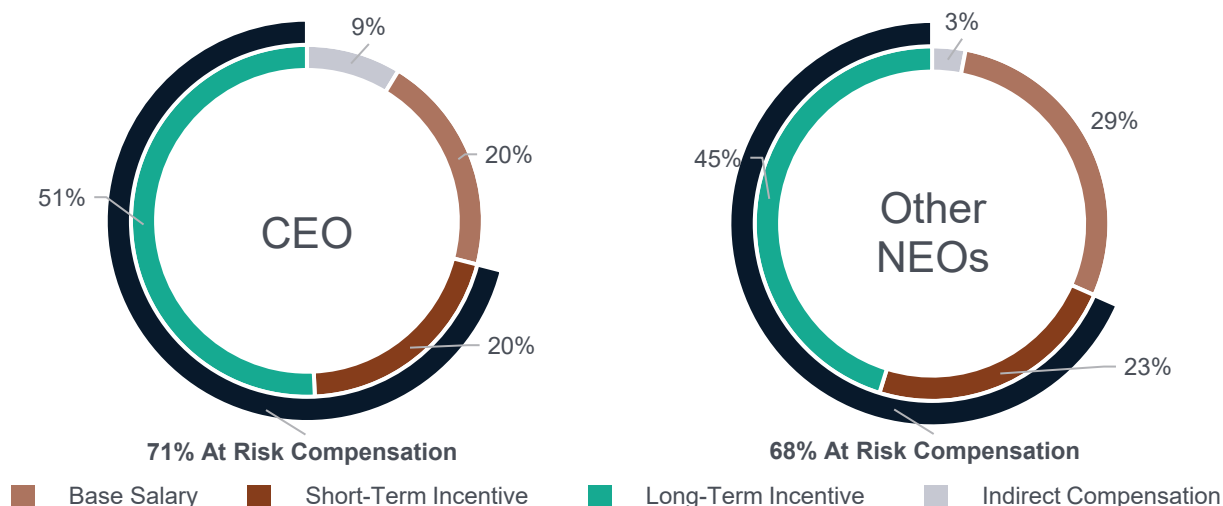
Compensation Elements	Key Features	Objectives
<b>Stock Options</b>	<ul style="list-style-type: none"> <li>• Time vesting: <math>\frac{1}{3}</math> on first anniversary, <math>\frac{1}{3}</math> on second anniversary and <math>\frac{1}{3}</math> on third anniversary of the grant</li> <li>• Expire after five years</li> <li>• Issued with an exercise price equal to or above the weighted average price of the common shares traded on the TSX for the five days preceding the date of grant</li> <li>• Provide value to participants only if the share price increases above the exercise price before the end of the term</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage participants to pursue opportunities that increase shareholder value over the long term</li> <li>• Only valuable to participants to the extent share price increases</li> </ul>
<b>Restricted Share Units (“RSU”)</b>	<ul style="list-style-type: none"> <li>• Time vesting: <math>\frac{1}{3}</math> after one year, <math>\frac{1}{3}</math> after two years and <math>\frac{1}{3}</math> after three years</li> <li>• Vested awards can be settled in cash, or in shares purchased on the open market (under the Treasury Share Plan approved in 2021, vested awards are intended to be settled with shares from treasury, however the Treasury Share Plan allows for settlement in cash)</li> </ul>	<ul style="list-style-type: none"> <li>• Promote retention</li> <li>• Provide immediate sense of ownership</li> <li>• Allow greater resiliency under all market conditions</li> </ul>
<b>Bonus Shares</b>	<ul style="list-style-type: none"> <li>• Common shares</li> <li>• No vesting</li> <li>• No expiry date</li> <li>• Provide immediate value to participants</li> </ul>	<ul style="list-style-type: none"> <li>• Used in exceptional circumstances to attract talent or reward extraordinary performance</li> </ul>
<b>Benefits</b>		
<b>Registered Retirement Savings Plan (Canada)</b>	<ul style="list-style-type: none"> <li>• Annual personal contributions of up to 10% of base salary are 100% matched by Capstone</li> </ul>	<ul style="list-style-type: none"> <li>• Provide market competitive benefits to increase income security in retirement</li> </ul>
<b>Health and Other Benefits and Perquisites</b>	<ul style="list-style-type: none"> <li>• Health, dental, life, critical illness and disability insurance plans</li> <li>• Annual executive medical examinations</li> <li>• Employee Share Purchase Plan (Canada) allows employees to contribute up to 7% of base salary (to a maximum of \$5,000) per calendar year to purchase Capstone shares; Capstone will match 50% of employee contributions</li> <li>• Relocation benefits for certain key hires</li> </ul>	<ul style="list-style-type: none"> <li>• Provide market competitive benefits to support a healthy and focused team</li> <li>• Promote ownership in Capstone</li> </ul>

## EXECUTIVE COMPENSATION COMPONENTS

### Compensation Mix

The following charts demonstrate the target pay mix for Capstone's NEOs. A large portion of NEO pay is performance-based in the form of short-term annual incentive bonuses and long-term incentives.

The following charts show the target CEO and average NEO compensation mix for 2022.



### Base Salary

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

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

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

The following table outlines the annual base salaries for the CEO and other NEOs.

Executive	2022 Annual Base Salary
<b>Darren Pylot</b> Executive Chair	\$500,000 <sup>40</sup>
<b>John MacKenzie</b> <sup>41</sup> CEO and Director	\$875,000
<b>Cashel Meagher</b> <sup>42</sup> President & COO	\$625,000
<b>Raman Randhawa</b> Senior Vice President & CFO	\$482,500
<b>Wendy King</b> Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary	\$417,500

<sup>40</sup> Prior to Mr. Pylot's transition to Executive Chair on March 23, 2022, Mr. Pylot's annual base salary was \$800,000.

<sup>41</sup> Mr. MacKenzie was appointed CEO of Capstone Copper on March 23, 2022.

<sup>42</sup> Mr. Meagher was appointed President & COO of Capstone on January 5, 2022.

## EXECUTIVE COMPENSATION COMPONENTS

### Annual Short-Term Incentive Bonus

The executive officers of Capstone have an opportunity to earn an annual STI bonus based on corporate and individual performance. Each year, the HR&C Committee recommends Capstone's Corporate Scorecard to the Board for their approval.

The annual STI bonuses are based on a balanced mix of performance measures, which include:

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

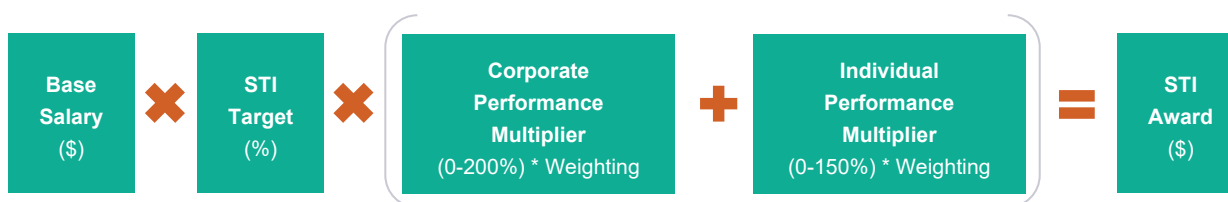
### Short-Term Incentive Weightings

The following table outlines the performance measure weightings for the CEO and other NEOs.

Executive	Corporate Scorecard Objectives	Individual Objectives
<b>John MacKenzie</b> CEO and Director	80%	20%
<b>Cashel Meagher</b> President & COO	70%	30%
<b>Raman Randhawa</b> Senior Vice President & CFO	70%	30%
<b>Wendy King</b> Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary	70%	30%

STI awards are calculated based on actual performance results, which are subject to the performance multiplier ranges described below.

### Short-Term Incentive Targets



Capstone's target STI awards are positioned to align total cash compensation within a competitive range of the market median, with the ability to earn compensation above median for very strong performance. The table below summarizes the STI targets for the CEO and other NEOs.

