TERMS OF REFERENCE FOR BOARD OVERSIGHT OF SUSTAINABILITY

1. PURPOSE

The purpose of these Terms of Reference is to ensure sufficient oversight of Capstone Copper Corp.'s ("Capstone") Sustainable Development Strategy ("SD Strategy"), and the management and disclosure of sustainability risks and opportunities that can affect Capstone's long-term strategy and prospects to improve long-term value for our stakeholders.

2. REPORTING TO THE BOARD

The Board will receive quarterly reports from Senior Management on sustainability issues (such as climate change and carbon footprint, tailings and waste management, water stewardship, nature, environmental compliance, human rights, people and culture, social performance and community investment) risks and mitigation, opportunities, performance, progress towards goals and disclosure.

3. KEY RESPONSIBILITIES

The Board has the responsibility for overseeing the effectiveness of policies, standards, guidelines, controls reporting and disclosure implemented by Senior Management with respect to Capstone's sustainability risks and opportunities and providing guidance (when necessary) to Senior Management on management of these risks and opportunities. The Board has delegated the responsibility for oversight of the following sustainability matters to the Governance, Nominating and Sustainability Committee:

Sustainable Development Strategy ("SD Strategy") and Business Strategy

a) Provide oversight and direction on Capstone's SD Strategy;
b) Ensure that Capstone's SD Strategy and other relevant sustainability objectives are integrated into Capstone's long-term strategic plan;
c) Review and monitor the effectiveness of corporate policies, standards, guidelines and controls with respect to sustainability.
d) Review quarterly the Company's sustainability performance and progress toward meeting SD Strategy targets and other relevant sustainability objectives.
e) monitor and report on significant developments in regulations, trends and evolving industry best practices with respect to sustainability.
f) Monitor and report on emerging physical and market-related risks to Capstone's business associated with climate change and GHG emissions, and review Capstone's public disclosure with respect to such matters.

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.
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;

Enterprise Risk Management (ERM)

a) 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 appropriate committee.

The Board has delegated responsibility for oversight of the following sustainability matters to the Technical and Operational Performance Committee:

a. Environmental Matters related to minimizing Capstone's impact on the natural environment, environmental compliance issues and environmentally sensitive incidents.
b. Employees' Health and Safety policies and activities
c. Social Performance and Community Investment policies and activities

The Board may delegate specific areas of its sustainability oversight responsibilities to its four committees:

Committee	Oversight responsibility
Audit Committee	• Sustainability disclosures – ensure disclosure of financially material impacts • Processes and controls – ensure disclosures are accurate, comparable and consistent • Assurance – ensure disclosures are reliable by independent review, as appropriate • Sustainability risks specific to the Audit Committee including financial impacts and disclosure of material climate-related and other sustainability risks
Human Resource & Compensation Committee	• Accountability – ensure sustainability goals are integrated into executive compensation • Talent and culture – ensure Senior Management has the right people in place to execute the Sustainable Development Strategy • Sustainability risks specific to the Human Resource & Compensation Committee including labour practices, employee engagement, and diversity and inclusion.

Governance, Nominating and Sustainability Committee	• Engagement – ensure sustainability story is being effectively communicated to investors and stakeholders • Board Composition – ensure the Board has the necessary expertise and skills to oversee sustainability risks and opportunities • Education and training – ensure Directors and Senior Management have up-to-date knowledge related to sustainability risks and opportunities • Sustainability risks specific to the Governance, Nominating and Sustainability Committee including Board structure, membership and corporate governance compliance
Technical and Operational Performance Committee	• Reporting – ensure accurate and measurable technical data and performance to support sustainability disclosures and sustainability reporting • Sustainability risks specific to the Technical and Operational Performance Committee including technical and operational risk related to tailings and waste management, water stewardship, environmental protection, climate change and carbon footprint, nature, occupational health and safety, and social performance and community investment.

4. INFORMATION ADEQUACY

Management shall ensure that information is provided to the Governance, Nominating and Sustainability Committee and Board in a timely manner and in a format that the Governance, Nominating and Sustainability Committee and Board can interpret and use to accurately address the sustainability risks, opportunities, performance and progress towards goals.

5. COMPETENCE AND TRAINING

The Board is responsible for ensuring that Directors collectively possess the necessary skills and expertise to effectively oversee sustainability issues. Continuous sustainability training and learning are integral, with sustainability competency and knowledge evaluated during the annual Board assessment process. The Board encourages continuous sustainability training, as appropriate, at the Board and Senior Management level, as well as throughout the organization.

6. REVIEW AND REVISION OF THE TERMS OF REFERENCEs

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.