No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. *This prospectus supplement, together with the short form base shelf prospectus dated March 1, 2023 to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference therein as of the date of this prospectus supplement for purposes of the distribution of the securities to which this prospectus supplement pertains, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus supplement, together with the short form base shelf prospectus dated March 1, 2023 to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference therein as of the date of this prospectus supplement for purposes of the distribution of the securities to which this prospectus supplement pertains, does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

Information has been incorporated by reference in this prospectus supplement, and in the short form base shelf prospectus dated March 1, 2023 to which it relates, from documents filed with the securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Capstone Copper Corp. at 2100 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, telephone: (604) 684-8894 and are also available electronically at www.sedarplus.ca. See "Documents Incorporated by Reference".*

PROSPECTUS SUPPLEMENT
TO THE SHORT FORM BASE SHELF PROSPECTUS
DATED MARCH 1, 2023

New Issue and Secondary Offering February 5, 2024

Capstone Copper Corp.

C$374,976,000

59,520,000 Common Shares

This prospectus supplement (the "**Prospectus Supplement**"), together with the accompanying short form base shelf prospectus dated March 1, 2023 (the "**Shelf Prospectus**"), qualifies the distribution to the public (the "**Offering**") of 59,520,000 common shares (the "**Offered Shares**" and, together with all other common shares in the capital of the Company, the "**Common Shares**") of Capstone Copper Corp. (the "**Company**", "**Capstone**", "**we**", "**our**" or "**us**") at a price of C$6.30 per Offered Share (the "**Offering Price**"). Of the 59,520,000 Offered Shares being offered under the Offering, 47,620,000 Offered Shares (the "**Treasury Shares**") will be issued and sold by the Company and 11,900,000 Offered Shares (the "**Secondary Shares**") will be sold by Orion Fund JV Limited, Orion Mine Finance Fund II LP and Orion Mine Finance (Master) Fund I-A LP (collectively, the "**Selling Shareholders**"). The Company will not receive any of the proceeds from the sale of the Secondary Shares by the Selling Shareholders. The Offering is being made pursuant to an underwriting agreement dated February 5, 2024 (the "**Underwriting Agreement**") among the Company, the Selling Shareholders, RBC Dominion Securities Inc. ("**RBC**"), National Bank Financial Inc. ("**NBF**") and Scotia Capital Inc. ("**Scotia**"), as joint bookrunners (together, the "**Joint Bookrunners**"), and BMO Nesbitt Burns Inc. ("**BMO**"), Canaccord Genuity Corp. ("**Canaccord**") and CIBC World Markets Inc. ("**CIBC**", and together with the Joint Bookrunners, BMO and Canaccord, collectively, the "**Underwriters**"). The Offering Price was determined by arm's length negotiation between the Company, the Selling Shareholders and RBC with reference to the prevailing market price of the Common Shares and other factors. The Offering is being made concurrently in each of the provinces and territories of Canada, other than Québec, under the terms of the Underwriting Agreement, and pursuant to this Prospectus Supplement and the Shelf Prospectus. Subject to applicable law, the

Offered Shares may be offered outside of Canada, provided that the Offered Shares offered will not be offered or sold in Australia. See "*Plan of Distribution*" and "*Selling Shareholders*".

The Selling Shareholders currently hold an aggregate of 164,836,179 Common Shares, representing approximately 23.7% of our issued and outstanding Common Shares. Upon completion of the Offering, and assuming no exercise of the Over-Allotment Option (as defined below), the Selling Shareholders will in aggregate, directly or indirectly, own or control 152,936,179 Common Shares, representing approximately 20.6% of our issued and outstanding Common Shares. If the Over-Allotment Option is exercised in full, the Selling Shareholders will, in the aggregate, beneficially own 152,936,179 Common Shares, representing approximately 20.3% of the outstanding Common Shares.

Price: C$6.30 per Offered Share

	Price to the Public	Underwriters' Fee(1)	Net Proceeds to the Company(2)	Net Proceeds to the Selling Shareholders(2)
Per Offered Share ……	C$6.30	C$0.252	C$6.048	C$6.048
Total Offering(3) ……	C$374,976,000	C$14,999,040	C$288,005,760	C$71,971,200

Notes:

(1) Pursuant to the terms of the Underwriting Agreement, and in consideration of the services rendered by the Underwriters in connection with the Offering, the Company and the Selling Shareholders have agreed to pay to the Underwriters a fee (the "**Underwriters' Fee**") representing 4.00% of the aggregate gross proceeds of the Offering (or C$0.252 per Offered Share) proportionately based on the respective number of Offered Shares sold by the Company and each of the Selling Shareholders pursuant to the Offering. See "*Plan of Distribution*" and "*Relationship Between the Company and Certain of the Underwriters*".

(2) After deducting the Underwriters' Fee, but before deducting expenses related to the Offering estimated at C$750,000. In accordance with the Underwriting Agreement and the Registration and Board Nomination Rights Agreement, dated March 23, 2022 between the Company and the Selling Shareholders (the "**Registration and Nomination Rights Agreement**"), the Company has agreed to pay all of the expenses of the Offering (excluding the Underwriters' Fee allocable to the Secondary Shares and any applicable taxes related thereto and the Selling Shareholders legal and professional fees, all of which will be borne by the Selling Shareholders, and the legal expenses of the Underwriters, which will be borne by the Underwriters). See "*Use of Proceeds*".

(3) The Company has granted to the Underwriters an option (the "**Over-Allotment Option**") exercisable, in whole or in part, at the sole discretion of the Underwriters at any time until the date which is 30 days following the Closing Date (as defined below), to purchase up to an additional 8,928,000 Common Shares from the Company (the "**Additional Shares**") at a price of C$6.30 per Additional Share to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", the "Underwriters' Fee", the "Net Proceeds to the Company" and the "Net Proceeds to the Selling Shareholders" (before deducting expenses of the Offering) will be C$431,222,400, C$17,248,896, C$342,002,304 and C$71,971,200, respectively. This Prospectus Supplement and the Shelf Prospectus also qualify the grant of the Over-Allotment Option and the distribution of any Additional Shares upon exercise of the Over-Allotment Option. Any purchaser who acquires Offered Shares forming part of the over allotment position of the Underwriters pursuant to the Over-Allotment Option acquires those Common Shares under this Prospectus Supplement and the Shelf Prospectus, regardless of whether the over allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets out the number of Additional Shares that may be sold to the Underwriters pursuant to the Over-Allotment Option:

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	8,928,000 Additional Shares	For a period of 30 days after the Closing Date	C$6.30 per Additional Share

Unless the context otherwise requires, all references to the "Offering" and "Offered Shares" herein includes the Treasury Shares, the Secondary Shares and the Additional Shares issuable pursuant to the exercise of the Over-Allotment Option.

An investment in the Offered Shares involves significant risks that should be carefully considered by prospective investors before purchasing Offered Shares. The risks outlined in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein should be carefully reviewed and considered by prospective investors in connection with any investment in Offered Shares. See "*Forward-Looking Information*" and "*Risk Factors*".