Executive	STI Target (% of Base Salary)
<b>John MacKenzie</b> CEO and Director	100%
<b>Cashel Meagher</b> President & COO	90%
<b>Raman Randhawa</b> Senior Vice President & CFO	75%
<b>Wendy King</b> Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary	75%

## EXECUTIVE COMPENSATION COMPONENTS

### Project Milestone Bonus

Through his previous employment relationship with Mantos Copper, Mr. MacKenzie is entitled to receive a project milestone bonus for the Mantoverde Development Project. Project milestone bonuses are established to incentivize and motivate certain key management employees' performance. The project milestone bonus is tied to retention, project cost and project schedule. Mr. MacKenzie is eligible for a project milestone bonus based on the following components: 1.125x annual base salary for retention bonus, 0-0.75x annual base salary for project cost bonus and 0-0.75x annual base salary for project schedule bonus.

### Long-Term Incentive Plans

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

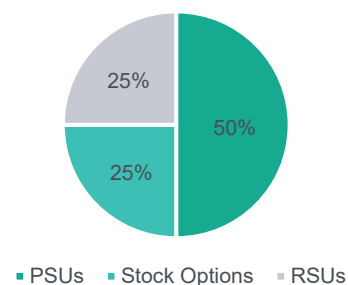
Our long-term incentive equity vehicles support Capstone's strategic business objectives in relation to performance, retention of critical talent, ability to manage costs as well as our ability to minimize the dilutive impact of stock options while remaining competitive within the industry.

#### Long-Term Incentive Mix

Senior executives receive a combination of PSUs, RSUs and stock options. The chart shows the senior executives LTI mix and the substantial weighting on PSUs (50% of the overall mix), which are directly linked to Capstone's share price performance and the share price performance of a pre-determined group of base metals peers.

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

Executive LTI Mix



#### Long-Term Incentive Targets

Capstone's target LTI awards are positioned to align TDC within a competitive range of the market median with the ability to earn compensation above median for very strong performance. The table below summarizes the LTI targets for the CEO and other NEOs.

Executive	LTI Target (% of Base Salary)
<b>John MacKenzie</b> CEO and Director	250%
<b>Cashel Meagher</b> President & COO	170%
<b>Raman Randhawa</b> Senior Vice President & CFO	150%
<b>Wendy King</b> Senior Vice President, Risk, ESG, General Counsel & Corporate Secretary	150%

Capstone generally expects future LTI awards to be based on executive responsibilities, executive's past performance and anticipated future contribution, competitive market practices and terms and conditions of the employment agreements.

### Security Based Compensation Plans

Capstone's Incentive Share Option and Bonus Share Plan (the "**Option Plan**") and Capstone's Treasury Share Unit Plan (the "**Treasury Share Plan**") (collectively the "**Security Based Compensation Plans**") provide for the issuance of options or share units to a maximum of 10% of Capstone's issued and outstanding common shares (subject to standard anti-dilution adjustments) to employees or directors of Capstone. The **Option Plan** allows for the issuance of up to 500,000 Bonus Shares in any one calendar year to employees or directors of Capstone.

## EXECUTIVE COMPENSATION COMPONENTS

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

### *Incentive Stock Options & Bonus Shares*

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

Capstone’s **Option Plan** includes the following key features and practices:

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

Under our **Option Plan**, (a) the maximum number of shares reserved for issuance under the Plan, together with all other security based compensation arrangements, including the Treasury Share Plan, is up to 10% of our issued and outstanding common shares, (b) stock options in favor of any one individual may not exceed 5% of the issued and outstanding shares of common stock, (c) stock options in favor of any one Insider may not exceed 10% of the issued and outstanding shares of common stock from time to time, (d) no stock option is transferable by the optionee other than by will or the laws of descent and distribution, (e) a stock option is exercisable during the lifetime of the optionee only by such optionee, (f) the maximum term of each stock option is ten years, with the vesting period determined at the discretion of the Board, (g) the minimum exercise price for a stock option is the volume weighted average trading price of the common shares of Capstone on the TSX calculated by dividing the total value by the total volume of common shares traded, for the five trading days immediately preceding the granting of the option, (h) subject to the terms of an option holder’s written employment agreement, in the event an option holder’s employment is terminated for cause or from an order made by a regulatory authority, stock options that have not vested shall be forfeited immediately, otherwise, after 30 days from the date the termination notice is delivered and (i) subject to the terms of a participant’s written employment agreement, in the event an option holder’s employment is terminated due to death, stock options that have not vested shall be forfeited on the one year anniversary of the option holder’s death.

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

## EXECUTIVE COMPENSATION COMPONENTS

non-employee directors and (vii) amendments required to be approved by shareholders under applicable law. Where shareholder approval is sought for amendments under clauses (ii) and (iv) above, the votes attached to common shares held directly or indirectly by insiders who would benefit from the amendment will be excluded.

The following table sets out information with respect to compensation plans under which equity securities of Capstone are authorized for issuance as at December 31, 2022.

Plan Category	No. of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$) (b)	Number of Securities Remaining Available for Future Issuances Under Equity Compensation Plans (excluding securities reflected in (a)) (c)
Equity Compensation Plans Approved by Security Holders	9,228,841	1.55	59,935,156
Equity Compensation Plans Not Approved by Security Holders	-	-	-
Total	9,228,841	1.55	59,935,156

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

	2020 Burn Rate	2021 Burn Rate	2022 Burn Rate
Security Based Compensation Plans	1.34%	0.52%	0.32%

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

Bonus shares allow for more ownership in Capstone by management and provide additional incentives for employees to remain with us. The bonus shares are also used as an incentive tool to attract new employees to Capstone. We may issue up to 500,000 Common Shares annually for bonus compensation in lieu of cash for annual or long-term bonus plans. In 2020 and 2022, 137,196 and 97,317 bonus shares were issued as new hire incentives, respectively. No bonus shares were awarded to any named executive officer in 2021. Any bonus shares issued are subject to approval by the Board.

### Treasury Share Plan – RSUs and PSUs

The objectives of the **Treasury Share Plan** are to:

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

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

## EXECUTIVE COMPENSATION COMPONENTS

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

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

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

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

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

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

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

### **PSU Performance**

PSU award levels are determined by TSR, which is the return on investment including share price return and dividends relative to the TSR of other companies in the PSU comparator group. Capstone's performance is measured on a 3-year rolling basis against the predetermined base metals peer group and PSU award levels are based on this same 3-year period.

For the 3-years ending December 31, 2022, Capstone's TSR was 550.8% compared to the average total return of the peer group of 100.5%, which was at the 100<sup>th</sup> percentile in the peer group and resulted in a payout factor of 200% of target for the 2020 PSUs. The 2020 peer group comprised the following companies<sup>43</sup>:

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

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

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<sup>43</sup> Turquoise Hill Resources was acquired by Rio Tinto in December 2022 and was subsequently removed.



## EXECUTIVE COMPENSATION COMPONENTS

PSU Grant Year	PSU Settlement Year	PSU Performance Payout
2018	2020	183%
2019	2021	200%
2020	2022	200%

The following table shows the PSU performance ranges and associated payout percentages. We believe we have a more requiring performance scale than most companies, in that a 200% payout is only achievable if Capstone's share price performance exceeds all of its peers – fully aligned with shareholder interests. Board discretion can be applied to the percentage payout range as required.

