TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

1. PURPOSE

The overall purpose of the Audit Committee of Capstone Copper Corp. ("Capstone") is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities related to the quality and integrity of financial reporting, including ensuring fair presentation of the financial position and results of operations of Capstone in accordance with Canadian generally accepted accounting principles ("GAAP", which for Captone is International Financial Reporting Standards). The Audit Committee will also ensure that management has designed and implemented an effective system of internal financial controls and review their compliance with regulatory and statutory requirements as they relate to consolidated financial statements, taxation matters and disclosure of material facts.

2. COMPOSITION

A. The Audit Committee shall consist of at least three members of the Board, all of whom shall be "independent directors", as that term is defined in National Instrument 52-110, "Audit Committees".

B. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Audit Committee for the ensuing year. The Board may at any time remove or replace any member of the Audit Committee and may fill any vacancy in the Audit Committee.

C. The Board shall have appointed the chair of the Audit Committee on an annual basis.

D. All the members of the Audit Committee shall be "financially literate" (i.e., able to 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).

E. The secretary of the Audit Committee shall be appointed from time to time from one of the members of the Audit Committee or, failing that, shall be the Corporate Secretary, unless otherwise determined by the Audit Committee.

F. The quorum for meetings shall be a majority of the members of the Audit Committee, present in person or by telephone or other telecommunication device that permits all persons taking part in the meeting to speak and to hear each other.

3. CORE RESPONSIBILITIES

A. The overall duties and responsibilities of the Audit Committee shall be as follows:

i. To assist the Board in the discharge of its responsibilities relating to accounting principles, reporting practices and internal controls and its approval of Capstone's annual and quarterly consolidated financial statements.

ii. To ensure that management has designed, implemented and is maintaining an effective system of internal financial controls.

iii. To assist the Board in sustainability oversight as outlined in the Terms of Reference for Board Oversight of Sustainability.

iv. To assist the Board in the fulfilment of its enterprise risk management oversight specifically relating to financial risks affecting Capstone, including but not limited to the significant financial risks identified by management in Capstone's corporate risk register, including risks arising from changes in fiscal policy, taxation and royalty regimes, trade measures (including tariffs), geopolitical developments, and sustainability and climate-related regulation. The Board will also consider the significant financial impacts of sustainability (including climate-related) risks disclosed in Capstone's continuous and other public disclosure documents such as the interim and annual financial statements, the interim and annual management's discussion and analysis, and the annual information form; and

v. To report regularly to the Board in the fulfilment of its duties and responsibilities.

B. The duties and responsibilities of the Audit Committee as they relate to the external auditors shall, in general, be to oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Capstone, including the resolution of disagreements between management and the external auditor regarding financial reporting. Specifically, these duties and responsibilities include the following:

i. To recommend to the Board a firm of external auditors to be engaged by Capstone, and to consider the independence of such external auditors.

ii. To review and pre-approve the audit and any other services rendered by the external auditors and review the fee, scope and timing of these services.

iii. To review the audit plan of the external auditors prior to the commencement of the audit.

iv. To review with the external auditors, upon completion of their audit, the following:

a) content of their report to the Audit Committee.

b) scope and quality of the audit work performed.

c) adequacy of Capstone's financial and auditing personnel.

d) co-operation received from Capstone's personnel during the audit.

e) significant transactions outside of the normal business of Capstone.

f) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems.

g) any significant changes to their audit plan; and

h) any serious difficulties or disputes with management encountered during the audit.

v. To discuss with the external auditors the quality and not just the acceptability of accounting principles.

vi. To implement structures and procedures to ensure that the Audit Committee meets the external auditors on a regular basis in the absence of management.

vii. To review the performance of the external auditors, making recommendations to the auditors, to management and/or to the Board as appropriate; and

viii. To review and approve hiring policies for employees or former employees of the past and present external auditors.

C. The duties and responsibilities of the Audit Committee as they relate to the internal control procedures are to:

i. Review and approve the internal control assessment plan.

ii. Review any significant findings and recommendations, and management's response thereto.

iii. Review the appropriateness and effectiveness of the policies and business practices which impact on the financial integrity of Capstone, including those relating to internal auditing, accounting, information services and systems and financial controls, management reporting and risk management.

iv. Review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls.

v. Review all material written communications between the external auditors and management; and

vi. Periodically review the financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented;

vii. Periodically review and assess the performance of the internal audit function; and

viii. To implement structures and procedures to ensure that the Audit Committee meets the Director, Internal Audit on a regular basis in the absence of management.