In connection with the Offering, the Underwriters may, subject to applicable law, over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters may offer the Offered Shares at a lower price than the Offering Price. **After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price specified on the cover page, the Underwriters may change the Offering Price and the other selling terms to an amount not greater than the Offering Price set forth on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company and the Selling Shareholders. See "*Plan of Distribution*".**

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Company or sold and delivered by the Selling Shareholders and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*", and subject to the approval of certain legal matters on behalf of the Company by Blake, Cassels & Graydon LLP, on behalf of the Selling Shareholders by Torys LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that closing of the Offering (the "**Closing**") will occur on or about February 8, 2024, or such later date as the Company, the Selling Shareholders and the Joint Bookrunners may agree (the "**Closing Date**"). Except as may be otherwise determined by the Company, the Selling Shareholders and the Underwriters, the Offering will be conducted under the book-based system operated by CDS Clearing and Depository Services Inc. ("**CDS**"). Other than in limited circumstances, a subscriber who purchases Offered Shares will receive a customary confirmation from the registered dealer from or through whom Offered Shares are purchased and who is a CDS participant. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased Offered Shares in accordance with the book-based system. See "*Plan of Distribution*".

The Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "CS". On February 1, 2024, the last completed trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was C$6.67. On February 2, 2024, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Common Shares on the TSX was C$6.51. In addition, the Common Shares are listed on the Australian Securities Exchange (the "**ASX**") as Chess Depositary Instruments ("**CDIs**"), with each CDI representing one Common Share, under the symbol "CSC". February 2, 2024 was the first day of quotation of the CDIs on the ASX, with such CDIs being subject to a trading halt before the commencement of trading. As a result, no trading of CDIs has occurred prior to the date of this Prospectus Supplement.

Capstone's head and registered office is located at 2100 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, Canada.

Alison Baker, Robert J. Gallagher, Anne Giardini and Patricia Palacios, each directors of the Company, reside outside of Canada and each of the Selling Shareholders is organized under the laws of a foreign jurisdiction. These persons and companies have appointed the following agents for service of process in Canada:

Name of Person or Company	Name and Address of Agent
Alison Baker, Robert J. Gallagher, Anne Giardini and Patricia Palacios	Blakes Vancouver Services Inc., c/o Blake, Cassels & Graydon LLP, 1133 Melville Street, Suite 3500, The Stack, Vancouver, British Columbia, V6E 4E5, Canada
Orion Fund JV Limited	Torys LLP, 79 Wellington Street West, Suite 3000, Toronto, Ontario, M5K 1N2, Canada
Orion Mine Finance Fund II LP	Torys LLP, 79 Wellington Street West, Suite 3000, Toronto, Ontario, M5K 1N2, Canada

Orion Mine Finance (Master) Fund I-A LP	Torys LLP, 79 Wellington Street West, Suite 3000, Toronto, Ontario, M5K 1N2, Canada

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "*Risk Factors*".

Investors should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the accompanying Shelf Prospectus. We have not authorized anyone to provide investors with different information. Information contained on our website shall not be deemed to be a part of this Prospectus Supplement (including the accompanying Shelf Prospectus) or incorporated by reference and should not be relied upon by prospective investors for the purpose of determining whether to invest in the Offered Shares. We will not make an offer of the Offered Shares in any jurisdiction where such offer or sale is not permitted. Investors should not assume that the information contained in this Prospectus Supplement is accurate as of any date other than the date on the face page of this Prospectus Supplement or the date of any documents incorporated by reference herein.

Prospective purchasers are advised to consult their own tax and other professional advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Offered Shares. See "*Certain Canadian Federal Income Tax Considerations*".

In connection with the Offering, the Company may be considered to be a "connected issuer" within the meaning of National Instrument 33-105 – *Underwriting Conflicts* ("NI 33-105") to RBC , NBF, Scotia, BMO and CIBC. Affiliates of RBC, NBF, Scotia, BMO and CIBC are lenders to the Company under a revolving credit facility pursuant to the Fourth Amended and Restated Credit Agreement, as may be amended from time to time (the "**Revolving Credit Facility**"). See "*Relationship between the Company and Certain of the Underwriters*".

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ABOUT THIS PROSPECTUS SUPPLEMENT

Unless otherwise indicated or the context otherwise requires: (i) the "**Company**", "**Capstone**", "**we**", "**our**" and "**us**" refers to Capstone Copper Corp., following completion of the transaction combining Mantos (as defined below) and Old Capstone (as defined below), pursuant to which Old Capstone became a wholly-owned subsidiary of Mantos on March 23, 2022 (the "**Mantos Transaction**") and includes each of our direct and indirect subsidiaries, including Old Capstone as the context requires; (ii) "**Old Capstone**" or "**Capstone Mining**" refers to Capstone Mining Corp., prior to completion of the Mantos Transaction; and (iii) "**Mantos**" refers to Mantos Copper (Bermuda) Limited, prior to completion of the Mantos Transaction.

This document is composed of two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offering and adds to and supplements information contained in the Shelf Prospectus and the documents incorporated by reference therein. The second part is the Shelf Prospectus, which gives more general information, some of which may not apply to the Offering. This Prospectus Supplement is deemed to be incorporated by reference into the Shelf Prospectus solely for the purpose of the Offering.

An investor should rely only on the information contained in this Prospectus Supplement and the Shelf Prospectus (or incorporated by reference herein or therein). None of the Company, the Selling Shareholders or the Underwriters have authorized anyone to provide investors with additional or different information and any such information should not be relied upon. Information presented on or accessed through the Company's website at www.capstonecopper.com is not incorporated into, or made part of, this Prospectus Supplement and prospective investors should not rely on such information when deciding whether or not to invest in the Offered Shares.

If the description of the Offered Shares or any other information varies between this Prospectus Supplement and the Shelf Prospectus (including the documents incorporated by reference herein and therein), the information in this Prospectus Supplement supersedes the information in the Shelf Prospectus. The Offered Shares are not being offered in any jurisdiction where such offer or sale is not permitted. This Prospectus Supplement shall not be used by anyone for any purpose other than in connection with the Offering.

Prospective purchasers should assume that the information contained in or incorporated by reference in this Prospectus Supplement and the Shelf Prospectus is accurate only as at its date or the respective dates of the documents incorporated by reference herein, unless otherwise noted herein or as required by law. The Company's business, financial condition, results of operations and prospects may have changed since those dates. We do not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

Market data and certain industry forecasts used in the Shelf Prospectus or this Prospectus Supplement, and the documents incorporated by reference therein and herein, were obtained from market research, publicly available information and industry publications. We believe that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. We have not independently verified such information, and we do not make any representation as to the accuracy of such information.

The Company may use certain non-GAAP and other financial measures in this Prospectus Supplement, the Shelf Prospectus or in documents incorporated by reference herein or therein, which are not defined under International Financial Reporting Standards ("**IFRS**"). Prospective investors are cautioned that non-GAAP financial measures should not be construed as an alternative to the IFRS consolidated statements of income or other IFRS statements. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Further, these measures do not have any standardized meaning and the Company's method of calculating each measure may not be comparable to calculations used by other companies bearing the same description.