PSU Performance (Relative TSR)	Payout
Performance <25 <sup>th</sup> percentile	0%
Performance at 25 <sup>th</sup> percentile	50% of target
Performance at 37.5 <sup>th</sup> percentile	75% of target
Performance at median	100% of target
Performance at 62.5 <sup>th</sup> percentile	125% of target
Performance at 75 <sup>th</sup> percentile	150% of target
Performance at 87.5 <sup>th</sup> percentile	175% of target
Performance at 100 <sup>th</sup> percentile	200% of target



## EXECUTIVE COMPENSATION COMPONENTS

### Outstanding Share-Based and Option-Based Awards

The following table sets out all share-based and option-based awards outstanding for each NEO at December 31, 2022.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date <sup>44</sup>	Value of Unexercised In-The-Money Options (\$) <sup>45</sup>	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) <sup>46</sup>	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Darren Pylot	1,478,041	0.70	Feb 24, 2025	6,266,894	3,293,238	16,268,596	211,111
	283,954	3.90	Mar 2, 2026	295,312			
	77,037	6.97	Mar 7, 2027	-			
John MacKenzie	168,517	5.08	Jun 8, 2027	-	235,385	1,162,802	-
Cashel Meagher	92,758	6.17	Mar 2, 2026	-	226,012	1,116,499	68,962
	81,851	6.97	Mar 7, 2027	-			
Raman Randhawa	325,676	0.70	Feb 24, 2025	1,380,866	997,393	4,927,121	62,066
	83,483	3.90	Mar 2, 2026	86,822			
	55,755	6.97	Mar 7, 2027	-			
Wendy King	366,555	0.70	Feb 24, 2025	1,554,193	863,579	4,266,080	56,158
	75,532	3.90	Mar 2, 2026	78,553			
	48,244	6.97	Mar 7, 2027	-			

### Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-Based Awards - Value Vested During the Year (\$) <sup>47</sup>	Share-Based Awards - Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Darren Pylot	\$4,991,415	\$18,814,786 <sup>48</sup>	\$168,000
John MacKenzie	-	-	\$778,750
Cashel Meagher	\$20,097	-	\$500,625
Raman Randhawa	\$1,437,399	\$5,404,334 <sup>48</sup>	\$332,925
Wendy King	\$1,164,200	\$4,036,723 <sup>48</sup>	\$273,984

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

45 Calculated based on the difference between the market price of our shares on the TSX on December 30, 2022, which was \$4.94, and the exercise price of the options.

46 Market value based on the closing price of Capstone's shares on the TSX on December 30, 2022 (\$4.94), PSU multiplier is 2.00x target for 2022 and 1.0x target assumed for all other years.

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

48 Calculated using the 5-day Volume-Weighted Average Price of the Common Shares on the TSX on January 17, 2022 of \$6.17, the date on which the Share Units were settled.

### Termination and Change of Control Benefits

We have entered into employment agreements with each of our NEOs which were negotiated at the time of appointment to align with market. Under the terms of the employment agreements, our NEOs are entitled to compensation, based on their remuneration at the time, in the event of:

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

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

"Good Reason", in general, means the occurrence, within 12 months of a Change of Control, of any of (i) a meaningful or detrimental change in the employee's position, duties or responsibilities; or (ii) a significant variance in the employee's performance requirements or working conditions; or (iii) a reduction in the employee's salary; or (iv) failure by the employer to increase the employee's compensation in a consistent manner; or (v) a requirement that the employee relocate to a location greater than forty kilometers from the primary work location; or (vi) a significant or material reduction in the provision and value of the employee's employment arrangements; or (vii) any action or event that would constitute constructive dismissal.

"Average Bonus Payment" means the amounts paid to the employee under the Annual Incentive Plan during the last three completed Bonus Years. However, if the employee has not been eligible to be paid under the Annual Incentive Plan for at least three Bonus Years, then the averages described above shall be calculated as (i) the average of the amounts paid to the employee under the Annual Incentive Plan during the last two completed Bonus Years, if the employee has been eligible to be paid under the Annual Incentive Plan for only the last two completed Bonus Years, or the last one completed Bonus Year, if the employee has been eligible to be paid under the Annual Incentive Plan for only the last one completed Bonus Year, as the case may be; or (ii) if, as of the last day of work, the employer has never paid an amount to the employee under the Annual Incentive Plan because the employee's eligibility to be paid has been for less than one complete Bonus Year or because the employer has not yet made an award under the Annual Incentive Plan in respect of the employee's one completed Bonus Year, then the average shall be calculated as 25% of the employee's salary as of the last day of work (for the CEO, pro-rated for the portion of the Bonus Year that has passed to the date of the last day of work); and for clarity, if the employee was eligible to be paid an award under the Annual Incentive Plan during a Bonus Year but the employer did not make an award to the employee, the amount paid in respect of that Bonus Year (zero) shall be included for the purpose of determining the average.

### ***Darren Pylot's Employment Agreement***

On November 27, 2021, the Board agreed to amend the terms of the employment agreement with Mr. Pylot, conditional on the completion of the plan of arrangement between Capstone Mining and Mantos Copper as described below. Mr. Pylot's employment agreement was amended such that upon leaving Capstone:

- he shall receive a deferred payment of \$4.5 million, which is based on 30 months' salary and 2.5x his average short-term incentive payment;
- he shall receive continued benefits for 30 months;
- his existing stock options shall remain in full force and effect in accordance with the original terms thereof until the earlier of the normal expiry date or 36 months; and
- his existing RSUs and PSUs shall remain in full force and continue to vest as per the original vesting schedule and PSUs will vest based on actual performance versus original goals.

## EXECUTIVE COMPENSATION COMPONENTS

### Summary of Termination and Change of Control Benefits

The following table outlines the NEO termination and change of control benefits that were effective as at December 31, 2022 and remain effective, unamended:

Termination Type	Severance	Bonus	LTI <sup>49</sup>
<b>Termination without Cause</b>	Lump sum payment of salary (18-24 months <sup>50</sup> for SVP & CFO, and 24 months for all other NEOs)	<ul style="list-style-type: none"> <li>• Average bonus paid in the last 3 years (1.5-2x<sup>51</sup> for SVP &amp; CFO, 2x for all other NEOs); plus</li> <li>• A prorated amount for the year in which the termination occurs</li> </ul>	<ul style="list-style-type: none"> <li>• PSUs are forfeited<sup>52,53</sup></li> <li>• Pro-rated amount of RSUs vest based on service<sup>52,53</sup></li> <li>• Vested stock options must be exercised within 30 days or by the end of the original term (if sooner)<sup>52,53</sup></li> <li>• Unvested stock options are cancelled<sup>52,53</sup></li> </ul>
<b>Change of Control (and NEO is terminated without cause or resigns their employment for Good Reason within 12 months)</b>	Lump sum payment of salary (24 months for all NEOs)	<ul style="list-style-type: none"> <li>• Average bonus paid in the last 3 years (2x for all NEOs); plus</li> <li>• A prorated amount for the year in which the termination occurs</li> </ul>	<ul style="list-style-type: none"> <li>• PSUs immediately vest</li> <li>• RSUs immediately vest</li> <li>• Vested stock options remain exercisable until original expiration date</li> <li>• Unvested stock options vest immediately and remain exercisable until original expiration date</li> </ul>
<b>Resignation or Retirement<sup>54</sup></b>	-	-	<ul style="list-style-type: none"> <li>• Unvested PSUs are forfeited</li> <li>• Unvested RSUs are forfeited</li> <li>• Vested stock options must be exercised within 30 days or by the end of the original term (if sooner)</li> <li>• Unvested stock options are cancelled</li> </ul>
<b>Termination for Cause<sup>54</sup></b>	-	-	<ul style="list-style-type: none"> <li>• Unvested PSUs are forfeited</li> <li>• Unvested RSUs are forfeited</li> <li>• Vested and unvested stock options are cancelled</li> </ul>

<sup>49</sup> Equity plans allow for Board discretion.

<sup>50</sup> In the event of a termination without cause, Mr. Randhawa shall receive a lump sum payment equal to 18 months' Salary plus 1 additional months' Salary for each completed year of service, up to a maximum of 24 months' Salary.

<sup>51</sup> In the event of a termination without cause, Mr. Randhawa shall receive an amount equivalent to 1.5 times plus 1 additional month for each completed year of service, up to a maximum of 2 times, the Average Bonus Payment.

<sup>52</sup> Mr. MacKenzie's Employment Agreement specifies that in the event of a termination without cause, unvested stock options, RSUs and PSUs granted before December 31, 2024 shall remain in full force and effect with the original terms and continue to vest in accordance with the original vesting schedule and performance conditions. Any unvested stock options, RSUs and PSUs granted after December 31, 2024 shall be forfeited immediately.

