

TERMS OF REFERENCE FOR THE GOVERNANCE, NOMINATING AND SUSTAINABILITY COMMITTEE

1. PURPOSE

The main purpose of the Governance, Nominating and Sustainability Committee (the “GNS Committee”) of Capstone Copper Corp. (“Capstone”) is to assist the Board in carrying out its responsibilities with respect to: developing and implementing principles and systems for the management of corporate governance and sustainability; establishing and leading the process for identifying and recruiting qualified individuals for Board and Board committee membership, as well as committee chairs; evaluating Board, Board committee, chair and director performance; and establishing the process for ongoing development for directors.

2. COMPOSITION

- A. The GNS Committee shall be composed of not fewer than three directors and not more than five directors, all of whom shall qualify as independent directors pursuant to National Policy 58-201 – Corporate Governance Guidelines.
- B. The Board, at its annual organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Corporate Governance and Nominating Committee for the ensuing year. The Board may at any time remove or replace any member of the GNS Committee and may fill any vacancy in the GNS Committee.
- C. The Board shall appoint the chair of the GNS Committee on an annual basis.
- D. The secretary of the Corporate Governance and Nominating Committee shall be designated from time to time from one of the members of the GNS Committee or, failing that, shall be the Corporate Secretary, unless otherwise determined by the GNS Committee.
- E. The quorum for meetings shall be a majority of the members of the GNS Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

3. CORE RESPONSIBILITIES

Board Composition and Nominations

Subject to the powers and duties of the Board, the GNS Committee will:

- A. Review annually the Board’s relationship with management to ensure the Board is able to, and in fact does, function independently of management;
- B. Develop, and update annually and recommend to the Board for approval, a long term plan for Board composition that takes into consideration:

- i. the independence of each director;
 - ii. the competencies and skills the Board, as a whole, should possess;
 - iii. the current strengths, skills and experience represented by each director, as well as each director's personality and other qualities as they affect Board effectiveness and dynamics;
 - iv. diversity;
 - v. the appropriate size of the Board, with a view to facilitating effective decision-making; and
 - vi. the strategic direction of Capstone;
- C. Develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board's short-term and long-term needs and succession plans;
- D. Develop and implement a process to handle any nominees for director who are recommended by security holders;
- E. In conjunction with the Board Chair and the CEO, recommend to the Board nominees for election to the Capstone Board of directors, considering what competencies and skills each nominee will bring to the Board as well as whether each nominee can devote sufficient time and resources to duties as a Board member;
- F. Assist the Board in sustainability oversight as outlined in the Terms of Reference for Board Oversight of Sustainability ; and
- G. Assist the Board in fulfilling enterprise risk management oversight relating to Board structure, membership and corporate governance compliance and sustainability risks.

Corporate Governance

Subject to the powers and duties of the Board, the GNS Committee will:

- H. Review annually the corporate governance practices of Capstone in the context of its global business affairs, ensuring compliance with requirements of applicable regulator or stock exchanges, and monitor evolving governance practices and investor expectations, including updates from proxy-advisory firms and the Canadian Coalition for Good Governance to keep Capstone's governance framework aligned with leading market standards;
- I. Ensure that the responsibilities of the Board are well understood by both the Board and management;
- J. Review periodically, for Board approval, a Board Manual outlining the policies and procedures by which the Board will operate and the terms of reference for the Board, the Board Chair and the CEO, and committees of the Board;
- K. In conjunction with the Board Chair and the CEO, assess the needs of the Board in terms of the frequency and location of Board and committee meetings, meeting agendas,

- discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required;
- L. In conjunction with the Board Chair and the CEO, recommend committee members and committee chair appointments to the Board for approval and review the need for, and the performance and suitability of, those committees and make recommendations as required;
 - M. Review, monitor and make recommendations to the Board regarding the orientation and education of directors;
 - N. Review annually Capstone's directors' and officers' third-party liability insurance to consider adequacy of coverage;
 - O. Review annually the terms of reference, position descriptions and policies relating to corporate governance matters;
 - P. Review the Board's needs for formal Board, committee and individual director evaluation processes; and develop and implement appropriate processes;
 - Q. Conduct annual Board assessment and report to Board;
 - R. Review and approve the request of an individual director to engage independent counsel in appropriate circumstances, at Capstone's expense;
 - S. With regard to Capstone's Our Values and Ethics, Code of Conduct (the "Code"):
 - i. Review and update periodically the Code and ensure that management has established a system to enforce the Code;
 - ii. Review actions taken to ensure compliance with the Code and the results of confirmations and violations of such Code;
 - iii. Ensure the Code, any revisions to the Code and any waivers to the Code granted by the Board are disclosed in a manner that meets regulatory guidelines;
 - iv. Ensure that any departures from the Code by a director or senior officer that constitute a "material change" within the meaning of National Instrument 51-201 Disclosure Standards, are reported in a manner that fully meets regulatory requirements;
 - T. Review and recommend for Board approval any annual and/or interim reports of Capstone's governance practices. This report shall include adequate detail to meet or exceed any regulatory or legal governance disclosure requirements, in addition to any additional disclosure the Board deems important. Disclosure should include, but not be limited to the items in the governance disclosure checklist in the appendix to these Terms of Reference. The GNS Committee shall communicate with other Board committees as necessary regarding disclosure of items under their respective terms of reference;
 - U. Implement and oversee measures for security holders to contact the independent directors, and ensure these measures are communicated to shareholders;

- V. Review independence, interlocking Board, multiple Board memberships and multiple appointments to Audit Committees of directors and recommend for approval to the Board if required pursuant to Board policies;
- W. Review any potential conflicts of interest involving a director for the purpose of determining independence and whether such conflict limits or impairs the role of the director.