In this Prospectus Supplement, unless otherwise indicated, all references to "$", "US$" or "dollars" are expressed in United States dollars. References to "C$" are to Canadian dollars, references to "MX$" are to Mexican pesos and references to "CLP$" are to Chilean pesos.

FORWARD-LOOKING INFORMATION

This Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein contain "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities laws. Forward-looking information may relate to the Company's future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. We have based the forward-looking information on our current expectations and projections about future events and financial trends that we believe might affect our financial condition, results of operations, business strategy and financial needs.

Forward-looking information included in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein includes, but is not limited to:

- the intentions of the Company, the Selling Shareholders and the Underwriters to complete the Offering on the terms and conditions described herein;
- the commissioning activities at the Mantoverde Development Project (the "**MVDP**");
- the terms of the Offering;
- amount and proposed use of proceeds of the Offering;
- business objectives and anticipated milestones and expected timing relating thereto;
- the plan of distribution of the Offered Shares;
- the estimation of Mineral Resources and Mineral Reserves;
- the realization of Mineral Reserve estimates;
- the timing and amount of estimated future production;
- the costs of production and capital expenditures and reclamation;
- the budgets for exploration projects;
- the success of our mining operations;
- the continuing success of mineral exploration;
- the estimations for potential quantities and grade of inferred resources and exploration targets;
- our ability to finance future growth capital;
- environmental risks;
- unanticipated reclamation expenses; and
- title disputes.

Forward-looking information is based on our opinions, estimates and assumptions in light of management's experience and perception of historical trends, current conditions and expected future developments, including, but not limited to:

- favourable equity and debt capital markets;
- the ability to raise any necessary additional capital on reasonable terms to advance the Company's projects;
- future prices of copper and other metals;
- the accuracy of any mineral reserve and mineral resource estimates;
- production costs;
- the accuracy of budgeted costs and expenditures;
- the price of other commodities such as fuel;

- future currency exchange rates and interest rates;
- operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner;
- the receipt of governmental, regulatory and third party approvals, licenses and permits on favourable terms;
- obtaining required renewals for existing approvals, licenses and permits on favourable terms;
- sustained labour stability;
- stability in financial and capital goods markets;
- availability of equipment; and
- other factors that we currently believe are appropriate and reasonable in the circumstances, and are subject to risks and uncertainties.

Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with the forward-looking information. Given these risks, uncertainties and assumptions, prospective purchasers of the Offered Shares should not place undue reliance on the forward-looking information contained herein. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including, but not limited to:

- discretion concerning the use of proceeds;
- the price of Common Shares may experience significant fluctuations;
- there is no assurance that the forward-looking statements included or incorporated by reference in this Prospectus Supplement will prove to be correct;
- risks related to dilution to existing shareholders if stock options or other convertible securities are exercised;
- future sales of a substantial amount of Common Shares could depress the market price of the Common Shares;
- public shareholders having limited control over our operations;
- the concentration of share ownership of Capstone;
- trading price and volume of the Common Shares could decline following unfavourable industry research;
- enforcement of civil liabilities against directors and officers residing outside of Canada;
- investors may lose their entire investment;
- we face added risks and uncertainties of operating in foreign jurisdictions, including changes in regulation and policy, and community interest and opposition;
- there are uncertainties with the new Mining Royalty Bill;
- risks in connection with the Cozamin Silver Stream Agreement (as defined below) with Wheaton Precious Metals Corp. ("**Wheaton**");
- our operations are subject to geotechnical challenges, which could adversely impact our production and profitability;
- labour disruptions involving Capstone employees, or employees of its independent contractors could affect its production levels and costs. Our operations will be adversely affected if we fail to maintain satisfactory labour relations;
- sustainable development strategy;
- inherent hazards associated with mining operations;
- global crises and pandemics;
- future prices of copper and other metals;
- integrating the operations, technologies and personnel of Old Capstone and Mantos;
- operating in foreign jurisdictions with risk of changes to governmental regulation or community interest;
- adoption of a mining royalty tax;
- geotechnical challenges;
- completion requirements for the Cozamin Silver Stream Agreement;
- completion requirements for the precious metals purchase agreement for the production of gold from Santo Domingo (as defined below) between Capstone Mining and Wheaton dated March 25, 2021;
- compliance with financial covenants for project financing;

- surety bonding;
- dependence on the availability of water;
- compliance with financial covenants;
- our ability to raise capital;
- concentrate sales offtake agreements and counterparty risk;
- market access restrictions or tariffs;
- foreign currency exchange rate fluctuations;
- changes in general economic conditions;
- increased operating and capital costs;
- uncertainties and risks related to the costs, timing and complexities of developing Capstone's projects;
- reliance on approvals, licenses and permits from governmental authorities;
- accuracy of Mineral Resource and Mineral Reserve estimates;
- exploration results;
- challenges to title to our mineral properties;
- compliance with governmental regulations;
- climate change and its impact on climatic conditions on our operations and projects;
- changes in climate change regulatory regime;
- compliance with environmental laws and regulations;
- ability to recruit and retain qualified personnel;
- land reclamation and mine closure obligations;
- uncertainties and risks related to the Mantos Blancos Concentrator Debottlenecking Project and the MVDP;
- uncertainties and risks related to the Mantoverde-Santo Domingo District Integration Plan;
- uncertainties and risks related to the potential development of Santo Domingo;
- reliance on infrastructure being adequate and available;
- our ability to acquire properties for growth;
- dependence on key management personnel;
- potential conflicts of interest involving our directors and officers;
- corruption and bribery;
- limitations inherent in our insurance coverage;
- labour relations;
- cybersecurity threats;
- competition in the mining industry;
- limited recourse regarding the potential liabilities associated with Pinto Valley (as defined below);
- risks associated with joint venture partners or relations with non-controlling shareholders;
- our ability to integrate new acquisitions into our operations;
- security and violence;
- reputational risk;
- legal proceedings;
- the uncertainty of maintaining a liquid trading market for the Common Shares;
- the history of the Company with respect to not paying dividends and anticipation of not paying dividends in the foreseeable future;
- sales of Common Shares by existing shareholders can reduce trading prices;
- Capstone's Sustainable Development Strategy; and
- the uncertainties related to the impact assessment of the new mining royalty bill in Chile.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information, including but not limited to the factors in the "*Risk Factors*" sections of the AIF and in the Shelf Prospectus, as well as those contained in this Prospectus Supplement. The AIF is available under our issuer profile on SEDAR+ at www.sedarplus.ca. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information.

Although we base forward-looking information on assumptions that we believe are reasonable when made, we caution investors that forward-looking information is not a guarantee of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking information contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein or therein. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking information contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein or therein, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on forward-looking information. Any forward-looking information that is contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein or therein speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking information or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

All of the forward-looking information contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein or therein is expressly qualified by the foregoing cautionary statements. Investors should read this Prospectus Supplement, the Shelf Prospectus and the documents incorporated by reference herein and therein and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Offered Shares.