<sup>53</sup> Mr. Randhawa and Ms. King's respective employment agreements have been amended such that if either of them is terminated without cause within the later of 12-months following the effective date of the Mantos Transaction or April 30, 2023, the terminated person's respective existing stock options shall remain in full force and effect in accordance with the original terms thereof until the earlier of the normal expiry date or 36 months; and existing RSUs and PSUs shall remain in full force and continue to vest as per the original vesting schedule and PSUs will vest based on actual performance versus original goals.

<sup>54</sup> Mr. Pylot's employment agreement has been amended such that if Mr. Pylot leaves Capstone, Mr. Pylot would be eligible to receive a deferred payment of \$4.5 million which is based on 30 months' salary and 2.5x his average short-term incentive payment and 30 months of continued benefits. In the event of a termination without cause, Mr. Pylot's existing stock options shall remain in full force and effect in accordance with the original terms thereof until the earlier of the normal expiry date or 36 months and his existing RSUs and PSUs shall remain in full force and continue to vest as per the original vesting schedule and PSUs will vest based on actual performance versus original goals.

## EXECUTIVE COMPENSATION COMPONENTS

The following table provides the total value of severance, incremental payments, payables and any other termination benefits that would have been paid to each NEO, had employment been terminated on December 31, 2022 under various termination scenarios.

Name		Termination Without	Change of Control	Resignation or	Termination for
		Cause	Change of Control	Retirement	Cause
		(\$) <sup>55</sup>	(\$)	(\$)	(\$)
<b>Darren Pylot</b> <sup>56</sup>	<i>Salary</i>	4,791,667	4,500,000	4,500,000	4,500,000
	<i>Bonus</i>	168,000	-	-	-
	<i>Equity</i>	1,466,093	18,554,438	-	-
	<i>Other</i>	18,945	-	-	-
<b>John MacKenzie</b>	<i>Salary</i>	1,750,000	1,750,000	-	-
	<i>Bonus</i>	2,336,250	2,336,250	-	-
	<i>Equity</i>	193,114	1,162,802	-	-
	<i>Other</i>	-	-	-	-
<b>Cashel Meagher</b>	<i>Salary</i>	1,250,000	1,250,000	-	-
	<i>Bonus</i>	1,501,875	1,501,875	-	-
	<i>Equity</i>	203,963	1,116,499	-	-
	<i>Other</i>	-	-	-	-
<b>Raman Randhawa</b> <sup>57</sup>	<i>Salary</i>	884,583	965,000	-	-
	<i>Bonus</i>	967,847	967,847	-	-
	<i>Equity</i>	467,364	5,586,626	-	-
	<i>Other</i>	-	8,358	-	-
<b>Wendy King</b> <sup>57</sup>	<i>Salary</i>	835,000	835,000	-	-
	<i>Bonus</i>	818,646	818,646	-	-
	<i>Equity</i>	407,115	4,836,514	-	-
	<i>Other</i>	-	8,378	-	-

<sup>55</sup> Equity value is based on the termination and change of control benefits as outlined in the previous table.

<sup>56</sup> Mr. Pylot's employment agreement has been amended such that if Mr. Pylot leaves Capstone, Mr. Pylot would be eligible to receive a deferred payment of \$4.5 million which is based on 30 months' salary and 2.5x his average short-term incentive payment and 30 months of continued benefits. In the event of a termination without cause, Mr. Pylot's existing stock options shall remain in full force and effect in accordance with the original terms thereof until the earlier of the normal expiry date or 36 months and his existing RSUs and PSUs shall remain in full force and continue to vest as per the original vesting schedule and PSUs will vest based on actual performance versus original goals. Refer to the above section for more details.

<sup>57</sup> Mr. Randhawa and Ms. King's respective employment agreements have been amended such that if any of them is terminated without cause within the later of 12-months following the effective date of the Mantos Transaction or April 30, 2023, the terminated person's respective existing stock options shall remain in full force and effect in accordance with the original terms thereof until the earlier of the normal expiry date or 36 months; and existing RSUs and PSUs shall remain in full force and continue to vest as per the original vesting schedule and PSUs will vest based on actual performance versus original goals.

## DIRECTOR COMPENSATION

### Director Compensation Objectives

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

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

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

### Director Compensation Components

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

- a cash retainer; and
- an equity retainer.

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

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

### Directors' Compensation – Cash Retainer

Directors receive an annual cash retainer of \$65,000 and the Lead Director and committee chairs receive an additional cash amount for their increased responsibilities. The following table summarizes the 2022 additional cash retainers for the respective increased responsibilities.

	Lead Director (\$)	Audit Committee (\$)	HR&C Committee (\$)	GNS Committee (\$)	TOP Committee (\$)
<b>Additional Cash Retainer</b>	55,000	25,000	20,000	15,000	15,000

### Directors' Compensation – Equity Retainer

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

Level	2022 (\$)
<b>Board Chair<sup>58</sup></b>	200,000
<b>Board Member</b>	135,000

<sup>58</sup> Mr. Brack received the Board Chair equity retainer granted on March 7, 2022 prior to his appointment to the role of Lead Director on March 23, 2022. The Lead Director will receive the Board Member equity retainer value going forward.

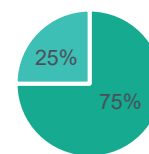
## DIRECTOR COMPENSATION

### Equity Retainer Mix

Capstone grants a combination of 75% Deferred Share Units (“DSU”) and 25% stock options to align the interests of independent directors with those of shareholders. The equity mix is reviewed on an annual basis to ensure it aligns with market, shareholder interests and supports retention.

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

Director Equity Retainer Mix



■ DSUs ■ Stock Options

### 2022 Director Compensation Table

The following table sets out all amounts of compensation provided to our non-executive directors for the year ended December 31, 2022.

Name of Director	Fees Earned (\$)	Share-Based Awards (\$) <sup>59</sup>	Option-Based Awards (\$) <sup>60</sup>	Non-Equity Incentive Plan Awards (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
George Brack <sup>61</sup>	136,250	150,000	50,000	-	-	-	336,250
Robert Gallagher <sup>61</sup>	80,000	101,250	33,750	-	-	-	215,000
Peter Meredith <sup>61</sup>	79,341	101,250	33,750	-	-	-	214,341
Anne Giardini <sup>61</sup>	80,000	101,250	33,750	-	-	-	215,000
Alison Baker	59,423	78,750	26,250	-	-	-	164,423
Istvan Zollei	50,014	78,750	26,250	-	-	-	155,014

### Directors' Deferred Share Unit Plan

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

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

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

<sup>59</sup> Share-based awards are granted in the form of DSUs. In addition, independent directors may elect to receive up to 100% of their fees for serving as a director in the form of DSUs.

<sup>60</sup> Option-based compensation is valued using the Black-Scholes option pricing model. Awards vest one-third per year commencing on the first anniversary of the award.

<sup>61</sup> Mr. Brack, Mr. Gallagher, Mr. Meredith and Ms. Giardini each received an additional payment of \$75,000 in 2022 as part of the Special Committee of the Board that was established on November 12, 2021 as part of the Mantos Transaction.

## DIRECTOR COMPENSATION

### Outstanding Share-Based and Option-Based Awards

The following table sets out all share-based and option-based awards outstanding for each of our non-executive directors at December 31, 2022.