Sustainability

Subject to the powers and duties of the Board, the GNS Committee will:

- X. Provide oversight and direction on Capstone's Sustainable Development Strategy ("SD Strategy");
- Y. Ensure that Capstone's SD Strategy and other relevant sustainability objectives are integrated into Capstone's long-term strategic plan;
- Z. Review and monitor the effectiveness of corporate policies, standards, guidelines and controls with respect to sustainability;
- AA. Review quarterly the Company's sustainability performance and progress toward meeting SD Strategy targets and other relevant sustainability objectives;
- BB. monitor and report on significant developments in regulations, trends and evolving industry best practices with respect to sustainability;
- CC. Monitor and report on emerging physical and market-related risks to Capstone's business associated with climate change and GHG emissions, make related recommendations to the Board, and review Capstone's public disclosure with respect to such matters.
- DD. Disclosures and Stakeholder Engagement
 - a. Provide oversight of sustainability disclosures, including annual sustainability reporting;
 - b. Provide guidance to Senior Management on the type of sustainability issues it would like to discuss with key stakeholders, as appropriate, and ensure effective communication and reports on issues raised in engagement and consultation;
 - c. Ensure that Capstone's sustainability disclosures and activities align with stakeholders' interests and reporting standards, as well as the reporting requirements of sustainability performance standards;
 - d. Ensure stakeholders are provided with complete and transparent information through public disclosures; and
 - e. Ensure that mechanisms for shareholder engagement with independent directors remain effective, and that feedback from shareholders and other stakeholders informs the Company's governance and disclosure practices;
- EE. Assist the Board in sustainability oversight as outlined in the Terms of Reference for Board Oversight of Sustainability;

FF. Ensure that Capstone’s sustainability risks are incorporated into Capstone’s Enterprise Risk Management framework and the oversight of each risk has been allocated to the Board or an appropriate Board Committee.

GG. Ensure that the Board has the necessary expertise and skills to oversee sustainability risks and opportunities.

HH. Ensure Directors and Senior Management’s have up-to-date knowledge related to sustainability risks and opportunities.

4. RESPONSIBILITIES OF THE COMMITTEE CHAIR

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

- A. Working with the Chair of the Board, the Lead Director (if any), the Chief Executive Officer and the Secretary to establish the frequency of the GNS Committee meetings;
- B. Providing leadership to the GNS Committee and presiding over GNS Committee meetings;
- C. Facilitating the flow of information to and from the GNS Committee and fostering an environment in which GNS Committee members may ask questions and express their viewpoints;
- D. Reporting to the Board with respect to the significant activities of the GNS Committee and any recommendations of the GNS Committee;
- E. Leading the GNS Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
- F. Taking such other steps as are reasonably required to ensure that the GNS Committee carries out its mandate.

5. AUTHORITY

The GNS Committee shall have access to such officers and employees and to such information respecting Capstone, and may engage independent consultants and advisors at the expense of Capstone, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

6. ACCOUNTABILITY

The GNS Committee chair has the responsibility to make periodic reports to the Board, as requested, on corporate governance matters. The GNS Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing a report at the next Board meeting.

7. MEETINGS

Meetings of the GNS Committee shall be conducted as follows:

- A. The GNS Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chair of the GNS Committee.
- B. Agendas for meetings of the GNS Committee shall be developed by the Chair of the Committee in consultation with management and the Corporate Secretary, and should be circulated to GNS Committee members one week prior to Committee meetings.
- C. A member of the Committee may be designated as the liaison member to report on the deliberations of the GNS Committee to the Board.
- D. All regular meetings shall include an in-camera session of independent directors without management present.

8. ANNUAL BOARD APPRAISAL PROCESS

<u>Step</u>	<u>Date</u>	<u>Description</u>
1.		<ul style="list-style-type: none">a) Review skills matrix and determine long term Board requirements and retirementsb) Review Board and committee questionnaire and amend or append as neededc) Discuss appropriate form of individual director evaluations: paper and/or personal interviews by the Board Chaird) Establish methodology for appraising the performance of the Board Chair
2.		Send out board/committee questionnaire and initiate the individual director evaluation process
3.		Initiate Peer to Peer review with the Board Chair
4.		Review the questionnaire and interview results
5.		Report conclusions of the review to the Board
6.		Initiate actions to improve Board, committee and individual performance.