Additional information is contained in the Company's filings with Canadian securities regulators, including the AIF. These filings are available under our issuer profile on SEDAR+ at www.sedarplus.ca. Except as expressly provided herein, documents filed on SEDAR+ are not, and should not be considered, part of this Prospectus Supplement or the Shelf Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Shelf Prospectus solely for the purposes of the Offering. Other documents are also incorporated, or are deemed to be incorporated by reference, into the Shelf Prospectus and reference should be made to the Shelf Prospectus for full particulars thereof.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at 2100 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, Canada, telephone (604) 684-8894. In addition, copies of the documents incorporated by reference herein may be obtained from the securities commissions or similar authorities in Canada electronically under our issuer profile on SEDAR+, at www.sedarplus.ca.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus Supplement or in any other subsequently filed document that is also incorporated by reference in this Prospectus Supplement, the following documents of the Company filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement:

a) our annual information form dated March 29, 2023 for the fiscal year ended December 31, 2022 (the "**AIF**"), except for the section titled "*Description of the Business – Material Mineral Properties – Cozamin Mine (Mexico)*" in respect of the Cozamin Mine (as defined below), which is expressly excluded from incorporation by reference herein;

b) our audited consolidated financial statements as at and for the years ended December 31, 2022 and 2021;

c) our management's discussion and analysis of financial position and operating results for the year ended December 31, 2022;

d) our unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022 (the "**Interim Financial Statements**");

e) our management's discussion and analysis for the three and nine months ended September 30, 2023 (the "**Interim MD&A**");

f) our management information circular in respect of the annual general meeting of shareholders of the Company held on May 3, 2023;

g) the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements* ("NI 41-101")) of the term sheet in respect of the Offered Shares dated February 1, 2024 (the "**Term Sheet**"); and

h) the following material change reports of the Company filed since December 31, 2022, the end of the financial year in respect of which the AIF was filed:

   i. dated September 29, 2023, announcing the Company entering into a fourth amending agreement to amend the Revolving Credit Facility;

   ii. dated December 22, 2023, announcing the appointment of Mr. Gordon Bell to our board of directors (the "**Board**"); and

   iii. dated January 4, 2024, announcing the resignation of Mr. George Brack from the Board.

Any document of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the independent auditor's report thereon, management's discussion and analysis and information circulars of the Company, filed by the Company with securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and before the termination of the distribution under the Offering, shall be deemed to be incorporated by reference into this Prospectus Supplement. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should carefully review all information contained in this Prospectus Supplement, the Shelf Prospectus and the documents incorporated or deemed to be incorporated by reference herein and therein.

Any statement contained in this Prospectus Supplement, in the Shelf Prospectus or in any document incorporated or deemed to be incorporated by reference herein or therein shall be deemed to be modified or superseded, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in the Shelf Prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein or in the Shelf Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus Supplement.

References to our website in any documents that are incorporated by reference into this Prospectus Supplement and the Shelf Prospectus are inactive textual references only and do not incorporate by reference the information on such website into this Prospectus Supplement or the Shelf Prospectus, and we disclaim any such incorporation by reference.

MARKETING MATERIALS

In connection with the Offering, the Underwriters may use "marketing materials" (as such term is defined in NI 44-101), including the Term Sheet. The marketing materials do not form part of this Prospectus Supplement or the Shelf

Prospectus to the extent that the contents of the marketing materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any "template version" of "marketing materials" (each as defined in NI 41-101) filed electronically under our issuer profile on SEDAR+, at www.sedarplus.ca in connection with the Offering after the date hereof but prior to termination of the distribution of the Offered Shares under this Prospectus Supplement (including any amendments to, or an amended version of, the marketing materials) is deemed to be incorporated by reference herein and in the Shelf Prospectus.

CURRENCY AND EXCHANGE RATE DATA

The following table sets forth for the U.S. dollar exchange rates for our principal operating currencies, the high and low exchange rates during each period and the average of the exchange rates on the last day of each month during each period.

	Nine Months Ended September 30		Years Ended December 31		
	2023	**2022**	**2022**	**2021**	**2020**
Canadian dollar (C$)[(1)]					
Average	1.3455	1.2834	1.3019	1.2537	1.3409
High	1.3832	1.3829	1.3885	1.2838	1.4555
Low	1.3110	1.2477	1.2477	1.2043	1.2717
Mexican peso (MX$)[(2)]					
Average	17.7901	20.2538	20.1079	20.2858	21.4877
High	19.4070	21.3764	21.3764	21.9234	25.0599
Low	16.6870	19.525	19.1509	19.5048	18.5415
Chilean peso (CLP$)[(3)]					
Average	821.57	860.17	873.39	760.35	791.59
High	910.75	1048.50	1,048.50	875.21	867.95
Low	779.30	778.10	778.10	649.81	710.50

(1) Information on US$ to C$ exchange rates obtained from Bloomberg.
(2) Information on US$ to MX$ exchange rates obtained from Bloomberg.
(3) Information on US$ to CLP$ exchange rates obtained from Bloomberg.

On February 2, 2024, the daily average exchange rate published by the Bank of Canada was $1.00 equals C$1.3454, the exchange rate published by the Bank of Mexico was $1.00 equals MX$12.7405 and the exchange rate published by the Central Bank of Chile was $1.00 equals CLP$699.77. The Canadian/U.S. dollar, the Mexican Peso/U.S. dollar and Chilean Peso/U.S. dollar exchange rates have each varied significantly over the last several years and investors are cautioned that the exchange rates presented here are historical and are not indicative of future exchange rates.

The foregoing rates may differ from the actual rates used in the preparation of the financial statements and other financial data appearing in this Prospectus Supplement. The inclusion of these exchange rates is not meant to suggest that the amounts in one currency actually represent such amounts in another currency, or that one currency could have been converted into another currency at any particular rate, if at all.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**"), an Offered Share, if acquired on the date hereof, would at the time of acquisition be a "qualified investment" under the Tax Act for a trust governed by a "registered retirement savings plan" ("**RRSP**"), a "registered retirement income fund" ("**RRIF**"), a "registered education savings plan" ("**RESP**"), a "registered disability savings plan" ("**RDSP**"), a "tax-free savings account" ("**TFSA**"), "first home savings account" ("**FHSA**"), or a deferred profit sharing plan (each within the meaning of the Tax Act) provided that at the time of acquisition the Offered Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the TSX) or the Company otherwise qualifies as a "public corporation" (as defined in the Tax Act).

Notwithstanding the foregoing, if the Offered Shares are a "prohibited investment" (within the meaning of the Tax Act) for the particular TFSA, RRSP, RRIF, RESP, RDSP, or FHSA, the annuitant, subscriber or holder, as the case may be, of the TFSA, RRSP, RRIF, RESP, RDSP, or FHSA (the "**Controlling Individual**") will be subject to a penalty tax as set out in the Tax Act. Provided that, for the purposes of the Tax Act, the Controlling Individual of a TFSA, RRSP, RRIF, RESP, RDSP, or FHSA deals at arm's length with the Company and does not have a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in the Company, the Offered Shares will not be a "prohibited investment" for such TFSA, RRSP, RRIF, RESP, RDSP, or FHSA, as the case may be, under the Tax Act on the date hereof. In addition, the Offered Shares will not be a prohibited investment if the Offered Shares are "excluded property", as defined for purposes of the prohibited investment rules in the Tax Act, for a TFSA, RRSP, RRIF, RESP, RDSP, or FHSA.

