



## TERMS OF REFERENCE FOR THE TECHNICAL, HEALTH, ENVIRONMENTAL, SAFETY AND SUSTAINABILITY COMMITTEE

### 1. PURPOSE

The purpose of the Technical, Health, Environmental, Safety and Sustainability Committee (the “THES&S Committee”) of Capstone Mining Corp. (“Capstone”) is to have oversight of Capstone’s:

- A. Policies, activities and results as they relate to:
  - i. Site operations;
  - ii. health and safety in the workplace;
  - iii. Capstone’s engagement with community, government, and other stakeholders;
  - iv. sustainable use of all renewable and non-renewable resources consumed in conjunction with company activities;
- B. Compliance with securities regulations of the TSX and of the BC Securities Commission of activities of Capstone as they relate to the management and reporting of resources and reserves of Capstone and its subsidiaries;
- C. Policies and activities, from a technical, health, environmental, safety and sustainability perspective, as they relate to major capital project and mine development;
- D. Policies and activities, from a technical, health, environmental, safety and sustainability perspective, as they relate to due diligence activities in connection with mergers and acquisitions; and
- E. Sustainability reporting.

### 2. COMPOSITION

- A. The THES&S Committee shall consist of at least three independent members of the Board, the majority of whom shall qualify as independent directors pursuant to applicable securities requirements.
- 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 THES&S Committee for the ensuing year. The Board may at any time remove or replace any member of the THES&S Committee and may fill any vacancy in the THES&S Committee.
- C. The Board shall appoint the chair of the THES&S Committee on an annual basis.
- D. The secretary of the THES&S Committee shall be designated from time to time from one of the members of the THES&S Committee or, failing that, shall be the Corporate Secretary, unless otherwise determined by the THES&S Committee.



- E. The quorum for meetings shall be a majority of the members of the THES&S 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

The duties and responsibilities of the THES&S Committee shall be oversight of policies, programs and procedures to ensure that the purpose set out in this terms of reference for the THES&S Committee are met. In addition, and in matters related to environment, health, safety and sustainability, the THES&S Committee shall monitor to ensure that the Integrated Environmental, Health, Safety and Sustainability Policy is being adhered to and achieved and that best practices are applied.

In order to fulfill the terms of reference of the THES&S Committee, the THES&S Committee shall endeavour:

#### A. Technical Matters

- i. to request Management to conduct investigations into, or conduct or authorize investigations into any matter that the Technical Committee believes is within its terms of reference; to report regularly and on a timely basis to the Board on its findings and recommendations related to technical matters;

#### B. Environmental Matters

- i. To review and monitor the environmental policies and activities of Capstone on behalf of the Board, including initiatives related to ESG and climate change;
- ii. To review environmental compliance issues and environmentally sensitive incidents to determine, on behalf of the Board, that Capstone is taking all necessary action reasonable in the circumstances to protect the environment and that Capstone has been duly diligent in carrying out its responsibilities and activities in that regard;
- iii. To review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended in connection with (i) and (ii) above;
- iv. To report regularly and on a timely basis to the Board on matters coming before the THES&S Committee relating to environmental policies and activities of Capstone for consideration and the manner of disposition;

#### C. Employees' Health and Safety

- i. To review and monitor the health and safety policies and activities of Capstone on behalf of the Board to ensure compliance with applicable laws, legislation and policies as they relate to Capstone's employees in the workplace and that established practises are applied;

- ii. To recommend actions for developing policies, programs and procedures to ensure that the principles set out in Capstone’s policies related to the health and safety of its employees in the workplace are being adhered to and achieved;
  - iii. To review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended;
  - iv. To report on a timely basis and at least annually to the Board on health and safety issues and on the state of compliance with applicable laws and legislation and adherence to the policies of Capstone;
- D. Sustainability
- i. To review and monitor the sustainability policies and activities of Capstone on behalf of the Board to ensure compliance with applicable Canadian laws, legislation and policies as they relate to Capstone’s employees in the workplace and that established practises are applied;
  - ii. To recommend actions for developing policies, programs and procedures to ensure that the principles set out in Capstone’s policies related to the sustainability of its activities are being adhered to and its objectives are achieved;
  - iii. To ensure accurate and measurable technical data and performance for ESG initiatives;
  - iv. To review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended;
  - v. To report on a timely basis and at least annually to the Board on sustainability issues and on the state of compliance with applicable laws and legislation, and adherence to the policies of Capstone;
- E. To assist the Board in ESG oversight as outlined in the Terms of Reference for Board Oversight of Environmental, Social and Governance (“ESG”); and
- F. To assist the Board in the fulfilment of its enterprise risk management oversight specifically relating to technical risk and operational risk related to production and costs, tailings management, environmental protection, climate change, occupational health and safety, sustainability, and social risks facing Capstone.

#### **4. RESPONSIBILITIES OF THE COMMITTEE CHAIR**

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

- A. Working with the Chairman of the Board, the Chief Executive Officer, the Senior Vice President, Operations & Exploration and the Corporate Secretary to establish the frequency of the THES&S Committee meetings;



- B. Providing leadership to the THES&S Committee and presiding over THES&S Committee meetings;
- C. Facilitating the flow of information to and from the THES&S Committee and fostering an environment in which THES&S Committee members may ask questions and express their viewpoints;
- D. Reporting to the Board with respect to the significant activities of the THES&S Committee and any recommendations of the THES&S Committee;
- E. Leading the THES&S 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 THES&S Committee carries out its terms of reference.

## **5. AUTHORITY**

The THES&S Committee shall have access to such officers and employees and to such information respecting Capstone, and may engage independent technical or environmental 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**

- A. The THES&S Committee Chair has the responsibility to make periodic reports to the Board, as requested by the Board.
- B. The THES&S 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 THES&S Committee shall be conducted as follows:

- A. The THES&S Committee shall meet regularly on such dates and at such locations as the Chair of the THES&S Committee shall determine, but at least once per calendar quarter and may also meet at any other time or times on the call of the chair of the THES&S Committee, any two of the other members, or at the request of the senior officer of Capstone responsible for technical, environmental, health, safety and sustainability matters.
- B. Agendas for meetings of the THES&S Committee shall be developed by the Chair of the Committee in consultation with management and the Corporate Secretary, and should be circulated to THES&S 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 THES&S Committee to the Board.
- D. All meetings shall include an in-camera session of independent directors without management present.