Name of Director	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date <sup>62</sup>	Value of Unexercised In-The-Money Options (\$) <sup>63</sup>	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$) <sup>64</sup>	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
<b>George Brack</b>	137,932	0.58	Feb 20, 2024	601,384	-	-	7,120,047
	160,876	0.70	Feb 24, 2025	682,114			
	28,396	3.90	Mar 2, 2026	29,532			
	15,408	6.97	Mar 7, 2027	-			
<b>Robert Gallagher</b>	31,035	0.58	Feb 20, 2024	135,313	-	-	2,499,057
	72,394	0.70	Feb 24, 2025	306,951			
	19,167	3.90	Mar 2, 2026	19,934			
	10,400	6.97	Mar 7, 2027	-			
<b>Peter Meredith</b>	74,627	0.67	May 1, 2024	318,657	-	-	1,467,541
	108,591	0.70	Feb 24, 2025	460,426			
	19,167	3.90	Mar 2, 2026	19,934			
	10,400	6.97	Mar 7, 2027	-			
<b>Anne Giardini</b>	9,564	5.79	Mar 2, 2026	-	-	-	135,756
	10,400	6.97	Mar 7, 2027	-			
<b>Alison Baker</b>	16,248	3.47	Nov 7, 2027	23,885	-	-	117,532
<b>Istvan Zollei</b>	16,248	3.47	Nov 7, 2027	23,885	-	-	117,532

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value of incentive plan awards for each of our non-executive directors vested or earned during the year ended December 31, 2022.

Name of Director	Option-Based Awards - Value Vested During the Year (\$) <sup>65</sup>	Share-Based Awards - Value Vested During the Year (\$) <sup>66,67</sup>	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
<b>George Brack</b>	552,011	150,000	-
<b>Robert Gallagher</b>	372,608	101,250	-
<b>Peter Meredith</b>	333,317	101,250	-
<b>Anne Giardini</b>	3,284	101,250	-

<sup>62</sup> All options (except otherwise noted) granted vest one-third per year commencing on the first anniversary of the award.

<sup>63</sup> Calculated based on the difference between the market price of our shares on the TSX on December 30, 2022, which was \$4.94, and the exercise price of the options.

<sup>64</sup> Market value based on the closing price of Capstone's shares on the TSX on December 30, 2022 (\$4.94).

<sup>65</sup> Total value that would have been realized if the stock options had been exercised on the vesting date.

<sup>66</sup> The amount represents the aggregate dollar value of the share units as of the vesting date. As directors' DSUs vest immediately, the market value for DSUs was as of the grant date.

<sup>67</sup> DSUs vest on the grant date but are not redeemable until the Director ceases to hold office. The value of the DSUs is based on the fair market value on the redemption date(s), accordingly, the amount of the final payout will not be known until that time.

## DIRECTOR COMPENSATION

Name of Director	Option-Based Awards - Value Vested During the Year (\$) <sup>65</sup>	Share-Based Awards - Value Vested During the Year (\$) <sup>66,67</sup>	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
<b>Alison Baker</b>	-	78,750	-
<b>Istvan Zollei</b>	-	78,750	-



## SCHEDULE “A”

### ADVANCE NOTICE POLICY

#### INTRODUCTION

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

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

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

#### NOMINATIONS OF DIRECTORS

1. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of Capstone. Nominations of persons for election to the board of directors of Capstone (the Board) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the British Columbia Business Corporations Act (the Act), or a requisition of the shareholders made in accordance with the provisions of the Act; or
  - (c) by any person (a Nominating Shareholder): (A) who, at the close of business on the Notice Date (as defined below) and on the record date for notice at such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Policy.
2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of Capstone at the principal executive offices of Capstone in accordance with the provisions of this Policy.
3. To be timely, a Nominating Shareholder’s notice to the Corporate Secretary of Capstone must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 35 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the Notice Date) on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the later of: (i) the date of the public announcement (as defined below) of this Policy; and (ii) the Notice Date in respect of such meeting; or
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement (as defined below) of the date of the special meeting of shareholders was made.
4. To be in proper written form, a Nominating Shareholder’s notice to the Corporate Secretary of Capstone must set forth:
  - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, province or state and country of residence of the person; (B) the principal occupation, business or employment of the person; (C) the number of securities of each class of voting securities beneficially owned, or controlled or directed, directly or indirectly, by the person as of the record date for the meeting of shareholders (if such date shall

then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

- (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of Capstone and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

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

- 5. No person shall be eligible for election as a director of Capstone unless nominated in accordance with the provisions of this Policy; provided, however, that nothing in this Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- 6. For purposes of this Policy:
  - (a) "Public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by Capstone under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
  - (b) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- 7. Notwithstanding any other provision of this Policy, notice given to the Corporate Secretary of Capstone pursuant to this Policy may only be given by personal delivery, facsimile transmission or email (at such email address as stipulated from time to time by the Corporate Secretary of Capstone for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of Capstone; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- 8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Policy.

#### AMENDMENT

This Policy may be translated into other languages. In the event of any discrepancy between the original English version and any translation, the English version will prevail.

## SCHEDULE “B”

### INCENTIVE SHARE OPTION AND BONUS SHARE PLAN

FEBRUARY 9, 2011, AS AMENDED MARCH 27, 2014, FEBRUARY 15, 2017 AND MARCH 23, 2022

Approved by Capstone Mining Corp. Shareholders on April 20, 2014

#### ARTICLE 1

##### DEFINITIONS AND INTERPRETATION

###### 1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set out below:

- (a) “Administrator” means the Corporate Secretary of the Company or such other director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;
- (b) “Award Date” means the date on which the Board awards a particular Option;
- (c) “Blackout Period” means, in respect of an Option Holder, a period during which such Option Holder is prohibited from trading in securities of the Company pursuant to
  - (i) any existing policy of the Company; or
  - (ii) at the direction of Senior Management of the Company or the Board.
- (d) “Board” means the board of directors of the Company or any committee thereof to which the board of directors of the Company has delegated the power to administer and grant options under the Plan;
- (e) “Bonus Shares” means Shares issued to Directors and Employees pursuant to the terms of this Plan (and, for greater certainty and where the context so requires, includes Shares of the Company that were exchanged for common shares in the capital of Capstone Mining Corp. pursuant to the Arrangement Agreement dated November 30, 2021 between Capstone Mining Corp. and Mantos Copper (Bermuda) Limited).
- (f) “Cause” means:
  - (i) “Cause” as such term is defined in the written employment agreement, if any, between the Company and the Employee; or
  - (ii) in the event there is no written employment agreement between the Company and the Employee or “Cause” is not defined in the written employment agreement between the Company and the Employee, the usual meaning of just cause under the common law or the laws of British Columbia;
- (g) “Change of Control” means the occurrence of any one or more of the following events:
  - (i) the sale of all or substantially all of the Company’s assets to another arm’s length person not affiliated with the Company or any of the Company’s affiliates;
  - (ii) the acquisition or right to acquire shares of the Company as a result of which any person would beneficially own shares that would entitle the holders thereof to: (a) cast more than 50% of the votes attaching to all shares in the capital of the Company; or (b) more than 50% of the equity of the Company;
  - (iii) the merger or consolidation of the Company with or into another person not affiliated with the Company in which the Company is not the surviving entity (except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated), or a reverse merger in which the Company is the surviving entity but in which 50% or more of each class of the issued and outstanding shares of the Company are transferred to beneficial holders different from those who held the shares immediately prior to the merger;
  - (iv) a resolution is adopted to wind-up, dissolve or liquidate the Company;