Prospective investors who intend to hold Offered Shares in an RRSP, RRIF, RESP, RDSP, FHSA, or a TFSA should consult their own tax advisors as to whether such securities will be prohibited investments in their particular circumstances, including with respect to whether the Offered Shares would be excluded property.

THE COMPANY

The following description of the Company does not contain all of the information about the Company and its properties and business that you should consider before investing in the Offered Shares. You should carefully read this Prospectus Supplement in its entirety and the Shelf Prospectus, including the sections titled "Risk Factors", as well as the documents incorporated by reference herein and therein before making an investment decision.

Overview

Capstone is an Americas-focused copper mining company headquartered in Vancouver, British Columbia, Canada. We own and operate the Pinto Valley copper mine located in Arizona, United States, the Cozamin copper-silver mine located in Zacatecas, Mexico, the Mantos Blancos copper-silver mine located in the Antofagasta region, Chile, and 70% of the Mantoverde copper-gold mine located in the Atacama region, Chile. In addition, we own the fully permitted Santo Domingo copper-gold project, located approximately 30 kilometres northeast of Mantoverde in the Atacama region, Chile, as well as a portfolio of exploration properties in the Americas.

Capstone's strategy is to grow copper production while executing on cost and operational improvements through innovation, optimization and safe and responsible production throughout our portfolio of assets. We focus on profitability and disciplined capital allocation to surface stakeholder value. We are committed to creating a positive impact in the lives of our people and local communities, while delivering compelling returns to investors by sustainably producing copper to meet the world's growing needs.

Capstone's material mineral properties consist of:

- Pinto Valley mine, an open-pit, copper mine located in Arizona, United States ("**Pinto Valley**");
- Cozamin mine, an underground, copper-silver mine located in the State of Zacatecas, Mexico ("**Cozamin**" or "**Cozamin Mine**");
- Mantos Blancos mine, a copper-silver mine located in Antofagasta region, Chile ("**Mantos Blancos**");
- 70% of the Mantoverde copper-gold mine, located in the Atacama region, Chile ("**Mantoverde**"); and
- the Santo Domingo development project, a large-scale copper-iron-gold-cobalt project in the Atacama Region, Chile ("**Santo Domingo**").

In addition to ongoing exploration at our operations aimed at increasing mine life, we have a portfolio of early-stage, base metals exploration projects and are actively pursuing additional exploration opportunities through staking and acquiring properties under the earn-in and/or joint venture models.

Capstone's principal product is copper (in concentrate as well as copper cathode), with silver, zinc and other metals produced as by-products.

Further information regarding the business of the Company, its operations and its mineral properties can be found in the AIF, the Interim MD&A, the Shelf Prospectus and the documents incorporated by reference therein and herein. See "*Documents Incorporated by Reference*".

Recent Developments

On December 20, 2023, the Company announced that commissioning activities are underway at the MVDP. The Company is focused on a safe, efficient and phased project commissioning and ramp-up. MVDP is expected to increase the Company's consolidated copper production by over 40% with an expected significant decrease in unit operating costs.

On December 20, 2023, the Company also announced its intention to apply to list as a Foreign Exempt Issuer on the ASX in the first quarter of 2024. The Company does not intend to raise capital as part of the listing and the Common Shares will continue to trade on the TSX, its primary exchange.

The Company appointed Mr. Gordon Bell as a new independent director on the Board effective January 8, 2024.

On February 2, 2024, the Company announced that the ASX approved the Company's secondary listing on the ASX. Official quotation of CDIs commenced at 12:00 p.m. (AEDT) on Friday, February 2, 2024 (being 8:00 p.m. (EST) on Thursday, February 1, 2024).

Cozamin Mine (Mexico)

Subsequent to the date of the Shelf Prospectus and the AIF (and thereby requiring summary disclosure herein), Capstone filed the technical report, prepared in accordance with NI 43-101—*Standards for Disclosure of Mineral Projects* ("**NI 43-101**") entitled "NI 43-101 Technical Report on the Cozamin Mine, Zacatecas, Mexico" dated May 2, 2023 with an effective date of January 1, 2023 (the "**Cozamin Report**"). The Cozamin Report is authored by: (i) Peter Amelunxen, P.Eng., (ii) Clay Craig, P.Eng., (iii) Jenna Hardy, P.Geo., FGC, (iv) Ali Jalbout, P.Eng., Ph.D., (v) Vivienne McLennan, P.Geo., and (vi) Josh Moncrieff, P.Geo., each a Qualified Person as defined by NI 43-101. Reference should be made to the full text of this report, which is available in its entirety on SEDAR+ at www.sedarplus.ca under Capstone's profile. The inclusion of this section of the Prospectus Supplement is to update the information on the Cozamin Mine included in the AIF. Capitalized or abbreviated terms used in this section and not otherwise defined shall carry the meanings of such terms in the Cozamin Report. For greater certainty, the Cozamin Report is not incorporated by reference herein.

Project Description, Location and Access

The Cozamin Mine is an operating polymetallic mine with a 3,980 tonne per day ("**tpd**") milling capacity, located in the Morelos Municipality of the Zacatecas Mining District, near the south-eastern boundary of the Sierra Madre Occidental Physiographic Province in North-central Mexico. The mine and processing facilities are located near coordinates 22° 48' N latitude and 102° 35' W longitude. Currently, 93 Cozamin Mine-owned concessions cover 4,260 hectares ("**ha**"). Capstone acquired these concessions in January 2004, which are 100% owned by Capstone, subject to a 3% net smelter return ("**NSR**") payable to Grupo Bacis S.A. de C.V., a privately held Mexican resource company. Mineral claims acquired in September 2009 from Minera Largo S. de R.L. de C.V., a wholly owned subsidiary of Golden Minerals Company ("**Golden Minerals**"), are subject to future cash payments of a NSR of 1.5% on the first one million tonnes of production and cash payments equivalent to a 3.0% NSR on production in excess of one million tonnes from the acquired claims. The NSR on production in excess of one million tonnes also escalates by 0.5% for each $0.50 increment in copper price above $3.00 per pound of copper. In 2014, we acquired 45 additional concessions from Golden Minerals totalling 775 ha that surround the Cozamin Mine's existing concessions. A total of 17 of the claims are subject to a finder's fee to be paid as a 1.0% NSR or Gross Proceeds Royalty to International Mineral Development and Exploration Inc. pursuant to existing agreements on the concessions dating back to October 1994 and August 2000.

The Cozamin Mine lies within a regionally mineralized area that has seen extensive historic mining over more than 475 years. Host rocks surrounding the mineralized vein systems are anomalous in base and precious metals, providing a detectable halo of elevated metal values that extends a considerable distance beyond the known workings. Numerous old mine workings, excavations and dumps, and historic tailings are present, both on, and adjacent to, the Cozamin Mine site; some lie on mining lands held by Capstone and others are held by third parties.

