TERMS OF REFERENCE FOR BOARD OVERSIGHT OF ENTERPRISE RISK MANAGEMENT ("ERM")

1. PURPOSE

The purpose of the Terms of Reference is to define the role and mandate of the Board of Directors (the "Board") of Capstone Copper Corp. ("Capstone") in ERM oversight to create a common understanding of their responsibility for risk oversight with management.

2. OBJECTIVE

The key objective of the ERM role oversight process is to enhance performance and improve shareholder value.

3. KEY RESPONSIBILITIES

The Board has the responsibility for overseeing the effectiveness of risk management policies, procedures and practices implemented by Capstone with respect to strategic, financial, operational, environmental, health and safety, human resources, information security, legal and compliance, and sustainability-related global risks faced by Capstone. For greater certainty, Board committees assist the Board in fulfilling its risk oversight responsibilities in certain areas of risk, as outlined in each committee's Terms of Reference document. Specifically, the Board is responsible for the following matters:

Risk Oversight

a) Material Risk Exposures: reviewing Senior Management's assessment of Capstone's material risk exposures and Capstone's actions to identify, monitor and mitigate such exposures. In performing its oversight responsibilities, the Board shall:

- Satisfy itself that Senior Management has established an appropriate tone and culture with respect to risk identification, risk awareness, risk taking and risk mitigation;
- Review with Senior Management the design, implementation and effectiveness of Capstone's risk management programs, policies and processes, including reporting lines of authority, communications, systems and controls, to assess their appropriateness given Capstone's structure, size and scope of operations;
- Assess with Senior Management Capstone's major risk profile ("Major Risk Profile", including the categories of risk Capstone faces, as well as strategies implemented to mitigate the identified risks;
- Assess risk and reward when considering major strategic or tactical initiative;
- Satisfy itself as to the ways in which known and emerging risks are identified, documented and assessed;
- Together with Senior Management, define the Corporation's risk appetite and/or risk tolerance;

- Assess the interrelationship between Capstone's Major Risk Profile and its corporate strategy and/or business plans;
- Assess the impacts and related risks of sustainability issues such as tailings and waste management, water stewardship, climate change and carbon footprint, nature, human rights, people and culture, and social performance and community investment on Capstone's strategic objectives and/or business plans and ensure strategies are in place to minimize contributing factors and manage sustainability issues. Sustainability risk oversight is further described in the Terms of Reference for Board Oversight of Sustainability.
- Meet as required with representatives of Capstone's operations (the "Sites") and/or external advisors to discuss the risks faced by Capstone and Capstone's risk management function and activities.

Compliance Oversight

b) **Legal and Regulatory Compliance:** reviewing Senior Management's implementation of systems and controls designed to promote compliance with applicable legal and regulatory requirements. In performing its oversight responsibilities, the Board shall:

- Satisfy itself that Senior Management has established an appropriate tone and culture with respect to:
    - Ethical business conduct by Capstone's employees, agents, representatives, contractors and suppliers; as well as
    - Legal and regulatory compliance;
- Review with Senior Management the design, implementation and effectiveness of policies or programs that provide monitoring of, and promote compliance with, legal and regulatory requirements; and
- Periodically meet with representatives of the Sites and/or external advisors to discuss Capstone's compliance with applicable legal and regulatory requirements, the results of internal compliance reviews and material non-compliance with legal and/or regulatory requirements or internal policies, procedures and programs of Capstone.

Cross-Committee Coordination

c) **Relationship with committees of the Board:** coordinating with committees of the Board as needed, including:

- receiving reports from the committees at least annually, with respect to their review of the material risk categories for which such committees have been delegated oversight responsibility pursuant to their respective committee Terms of References;
- to help:

    - ensure that each committee receives all information necessary to permit it to fulfill its risk oversight responsibilities;

- avoid unnecessary overlap in risk-related oversight responsibilities; and
- identify gaps, if any, in enterprise risk-related oversight responsibilities.

4. REVIEW AND REVISION OF THE TERMS OF REFERENCE

Annual Review: The Governance, Nominating and Sustainability Committee shall annually review this Terms of Reference and recommend to the Board such changes as it deems advisable.