- (v) as a result of or in connection with: (a) a contested election of directors; or (b) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Board shall not constitute a majority of the Board; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.
- (h) “Company” means Capstone Copper Corp.;
- (i) “Director” means any individual holding the office of director or senior officer of the Company or any of its Subsidiaries to whom share options can be granted in reliance on a prospectus exemption under applicable Securities Laws;
- (j) “Eligible Person” means any natural person providing continuous services to the Company or any of its subsidiaries and who is:
  - (i) an Employee; or
  - (ii) a non-Employee Director;
- (k) “Employee” means an individual who:
  - (i) is considered an employee under the Income Tax Act (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) works full-time for the Company or any of its Subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) works for the Company or any of its Subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (l) “Equity Awards” means Options and Bonus Shares;
- (m) “Exercise Notice” means the notice respecting the exercise of an Option, in the form set out as Schedule “2” hereto, as it may be amended from time to time, duly executed by the Option Holder;
- (n) “Exercise Period” means the period during which a particular Option may be exercised and, subject to the provisions of the Plan, is the period from and including the Award Date through to and including the Expiry Date;
- (o) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with paragraph 3.8;
- (p) “Expiry Date” means the date determined in accordance with paragraphs 3.6 and 3.7 and after which a particular Option cannot be exercised;
- (q) “Insider” has the meaning given to it in the Securities Act (British Columbia);
- (r) “Market Price” means, as of any date, the volume weighted average trading price of the Shares on the TSX or on another stock exchange on which the majority of the trading volume of the Shares occurs, calculated by dividing the total value by the total volume of Shares traded, for the five trading days immediately preceding such date, subject to any conditions or restrictions imposed by the TSX;
- (s) “Option” means an option to acquire Shares (and, for greater certainty and where the context so requires, includes the Options of the Company that ceased to represent an option to purchase common shares of Capstone Mining Corp. and were exchanged for Options to purchase Company Shares, on the same terms and conditions, pursuant to the Arrangement Agreement dated November 30, 2021 between Capstone Mining Corp. and Mantos Copper (Bermuda) Limited).
- (t) “Option Certificate” means the certificate, in the form set out as Schedule “1” hereto, as it may be amended from time to time, evidencing an Option;

- (u) “Option Holder” means a Director or Employee or former Director or Employee, who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;
- (v) “Participant” means every Eligible Person who is approved for participation in the Plan by the Board;
- (w) “Personal Representative” means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;
- (x) “Plan” means this Incentive Share Option and Bonus Share Plan;
- (y) “Prior Plan” means Capstone Mining Corp.’s Incentive Share Option and Bonus Share Plan dated May 17, 2010 and approved by the Company’s shareholders on May 17, 2010;
- (z) “Regulatory Authorities” means all stock exchanges and other organized trading facilities on which the Company’s Shares are listed and all securities commissions or similar securities regulatory authorities having jurisdiction over the Company;
- (aa) “Securities Laws” means securities legislation, securities regulations and securities rules, as amended, and the policies, notices, instruments and orders in relation thereto in force from time to time that are applicable to the Company;
- (bb) “Security Based Compensation Arrangements” has the meaning ascribed to it by the TSX Company Manual;
- (cc) “Shares” means the common shares without par value of the Company;
- (dd) “Subsidiary” means any corporation which is a subsidiary of the Company for the purposes of the Business Corporations Act (British Columbia);
- (ee) “Termination Date” means:
  - (i) in the case of the resignation of the Option Holder as an Employee or Director of the Company, the date set out in the resignation notice delivered by the Employee or Director, as applicable, to the Company as the last day the Employee or Director will be an Employee or Director, as applicable, of the Company; or
  - (ii) in the case of any other termination of the Option Holder’s employment or directorship with the Company by the Company for any reason other than death, the date that the Company provides notice of termination of the Option Holder’s employment or directorship, as applicable, to the Option Holder; or
  - (iii) in the case of the termination of the written contract of the Option Holder to provide services to the Company, the date that one of the parties to the written contract provides notice of termination of the written contract to the other party; and
- (ff) “TSX” means the Toronto Stock Exchange.

## 1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia.

## 1.3 Headings and References

The headings used herein are for convenience only and are not to affect the interpretation of the Plan. References to numbered paragraphs are to such numbered paragraphs of the Plan. References to “herein”, “hereunder” and “hereof” and similar terms are references to the Plan as a whole.

## 1.4 Singular and Plural

Unless the context requires otherwise, words in the singular include the plural and words in the plural include the singular.

## ARTICLE 2

## PURPOSE AND PARTICIPATION

### 2.1 Purpose

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Directors and Employees, to reward such of those Directors and Employees as may be awarded Options or Bonus Shares under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such Directors and Employees to acquire Shares as long term investments.

### 2.2 Participation

The Board shall, from time to time and in its sole discretion, determine those Directors and Employees, if any, to whom Options or Bonus Shares are to be awarded. The Board may only grant Options to an Employee or Director if such Employee or Director is a bona fide Employee or Director, as applicable, of the Company or any of its Subsidiaries. The Board may, in its sole discretion, grant the majority of the Options granted on any particular occasion to Insiders. However, in no case will:

- (a) Options to acquire more than 5% of the issued and outstanding Shares be granted to any one individual in any one year period;
- (b) the maximum number of Shares issuable to Insiders pursuant to the Plan, together with the maximum number of Shares issuable to Insiders pursuant to all other Security Based Compensation Arrangements, at any time exceed 10% of issued and outstanding Shares; or
- (c) the maximum number of Shares issued to Insiders pursuant to the Plan, together with the maximum number of Shares issued to Insiders pursuant to all other Security Based Compensation Arrangements, within a one year period, exceed 10% of the issued and outstanding Shares.

### 2.3 Non-Employee Director Participation

At any given time, the number of Equity Awards granted to non-Employee Directors under the Plan, in combination with all other equity awards granted to non-Employee Directors under any other Security Based Compensation Arrangements, shall be limited to the lesser of (i) a reserve, as a group, of equity awards entitling them to acquire up to 1% of the issued and outstanding Shares and (ii) an annual equity award value of \$150,000 per non-Employee Director, provided that the total value of Options issuable to any one non-Employee Director in any one year period shall not exceed \$100,000.

### 2.4 Notification of Award

Following the approval by the Board of the awarding of an Option, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

### 2.5 Copy of Plan

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

### 2.6 Limitation

The Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Company and does not give any Option Holder that is an Employee the right to be or to continue to be employed by the Company. An Option Holder shall not have any rights as a shareholder of the Company with respect to any Shares issuable upon the exercise of any Option until such Option has been duly exercised in accordance with the terms and conditions of the Plan and such Shares have been issued to such Option Holder.

## ARTICLE 3

### TERMS AND CONDITIONS OF OPTIONS AND BONUS SHARES

#### 3.1 Issuance of Shares

The Shares to be issued to Option Holders upon the exercise of Options shall be authorized and unissued Shares, the issuance of which shall have been authorized by the Board.

### 3.2 Option Grants

Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 3.9 hereof, applicable to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the exercise of the Options or the sale or other disposition of Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Shares acquired upon exercise of an Option may be forfeited, with the discretion of the Board to modify or rescind such restrictions in the event of certain corporate developments such as a take-over bid, reorganization, merger, change in capital or amalgamation. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion; however, the maximum number of options that any Eligible Person may hold is Options to acquire up to 5% of the outstanding number of issued shares of the Company at the time of granting.

### 3.3 Bonus Shares

Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, applicable to the reservation and grant of Bonus Shares, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of the Bonus Shares, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Bonus Shares may be forfeited, with the discretion of the Board to modify or rescind such restrictions in the event of certain corporate developments such as a take-over bid, reorganization, merger, change in capital or amalgamation. An Employee or Director may receive Bonus Shares on more than one occasion under the Plan and may receive separate Bonus Shares on any one occasion; however, no more than 500,000 of the issued Shares of the Company may be issued as Bonus Shares in any fiscal year.

### 3.4 Number of Shares

Subject to adjustment as provided for in paragraph 3.11, the number of Shares which will be available for issuance pursuant to Options granted under the Plan, and under the Prior Plan, or as Bonus Shares at any time will not exceed 10% of the issued and outstanding Shares at such time. Any issuance of Shares by the Company, including issuances pursuant to the exercise of Options or pursuant to the issuance of Bonus Shares, shall automatically replenish the number of Shares issuable under the Plan. Provided that the maximum number of Shares is not exceeded, following the expiration, cancellation or other termination of any Options under the Plan, a number of Shares equal to the number of Options so expired, cancelled or terminated shall automatically become available for issuance in respect of Options that may subsequently be granted under the Plan.

### 3.5 Award Date

The Award Date of an Option will be the date on which the Board makes the determination to grant such Option; provided, however, that if the Board makes the determination to grant an Option during a Blackout Period, the Award Date of such Option shall be deemed to be the date two business days following the end of such Blackout Period and the end of such Blackout Period shall be determined in accordance with the Insider Trading Policy of the Company dated March 23, 2022, as it is amended or replaced from time-to-time.