D. The Audit Committee is also charged with the responsibility to:

i. Review the quarterly financial statements and associated MD&A (Management's Discussion and Analysis) and earnings release and recommend approval to the Board with respect thereto.

ii. Review and approve the financial sections of:

a) the annual report to shareholders.

b) the annual information form.

c) prospectuses and other offering documents; and

d) other public reports requiring approval by the Board and report to the Board with respect thereto.

iii. Review regulatory filings and decisions as they relate to the consolidated financial statements.

iv. Review and, if advisable, approve or recommend to the Board for approval any proposed transaction between Capstone or any of its subsidiaries and a director, executive officer or significant shareholder, or any of their related parties. Interested directors shall not participate in the review and approval of such transactions.

v. Review the appropriateness of the policies and procedures used in the preparation of the consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies.

vi. Review and report on the integrity of the consolidated financial statements.

vii. Review the minutes of any audit committee meetings of subsidiary companies.

viii. Review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results and the manner in which such matters have been disclosed in the consolidated financial statements.

ix. Review the compliance with regulatory and statutory requirements as they relate to consolidated financial statements, tax matters and disclosure of material facts.

x. Receive a report annually from management of all accounting firms employed, other than the principal external auditors, with such report to include the nature of the services performed and the fees charged.

xi. Develop a calendar of activities to be undertaken by the Audit Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders.

xii. Establish and periodically review procedures for:

a) the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters; and

b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and

xiii. Review the adequacy of the Terms of Reference annually, proposing modifications as appropriate.

E. Risk, Cybersecurity and Artificial Intelligence Oversight

i. Oversee Capstone's cybersecurity and artificial intelligence ("AI") governance as part of its broader responsibility for risk management and internal controls, including oversight of material cybersecurity and AI-related risks, controls, incident response, and related disclosure matters.

ii. Receive periodic updates from management and report material matters to the Board.

4. RESPONSIBILITIES OF THE COMMITTEE CHAIR

The fundamental responsibility of the Audit Committee Chair is to be responsible for the management and effective performance of the Audit Committee and provide leadership to the Audit Committee in fulfilling its core responsibilities and any other matters delegated to it by the Board. To that end, the Audit Committee Chair's responsibilities shall include:

A. Working with the Chair of the Board, the Lead Director (if any), the Chief Financial Officer and the Corporate Secretary to establish the frequency of the Audit Committee meetings.

B. Providing leadership to the Audit Committee and presiding over Audit Committee meetings.

C. Facilitating the flow of information to and from the Audit Committee and fostering an environment in which Audit Committee members may ask questions and express their viewpoints.

D. Reporting to the Board with respect to the significant activities of the Audit Committee and any recommendations of the Audit Committee.

E. Leading the Audit Committee in annually reviewing and assessing the adequacy of its terms of reference and evaluating its effectiveness in fulfilling its terms of reference; and

F. Taking such other steps as are reasonably required to ensure that the Audit Committee carries out its core responsibilities under its terms of reference.

5. AUTHORITY

A. The Audit Committee shall have access to such officers and employees and to such information respecting Capstone, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

B. The external auditors and the Director, Internal Audit shall have a direct line of communication to the Audit Committee through its Chair and may bypass management if deemed necessary. The Audit Committee, through its Chair, may contact directly any Capstone employee as it deems necessary, and any employee may bring before the Audit Committee any matter involving questionable, illegal or improper financial practices or transactions.

C. The Audit Committee shall have authority to engage independent counsel, consultants and other advisors at the expense of Capstone, as it determines to be necessary or advisable to carry out its duties and responsibilities, including setting and authorizing the payment of the compensation for any advisors employed by the Audit Committee, and to communicate directly with the internal and external auditors.

6. ACCOUNTABILITY

A. The Audit Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial reporting and internal financial control matters relative to Capstone.

B. The Audit Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

7. MEETINGS

Meetings of the Audit Committee shall be conducted as follows:

A. The Audit Committee shall meet at least five times annually at such times and at such locations as may be requested by the Chair of the Audit Committee. The external auditors or any member of the Audit Committee may request a meeting of the Audit Committee.