Prior to Capstone's involvement in the Cozamin Mine, several environmental studies had been carried out by previous owners. As the San Roberto mine (the "**San Roberto Mine**"), the Cozamin Mine was previously fully permitted to operate at 750 tpd. Capstone formally received its operating permit on October 20, 2006. This is known in Mexico as a Licencia Ambiental Única ("**LAU**"). A LAU for a throughput expansion to 2,600 tpd was received on March 25, 2008. On January 19, 2009, application was made to modify the LAU to expand throughput to 3,000 tpd, which was granted in May of that year. In January of 2011, further application was made to increase the permitted throughput from 3,000 tpd to 4,000 tpd, which was granted in November of 2011. The permit to operate at throughput up to 4,500 tpd capacity was granted in June 2015.

The Cozamin Mine's Mineral Resources and Mineral Reserves are situated within a mineralized vein/fault structure known as the Mala Noche Vein ("**MNV**") that strikes east-west and dips to the north. This structure hosts the copper-rich San Roberto zone and adjacent to the east, the zinc-rich San Rafael zone. In 2010, we discovered the Mala Noche Footwall Zone ("**MNFWZ**"), a vein splay off the MNV on the footwall side oriented northwest-southeast. Capstone is currently exploring for extensions to mineralization found at MNV, San Rafael, and MNFWZ.

Environmental studies have shown that flotation tailings and some types of waste rock have the potential to generate acidic drainage. In addition, construction activities as a part of the expansions have already reduced identified sources of acidic drainage associated with the historic tailings impoundment as well as downstream contamination due to tailings spills by previous operators. An environmental management and monitoring program is currently underway and will be ongoing for the life of the mine. Data collected are being used to define an operational environmental management and monitoring program, which will include appropriate environmental management and mitigation plans based on the principle of continuous improvement. These will be reviewed and revised as necessary, on at least an annual basis, with results reported as required to Mexican regulators.

Other issues of environmental concern relate to potential impacts comparable to those in underground mines of similar size with flotation tailings impoundments. These include: dust, tailings handling/management, storm water diversion, combustibles and reagent management/handling, waste management and disposal and noise. Work to date indicates that environmental impacts are manageable. The Cozamin Mine was awarded the Clean Industry Certification from Mexico's Federal Attorney for Environmental Protection (Procuraduría Federal de Protección al Ambiente or PROFEPA). The Cozamin Mine received this recognition annually from 2015 though 2020 for undertaking voluntary environmental audits that certify full compliance with Mexican federal environmental laws.

The Cozamin Mine is located in the Western Sierra Madre Physiographic Province near the boundary with the Mesa Central Province (Central Plateau Province). The Zacatecas area is characterized by rounded northwest trending mountains with the Sierra Veta Grande to the north and the Sierra de Zacatecas to the south. Elevations on the property vary from 2,400 m to 2,600 masl. The Zacatecas area is located between forested and sub-tropical regions to the southwest and desert conditions to the northeast. Vegetation consists of natural grasses, mesquite or huizache and crasicaule bushes. Standing bodies of water are dammed as most streams are intermittent.

The Cozamin Mine has excellent surrounding infrastructure including schools, hospitals, railroads, highways, and electrical power. The mine has access to a power line and substation that allows Capstone to draw up to 14.0 MW from the national power grid, approved by El Centro Nacional de Control de Energía. Generators (both operating and back-up) on site have a capacity of 1.0 MW. Employees and contractors are sourced from Zacatecas and other nearby communities with minimal foreign staff at the mine. Sufficient surface rights have been obtained to conduct all mining operations.

The climate in the region is semi-arid with maximum temperatures of approximately 30°C during the summer and minimum temperatures in the winter producing freezing conditions and occasional snow. The rainy season extends from June until September, with average annual precipitation totalling approximately 500 mm. At the Cozamin Mine, water obtained from the City of Zacatecas municipal supply is for potable water use only. Most of the Cozamin Mine's process water is reclaimed from tailings, with additional make-up water supplied as needed from groundwater (mine dewatering), precipitation stored on site and treated waste water from a local municipal water treatment plant. The site also has several water wells that are currently inactive but could be refurbished if required.

To the extent known, there are no other significant factors and risks that may affect access, title or the right or ability to perform work on the property that are not discussed in the Cozamin Report.

History

In pre-Hispanic times, the area was inhabited by Huichol people who mined native silver from the oxidized zone of argentiferous vein deposits in the Zacatecas Mining District. During the Spanish Colonial era production commenced in 1548 at 3 mines: the Albarrada mine on the Veta Grande system, and the San Bernabe mine and Los Tajos del Panuco mine on the Mala Noche Vein system. The initial operations worked only the oxide minerals for silver and some gold, and later the sulphide-mineral zones were worked for base and precious metals.

From 1972, Consejo de Recursos Minerales worked mines in El Bote, La Purisima and La Valencia zones. A number of old workings are located throughout the mine area, but accurate records of early production are not available. Consejo de Recursos Minerales estimated Zacatecas district historic production until 1992 at 750 million ounces of silver from 20 million tonnes grading over 900 g/t Ag and approximately 2.5 g/t Au. Lead, zinc and copper have also been recovered but the production and grades were not estimated. Minera Cozamin was established in 1982 by Jacek Zaniewicki who consolidated concession holdings over much of the Mala Noche Vein and operated the San Roberto Mine and plant at 250 tpd until October 1996. During this period, Industrias Peñoles S.A. de C.V. undertook exploration in the district but did not buy any significant concessions. In all, it is estimated that 1.2 million tonnes of ore were mined and processed at the Cozamin Mine prior to October 1996.

In October 1996, Zaniewicki sold Minera Cozamin to Minera Argenta, a subsidiary of Minera Bacis S.A. de C.V. (“**Bacis**”). Bacis expanded the mill to a 750 tpd flotation plant, and processed material from 1997 to the end of 1999 mainly from shallow, oxide zone workings. Bacis developed resources principally by drifting and raising on the Mala Noche Vein within the San Roberto zone. Diamond drilling was only used as an exploration tool to identify areas with mineralization peripheral to the developed mine workings. In 1999, Bacis closed the mine primarily due to low metal prices and under- capitalization of the asset.

Geological Setting, Mineralization and Deposit Types

The Zacatecas Mining District covers a belt of epithermal and mesothermal vein deposits that contain silver, gold and base metals (copper, lead and zinc). The district is in the Southern Sierra Madre Occidental Physiographic Province near the boundary with the Mesa Central Physiographic Province in north-central Mexico. The dominant structural features that localize mineralization are of Tertiary Era age and are interpreted to be related to the development of a volcanic centre and to northerly trending basin-and-range structures. It occurs in a structurally complex setting, associated with siliceous subvolcanic and volcanic rocks underlain by sedimentary and meta-sedimentary rocks. The geologic units in this area include Triassic-aged metamorphic rocks of the Zacatecas Formation and overlying basic volcanic rocks of the Upper Jurassic-aged or Lower Cretaceous-aged Chilitos Formation. The Tertiary rocks consists mainly of a red conglomerate unit deposited in the Paleocene Epoch and/or Eocene Epoch and overlying rhyolitic tuff and intercalated flows that were deposited from Eocene to Oligocene Epochs. Some Tertiary Era rhyolite bodies cut the Mesozoic Era and Tertiary Era units and have the appearance of flow domes.