### 3.6 Term of Option

Subject to paragraph 3.7, the Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall be no later than the tenth anniversary of the Award Date of such Option.

### 3.7 Termination of Option

Subject to such other terms or conditions as may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 4:30 p.m. local time in Vancouver, British Columbia on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Board at the time the Option is awarded (or amended) and the date established, if applicable, in subparagraphs (a) to (c) below:

(a) Death of Option Holder

In the event that the Option Holder should die while he or she is still a Director (if he or she holds his or her Option as a Director), or an Employee (if he or she holds his or her Option as an Employee), the Expiry Date shall be the first anniversary of the Option Holder's date of death.

(b) Ceasing to hold Office



In the event that the Option Holder holds his or her Option as a Director of the Company and such Option Holder ceases to be a Director of the Company other than by reason of death, the Expiry Date of the Option shall be, unless otherwise provided in the Option Certificate or otherwise determined by the Board, 30 days from the date the Option Holder ceases to be a Director of the Company.

(c) Ceasing to be an Employee

In the event that the Option Holder holds his or her Option as an Employee of the Company and such Option Holder ceases to be an Employee of the Company other than by reason of death, unless otherwise provided in the Option Certificate or otherwise determined by the Board, the Expiry Date of the Option shall be:

- (i) the Termination Date, if the Option Holder ceases to be an Employee of the Company as a result of termination for Cause or as a result of an order made by any Regulatory Authority having jurisdiction to so order; or
- (ii) on the resignation of an Employee or on termination other than for Cause, 30 days after the date set out in the termination notice delivered by the Company to the Employee or the resignation notice delivered by the Employee to the Company, as the case may be, as the last day the Employee will be an Employee of the Company.

Notwithstanding anything contained herein, in no case will an Option be exercisable later than the Expiry Date of such Option fixed by the Board at the time the Option is awarded to the Option Holder; provided, however, that to the extent it would not result in the imposition of an additional tax under section 409A of the United States of America Internal Revenue Code of 1986, as amended, if the term of an Option expires during a Blackout Period or within 10 business days after the date on which the Blackout Period ends, then the term of such Option shall be extended to the date which is 10 business days after such date on which the Blackout Period ends.

### 3.8 Exercise Price

The price at which an Option Holder may purchase a Share upon the exercise of an Option shall be as set out in the Option Certificate issued in respect of such Option and in any event shall not be less than the Market Price of the Shares as of the Award Date.

Notwithstanding anything else contained herein, in no case will the Exercise Price be less than the minimum prescribed by the TSX or any other securities exchange upon which the Company has listed or posted its securities for trading as of the relevant Award Date.

### 3.9 Additional Terms

Subject to all applicable Securities Laws, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, the following:

- (a) providing that an Option expires on a date other than as provided for herein;
- (b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events; and
- (c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting provisions, upon the occurrence of certain events.

### 3.10 Assignment of Options

Options may not be assigned or transferred; provided, however, that the Personal Representative of an Option Holder may, to the extent permitted by paragraph 4.1, exercise the Option within the Exercise Period.

### 3.11 Adjustments

In the event that the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, consolidation, combination, reclassification or similar change in the capital structure of the Company without consideration, then:

- (a) the number of Shares reserved for issuance under the Plan;



- (b) the number of Shares subject to outstanding Options; and
- (c) the Exercise Prices of outstanding Options,

will be proportionally adjusted by the Board in compliance with applicable securities laws and the rules of any securities exchange upon which the Company has listed or posted its securities for trading; provided, however, that no fractional shares shall be issued upon the exercise of an Option and, accordingly, if as a result of a stock dividend, recapitalization, stock split, reverse stock split, subdivision, consolidation, combination, reclassification or similar change in the capital structure of the Company, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

### 3.12 Vesting

Options granted to Directors and Employees will vest as and when determined by the Board as evidenced by a schedule to the relevant Option Certificate; provided, however, that if no such determination has been made in respect of an Option as evidenced by such a schedule, such Option will vest fully at the time it is granted.

In respect of an Option granted to an Employee of the Company, upon such Employee ceasing to be an Employee of the Company, any Option granted to such Employee shall cease to vest on the Termination Date.

### 3.13 Change of Control

In the event that a Participant's employment is terminated without cause by the Company or a Subsidiary within 12 months of a Change of Control, all unvested Options shall vest immediately and become exercisable, notwithstanding any determination of the Board pursuant to paragraph 3.12, if applicable.

## ARTICLE 4

### EXERCISE OF OPTION

#### 4.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. An Option Holder or the Personal Representative of an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 4:30 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a cheque, or at the Company's option, a certified cheque or bank draft, payable to "Capstone Copper Corp." in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option, and if applicable, any withholding taxes in respect of which the Option is being exercised.

#### 4.2 Issue of Share Certificates

As soon as practicable following the receipt of the Exercise Notice and the other documents contemplated by paragraph 4.1, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased.

#### 4.3 Conditions of Issue

The Options and the issue of Shares by the Company pursuant to the exercise of Options are subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities relating to the granting of such Options and to the issuance and distribution of such Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all Securities Laws and to furnish to the Company any information, reports or undertakings required to comply with, and to fully cooperate with the Company in complying with, such Securities Laws.

#### 4.4 Fully Paid and Financial Assistance

The Company will not issue any Shares pursuant to the exercise of Options until it has received the Exercise Price plus any required payment for withholding taxes for the issuance of such Shares. The Company will not provide financial assistance to an Option Holder to assist him or her in exercising his or her Option.

## ARTICLE 5

### ADMINISTRATION

## 5.1 Administration

The Plan shall be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any Director, senior officer or employee of the Company such administrative duties and powers as it may see fit in connection with the Plan.

## 5.2 Interpretation

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant hereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

# ARTICLE 6

## AMENDMENT AND TERMINATION

### 6.1 Amendment, Modification or Termination of the Plan

The Board shall have the power to, at any time and from time to time, either prospectively or retrospectively, and without shareholder approval, amend, suspend or terminate the Plan or any Option granted under the Plan, including, without limiting the generality of the foregoing:

- (a) amendments of a "housekeeping" or ministerial nature, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules of the TSX or any other applicable stock exchange);
- (c) any amendment which increases the Exercise Price of an Option;
- (d) any expansion of the scope of persons eligible to participate in the Plan;
- (e) amendments respecting administration of the Plan;
- (f) any amendment to the vesting provisions of the Plan or any Option;
- (g) any amendment to the early termination provisions of the Plan or any Option, whether or not such Option is held by an Insider, provided such amendment does not entail an extension beyond the original Expiry Date of such Option;
- (h) to add or change provisions relating to any form of financial assistance provided by the Company to Eligible Persons that would facilitate the purchase of securities under the Plan; and
- (i) to add a cashless exercise feature to any Option or to the Plan, including providing for the payment in cash or securities upon the exercise of Options;

provided however that:

- (j) such amendment, suspension or termination is in accordance with applicable laws and the rules of any securities exchange on which the Company has listed or posted its securities for trading;
- (k) the Board shall obtain shareholder approval in respect of the following:
  - (i) any amendment to the number of Shares (or other securities) issuable under Sections 2.2, 3.2, 3.3 and 3.4 of the Plan;
  - (ii) any amendment which reduces the Exercise Price of an Option (other than pursuant to Section 3.11);

- (iii) any amendment to the transferability or assignability of an Option (other than for normal estate settlement purposes);
- (iv) any amendment extending the term of an Option beyond its original Expiry Date (other than an extension as a result of a Blackout Period pursuant to Section 3.7);
- (v) any amendment to the amendment provisions of the Plan contained in this Article ARTICLE 6;
- (vi) any amendment to the number of Equity Awards which may be granted to non-Employee Directors as set out in Section 2.3 of this Plan; and
- (vii) amendments required to be approved by shareholders under applicable law.

Where shareholder approval is sought for amendments under clauses (k)(ii) and (iv) above, the votes attached to Shares held directly or indirectly by Insiders who would benefit from the amendment will be excluded.