B. Notice of the time and place of every meeting of the Audit Committee shall be given in writing to each member of the Audit Committee a reasonable time before the meeting.

C. The external auditors shall receive notice of and have the right to attend all meetings of the Audit Committee.

D. Agendas for meetings of the Audit Committee shall be developed by the Chair of the Audit Committee in consultation with management and the Corporate Secretary, and should be circulated to Audit Committee members one week prior to Audit Committee meetings.

E. The following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:

    i. Chief Executive Officer; and

    ii. Chief Financial Officer.

F. Other management representatives shall be invited to attend as necessary.

G. A member of the Audit Committee may be designated as the liaison member to report on the deliberations of the Audit Committee to the Board; and

H. All meetings shall include an in-camera session of independent directors without management present.

8. COMMITTEE WORK PLAN TIMETABLE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Members of the Audit Committee ("AC") to elect a Chair (unless appointed by the Board).							✓					
Ensure management has designed, implemented, and is maintaining an effective system of internal financial controls.		✓										
Report to the Board on fulfillment of the AC's duties and responsibilities.		✓		✓			✓			✓		
Recommend to the Board an external audit firm and consider the independence of that audit firm.		✓										
Review and pre-approve the audit and other services rendered by the auditors, including the fee, scope and timing of these services.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review the audit plan prior to commencement of the audit.							✓					
Upon completion of the audit, review the auditor's report to the AC, the scope and quality of work performed, the adequacy of Capstone's finance personnel, the cooperation of Capstone's personnel during the audit, significant transactions during the period, significant proposed adjustments, recommendations for improving the system of internal controls, any significant deviations to the proposed audit plan, and any serious difficulties or disputes with management personnel encountered during the audit.		✓										
Discuss with the external auditors the quality and acceptability of the accounting principles.		✓		✓			✓			✓		
Meet with the external auditors on a periodic basis in the absence of management.		✓		✓			✓			✓		
Review the performance of the external auditors on a periodic basis.		✓		✓			✓			✓		
Review and approve the internal control assessment plan.							✓					
Review any significant findings and recommendations as they relate to internal control procedures and management's response thereto.		✓										
Review and report to the Board on financial risks affecting Capstone, significant financial risks identified in the corporate risk register and significant financial risks disclosed in Capstone's continuous disclosure documents, interim and annual financial statements, and interim and annual MD&A.		✓		✓			✓			✓		
Review and report to the Board on financial risks affecting Capstone, significant financial risks identified in the corporate risk register and significant financial risks disclosed in the Annual Information Form			✓									
Review and report to the Board on financial risks affecting Capstone, significant financial risks identified in the corporate risk register and significant financial risks disclosed in the Management Information Circular.			✓									

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Review the appropriateness and effectiveness of the policies and business practices which impact on the financial integrity of Capstone, including those relating to internal auditing, accounting, information services and systems and financial controls, management reporting and risk management.											✓	
Review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls.		✓		✓			✓			✓		
Review all material written communications between the external auditors and management.		✓		✓			✓			✓		
Review the financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.		✓		✓			✓			✓		
Review quarterly financial statements and associated MD&A and earnings release and recommend for approval to the Board				✓			✓			✓		
Review and approve the financial sections of the annual report, AIF, prospectuses, other offering documents, and other public reports that require Board approval.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review regulatory filings and decisions as they relate to the consolidated financial statements	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Review the appropriateness of the policies and procedures used in the preparation of the consolidated financial statements.		✓		✓			✓			✓		
Review and report on the integrity of the consolidated financial statements to the Board.		✓		✓			✓			✓		
Review the minutes of any audit committee meetings of subsidiary companies.		✓		✓			✓			✓		
Review with management and the external auditors (as well as legal counsel if necessary) any litigation, claim or other contingency, including tax assessments.		✓		✓			✓			✓		
Review the compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts.		✓		✓			✓			✓		
Review a report from management on an annual basis regarding accounting firms employed during the year.		✓										
Review Deloitte Audit KPIs for the prior fiscal year.				✓								
Review the established procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters		✓										
Review the AC Terms of Reference and work plan.				✓								
Review the Authorization for Expenditure Policy, Delegation of Authority Policy, Tax Policy, Policy on Hiring from External Auditors, Purchase Requisition and Orders Policy, Treasury Policy, and Cyber Security Policy (or as needed).										✓		

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Review and Assess the performance of the internal audit function		✓										