The host rocks for the MNV are intercalated carbonaceous meta-sedimentary rocks and andesitic volcanic rocks ranging in age from Triassic to Cretaceous, and Tertiary-aged rhyolite intrusive rocks and flows. Mineralization in the MNV appears to have been episodic. A copper-silver dominant phase is interpreted as the first stage of mineralization and is considered to be the most important phase of mineralization at the Cozamin Mine. In general, this copper-silver phase was emplaced then enveloped, overprinted or brecciated by moderate to strong zinc-lead-silver mineralization. Local rheology contrasts between rock units may have some control on vein emplacement, as well as metal content.

All mineralization at the Cozamin Mine occurs in veins and stockworks of veinlets. On surface, the MNV was mapped for 5.5 km across the property. It strikes approximately east-west and dips on average at 60° to the north. Several shafts provided access to historical workings at the Cozamin Mine. The largest mined area is the San Roberto zone with a strike length of 1.4 km and a vertical extent of 820 m. Adjacent to the San Roberto zone is the San Rafael zone, a zinc-rich part of the deposit with the same mineralization characteristics as the San Roberto zone. Mineralization peripheral to the historical workings was the principal target of Capstone’s exploration at the Cozamin Mine. The MNV system average thickness is five meters. It has been drill tested to an approximate depth of 1,500m, remaining open at depth. The MNFWZ, a splay off the footwall (south) side of MNV discovered in 2010, is not exposed at surface. Based on underground drilling, MNFWZ strikes ~145° over more than 2.2 km and dips on average 54° to the northeast.

The MNV system occupies a system of anastomosing faults. The mineralized bodies within the Mala Noche Fault System appear to be strongest where the individual faults coalesce into a single fault zone.

Currently mined mineralization at the Cozamin Mine is best described as an intermediate sulphidation system. The copper-rich intermediate sulphidation mineralization is an early phase that is enveloped, overprinted or brecciated by zinc-rich intermediate sulphidation mineralization. The copper veins are inferred to be higher temperature, have significantly fewer vugs and can be massive pyrrhotite-pyrite-chalcopyrite with little gangue. Zinc-rich veins also tend to be sulphide rich, like the copper-rich ones, but with slightly more gangue. Well-banded quartz, or quartz-carbonate veins are inferred to be lower temperature and best classified as low sulphidation. They often have open space filling textures with quartz druse vug linings, are typically less sulphide rich and are gold and silver rich with lesser base metals and are generally not being mined on the property, but were historically important.

This transition from intermediate sulphidation copper-dominant mineralization to intermediate sulphidation zinc-dominant mineralization is thought to be the result of an evolving, telescoped hydrothermal system. Blocks or fragments of massive chalcopyrite-pyrite-pyrrhotite mineralization enveloped by zinc-dominant mineralization are observed in drill core and in mine workings. This telescoping system is closely associated with the district's largest center of rhyolite flow domes which may be the shallow expression of a hidden, inferred buried felsic stock.

Exploration

In 2004, Capstone scout drilled the MNV beneath the down dip extent of the historical mine workings of the San Roberto Mine. The initial three drill sections, comprising two drillholes each, all intersected economic mineralization over true widths varying from 3.2 m to 14.9 m. These three drill sections were distributed over 550 m of strike extent beneath the historic workings. At that point, Capstone decided to drill drillholes beneath the San Roberto workings on cross-sections spaced every 100 m along strike. These holes targeted the MNV at approximately 2,150 masl, or approximately 65 m below the historical workings. This strategy resulted in the first 20 exploration holes being distributed over a strike length of 1.4 km. Of these first 20 drillholes, 17 intersected significant mineralization that averaged 6.64 m in true width and had weighted grade averages of 2.61% Cu, 91.3 g/t Ag and 1.38% Zn. These higher copper grades and economic silver grades reinforced the Company's belief that the historic workings at San Roberto were located just above the upper reaches of a large copper-silver mineralized system. In late 2006, Cozamin commenced commercial production at 1,000 tpd with a three-year mine life in reserve, while at the same time continuing exploration.

From 2004 until late 2009, the Company focused exploration on the MNV system, where underground drilling targeted various zones within the San Roberto Mine to increase confidence for resource classification. A similar approach was taken with surface drilling that focused on the San Rafael area of the MNV system, situated to the east of the San Roberto Mine. Additional surface or underground step-out and infill drilling targeting copper mineralization was conducted at the MNV from 2010 to 2013, 2015 to 2017, and 2020 to present. Exploration drilling up to 2017 showed that the copper-silver dominant phase of mineralization at San Roberto extended to 1,700 masl, 515 m below the historical workings. In 2016 and 2017, step-out and infill drilling tested the grade and continuity of zinc mineralization at the San Roberto Zinc and San Rafael areas of the MNV. Starting in 2020, step-out drilling to test deeper below San Roberto identified a new target called the MNV West Target. The 2023 exploration program includes a proposed 8,700 m of infill drilling at the MNV West Target.

In 2010, the Company discovered a new zone of high-grade copper-silver mineralization localized in a structure in the footwall of the MNV, splaying approximately 30° to the southeast. This zone is referred to as the MNFWZ, and currently measures more than 2.5 km along strike and between 200 m and 1000 m down dip. Additional exploration and infill drilling at the MNFWZ was executed from 2011 to 2013, from 2015 to 2017 and from 2018 through the 2021 drilling program, testing to approximately 1,450 m below surface. Drilling from 2017 to 2020 identified and defined significant extensions to the zone along strike and up-dip, and mineralization remains open locally up-dip, down-dip, and along strike to the east and west. Mining commenced in the MNFWZ in November 2010.

Since 2014, annual exploration drilling at Cozamin tested for mineralization in fault splays off the MNV analogous to the MNFWZ and in other parallel to sub-parallel structures. Current exploration potential at Cozamin includes deep drilling tests for additional copper mineralization below both MNFWZ and the MNV West Target, and drilling tests to explore for additional zinc mineralization at both MNFWZ and along strike of the MNV east of San Rafael.

Drilling

Capstone's surface and underground drilling on the Project for the period 2004 to October 2022 totals 1,293 core holes (583,550 m). Core diameters include HQ (63.5 mm core diameter), NQ (47.6 mm) and BQ (36.4 mm).

Core is logged for recovery, rock quality designation ("**RQD**"), lithology, structure, alteration and mineralization. All core is photographed. Core recovery is typically good. No obvious drilling, sampling or recovery factors materially affect the reliability of the samples.

Drill hole collars are located by Capstone staff using total station Trimble model S6 or Leica instruments. Downhole survey readings were recorded using Eastman Single Shot, Flexit SensIT or Reflex EZ-Shot instruments. A geologist marks the saw line along the centre of the core, with each side containing roughly equivalent mineralization. Sampling is conducted on nominal 1.0 m to 2.0 m intervals.