## 6.2 Termination

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination which shall continue to be governed by the provisions of the Plan.

## ARTICLE 7

### GENERAL

## 7.1 Withholding Taxes

The Company may withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Company to comply with the applicable requirements of any federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options ("Withholding Obligations"). The Company may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Company may determine in its discretion, by (a) requiring a Participant, as a condition to the exercise of any Options, to make such arrangements as the Company may require so that the Company can satisfy such Withholding Obligations including, without limitation, requiring the Participant to remit to the Company in advance, or reimburse the Company for, any such Withholding Obligations or (b) selling on the Participant's behalf, or requiring the Participant to sell, any Shares acquired by the Participant under the Plan, or retaining any amount which would otherwise be payable to the Participant in connection with any such sale.

## 7.2 Agreement

The Company and every Option awarded hereunder shall be bound by and subject to the terms and conditions of the Plan. By accepting an Option granted hereunder, the Option Holder expressly agrees with the Company to be bound by the terms and conditions of the Plan.

## 7.3 Prior Plan

The Plan supersedes and replaces the Prior Plan. All options previously granted by the Company that are outstanding as at the date of the adoption of the Plan by the Board shall be deemed to be granted under the Plan and to be Options which are subject to the terms and conditions hereof.

SCHEDULE "1"

CAPSTONE COPPER CORP.

INCENTIVE SHARE OPTION AND BONUS SHARE PLAN

OPTION CERTIFICATE

This Certificate is issued pursuant to the provisions of the Capstone Copper Corp. (the "Company") Incentive Share Option and Bonus Share Plan (the "Plan") and evidences that \_\_\_\_\_ is the holder (the "Option Holder") of an option (the "Option") to purchase up to \_\_\_\_\_ common shares (the "Shares") of the Company at a purchase price of \$ \_\_\_\_\_ per Share. Subject to the provisions of the Plan:

- (a) the Award Date of the Option is \_\_\_\_\_; and
- (b) the Expiry Date of the Option is \_\_\_\_\_.

Subject to the provisions of the Plan, the Option may be exercised at any time and from time to time from and including the Award Date through to and including up to 4:30 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivery to the Administrator of the Plan of an Exercise Notice, in the form provided in the Plan, together with this Certificate and a certified cheque or bank draft payable to "Capstone Copper Corp." in an amount equal to the aggregate Exercise Price of the Shares, and if applicable, any withholding taxes in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby are not assignable, transferable or negotiable and are subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder, by accepting such Option, hereby expressly agrees with the Company to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter relating to the Option, the provisions of the Plan and the records of the Company shall prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

The Option has been awarded this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

CAPSTONE COPPER CORP.

Per:

\_\_\_\_\_  
Administrator  
Capstone Copper Corp.  
Incentive Share Option and Bonus Share Plan

OPTION CERTIFICATE – SCHEDULE

The additional terms and conditions attached to the Option represented by this Certificate are as follows:

1. \_\_\_\_\_ of the Options granted under the Plan will vest on \_\_\_\_\_;
2. \_\_\_\_\_ of the Options granted under the Plan will vest on \_\_\_\_\_; and
3. \_\_\_\_\_ of the Options granted under the Plan will vest on \_\_\_\_\_;

or such other vesting schedule as may be agreed upon by the Board of Directors.

CAPSTONE COPPER CORP.

Per:

\_\_\_\_\_

Administrator  
Capstone Copper Corp.  
Incentive Share Option and Bonus Share Plan

SCHEDULE "2"

EXERCISE NOTICE

To: Administrator, Incentive Share Option and Bonus Share Plan (the "Plan")

Capstone Copper Corp. (the "Company")

I, \_\_\_\_\_, hereby give notice, pursuant to the Company's Plan, of the exercise of the Option to acquire and subscribe for \_\_\_\_\_ Shares.

Calculation of total Exercise Price:

(a) number of Shares to be acquired on exercise: \_\_\_\_\_ Shares

(b) multiplied by the Exercise Price per Share: \$ \_\_\_\_\_

TOTAL EXERCISE PRICE [(a) x (b)]: \$ \_\_\_\_\_

If applicable, calculation of tax remittance:

(c) sale price/market price on exercise: \$ \_\_\_\_\_

(d) share option benefit [(c) - (b)] x (a): \$ \_\_\_\_\_

(e) tax remittance: \$ \_\_\_\_\_

(f) deduction (i.e. CPP): \$ \_\_\_\_\_

TOTAL TAX REMITTANCE: \$ \_\_\_\_\_ \*

\*Calculation acknowledged by the Option Holder

TOTAL PAYABLE TO THE COMPANY

BY THE OPTION HOLDER: \$ \_\_\_\_\_

The undersigned tenders herewith a cheque or bank draft in an amount equal to the total Exercise Price, and if applicable, the Tax Remittance of the aforesaid Shares, as calculated above, and directs the Company to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_  
Name of Option Holder (please print)

## SCHEDULE “C”

### TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

#### 1. INTRODUCTION

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

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

#### 2. COMPOSITION

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

#### 3. CORE RESPONSIBILITIES

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

##### a. Legal Requirements

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

The Board has the statutory responsibility to:

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

##### b. Independence

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

##### c. Strategy Determination

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

##### d. Managing Risk and Insurance

The Board has the responsibility to identify and understand the principal risks of the business in which Capstone is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure

management has put in place systems which effectively identify, monitor and manage those risks with a view to the long-term viability of Capstone. The Board's oversight of risk includes assessing the environmental and social impacts and related risks of environmental, social and governance (ESG) issues on the corporate strategy and operating model. The Board also has the responsibility to take appropriate steps to minimize material risk exposures by assessing Capstone's risk profile, categories of risk Capstone faces, strategies implemented to mitigate identified risks, and maintaining appropriate insurance programs to transfer risks where appropriate, including Capstone's captive insurance program. Board committees assist the Board in fulfilling its risk oversight responsibilities in certain areas of risk, as outlined in each Board Committee's Terms of Reference document.

e. Division of Responsibilities

The Board has the responsibility to:

- i. Appoint directors to committees, and to delegate responsibilities to committees where appropriate to do so;
- ii. Have in place position descriptions for:
  1. The Chair of the Board;
  2. The Chair of each Board Committee;
  3. The Chief Executive Officer;
  4. The President and Chief Operating Officer; and
  5. The Chief Financial Officer; and
- iii. Ensure that the directors of Capstone's subsidiaries are qualified and appropriate and that they are provided with copies of Capstone's policies for consideration for implementation by the subsidiaries.

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

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

f. Appointment, Training and Monitoring Senior Management

The Board has the responsibility:

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

g. Policies, Procedures and Compliance, Conduct

The Board has the responsibility:

- i. to ensure that Capstone has in place a corporate policy framework that enables Capstone to operate at all times within applicable laws, regulations and its ethical standards;
- ii. to approve and monitor compliance with significant policies and procedures by which Capstone is operated; and



- iii. to have in place a code of conduct and ensure effective systems are in place such that all directors, officers and employees comply with the code.
- h. Reporting and Communication

The Board has the responsibility:

- i. to ensure Capstone has in place policies and programs to enable Capstone to communicate effectively with its shareholders, stakeholders and the public generally;
  - ii. to ensure that the financial performance of Capstone is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
  - iii. to ensure that the financial results are reported fairly and in accordance with international financial reporting standards (“IFRS”)
  - iv. to ensure the timely reporting of developments that have a material impact on the value of Capstone;
  - v. to report annually to shareholders on its stewardship of the affairs of Capstone for the preceding year;
  - vi. to develop appropriate measures for receiving shareholder feedback; and
  - vii. to develop Capstone’s approach to corporate governance and to develop a corporate governance guideline.
- i. Monitoring and Acting

The Board has the responsibility:

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

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

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

#### 4. REVIEW AND REVISION OF THE TERMS OF REFERENCE

Annual Review: The Board shall annually review these Terms of Reference and make such changes as it deems advisable.

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