Capstone collects bulk density measurements using the water displacement method from each drillhole, including samples from mineralized and non-mineralized intercepts.

The drilling database used for mineral resource estimation was closed on October 21, 2022. Drilling information including assay results from that date. 7565m (Phase XXI) primarily at depth in MNV, was not available for use in the mineral resource estimate presented in the Cozamin Report.

Sampling, Analysis and Data Verification

Sample preparation methods varied by campaign and laboratory. All samples were dried. Crushing included 70% passing 1.8 mm, 75% passing 2 mm, 90% passing 2 mm, or 95% passing 6.4 mm. Pulverization included 90% passing 75 pm, 95% passing 104 pm, 95% passing 105 pm or 100% passing 75 pm.

Depending on the laboratory, copper, lead and zinc assays were performed using a four-acid digest followed by inductively-coupled plasma ("**ICP**"), atomic emission spectroscopy ("**AES**") or optical emission spectroscopy ("**OES**"). Copper, lead, zinc, and silver assays could be performed using an aqua regia digest with ICP-AES or three-acid digest with ICP-OES finish. Depending on the laboratory and element, overlimit assays used a four-acid digestion followed by either titration or sodium peroxide fusion, an aqua regia digest with an atomic absorption ("**AA**") spectroscopy ("**AAS**") finish, or three acid digestion with an AA finish. Silver assays were performed using a four acid digest with an ICP-AES or ICP-OES finish, and fire assay with a gravimetric finish, or a multi-acid digest with an AAS finish. Depending on the laboratory, overlimit assay methods could include fire assay (50 g charge) with an AA finish or fire assay (30 g charge) with a gravimetric finish.

Quality assurance and quality control ("**QA/QC**") measures included insertion of blank samples, standard reference materials ("**standards**"), and duplicate samples such as field, coarse and pulp rejects, re-assay of samples from selected drill campaigns, and check assay of selected samples by a second laboratory. Review of the QA/QC data from 2014 through October 2022 showed acceptable accuracy, precision and lack of contamination. Reanalysis of available pulps from samples collected from 2010 through 2013 within resource domains, including QA/QC controls, confirmed original values in 2014. Analytical data in the current database were considered acceptable for use in Mineral Resource and Mineral Reserve estimation.

Sample quality of drillhole samples is monitored through regular insertion of reference material standards, blanks, and duplicate samples. CRM are purchased commercially and are also created from the Cozamin Mine material. QA/QC procedures include real-time monitoring of quality control data, thresholds for sample failures and sample batch reanalysis, and regular monthly reporting. QA/QC results demonstrate that drillhole assay values are accurate and repeatable. In 2018, the cross contamination first observed in 2017 across all elements, particularly zinc, was intermittent. The impact of these blank failures on ore-waste classification is considered low. Investigation into the root cause and mitigation of any QA/QC failures is on-going.

The Cozamin Mine collects bulk density measurements from mineralized and non-mineralized intercepts from each drillhole. All drillcore pieces greater than 10 cm in length within an assay sample length are selected from the core box and measured using a weight-in-air weight-in-water technique. A review of these data highlighted widely ranging values, which were reanalyzed as a part of a quality control check. The QA/QC samples indicated the bulk density dataset was of sufficient quality for use in Mineral Resource estimation. As of December 31, 2022 there are 52,190 bulk density measurements in the database available to estimate density.

Only employees of Capstone entities are permitted in the core shack when unsampled drillcore is ready to be cut. Approximately 10 samples are placed in a large sack and secured by a tamper proof seal. A transmittal form is then completed, which identifies the batch number, the serial numbers of the seals and the corresponding sample number series, and delivered to the sample preparation laboratory by a Cozamin representative.

Drill core containing intercepts of the MNV and MNFWZ structure is stored in a secured warehouse near the core shack. Waste hanging wall and footwall drill core is kept in secure storage facilities on the property and within the mine on Level 8. Access to the warehouse and storage facilities are controlled by the Mine Geology Department. No person other than the geologists responsible for logging is permitted to handle the core prior to sampling.

Sample security measures include moving core from the drill sit to the core logging area at the end of each drill shift and tracking sample shipments using industry-standard procedures.

The Qualified Persons performed appropriate data verification steps on the data in their areas of expertise, including site visits. The reviewed data were considered acceptable for use in the Cozamin Report.

Database validation work comprises a check of 10% of all new records entered into the database as a part of the Mineral Resource update process. This includes verification of collar, downhole survey, lithology, assay, and bulk density data. This was completed in 2020 as part of the Mineral Resource update. Other data checks included validations of the spatial locations of mineralized drillhole intercepts and the locations of production chip-channel sample data with respect to underground mapped geology. Errors were noted and corrected. There were 27 drillholes excluded from the geological modelling and Mineral Resource estimation process because either the logged vein intercepts fell outside of modelled vein structures, the hole twinned another intersection, or they intercepted the vein at a very shallow angle.

Mineral Processing and Metallurgical Testing

The operating plant design was based on metallurgical testwork results primarily sourced from the copper-rich ores that were the focus of the original LOM plan ("**LOMP**").

A metallurgical testwork program completed in 2020 and 2021 focused on 14 lead–zinc rich samples from the San Rafael (four samples) and V10SE (10 samples) areas that are planned to be treated later in the LOMP presented in the Cozamin Report. Those test samples are representative of the various types and styles of mineralization in those zones. Work completed included mineralogy, and Bond ball mill and flotation tests.

Copper, lead, and zinc were present as chalcopyrite, galena and sphalerite respectively. At the plant grind sizing, chalcopyrite, galena and sphalerite liberation from the V10SE mineralization all favour good metallurgy. San Rafael chalcopyrite is less liberated, whereas galena and sphalerite are somewhat less well liberated.

The V10SE material was found to be moderately hard at 15.2 kWh/t, this value is withing the plant grinding capacity.

A factorial-designed test flotation program was run to establish the basic rules of processing the lead–zinc mineralization. Sequential lead–zinc flotation could be consistently achieved (and copper–lead–zinc flotation when enough copper was present to allow for some flotation). Zinc sulphate and ammonium metabisulphite were needed to effect sequential lead and zinc flotation. High doses of ammonium metabisulphite, relative to those typically used at Cozamin, were especially beneficial. In the absence of copper, the use of cyanide, even at modest doses, severely retarded flotation of all metals. Recoveries were very poor. However, as the copper content rose with the blending of V20 with the lead–zinc ores, the need for cyanide returned. The current primary grind size was adequate and regrinding was not needed to create cleaner concentrates of grades similar to previous ores, at high cleaner stage recoveries.

A 50:50 blend of San Rafael and V10SE materials was tested to examine if the metallurgy of the blended feed was similar to that of the individual feed components. Different proportions of copper feeds were mixed with the V10SE/San Rafael blend for the same reason. The variability composites floated 55% to 62% of the copper to the copper concentrate. When blended together, copper recoveries were higher at 66% to 68% in repeat tests. Lead flotation from all but one of the V10SE samples was highly effective with batch recoveries greater than 90%. Galena from San Rafael floated somewhat less well but results were typical of previous testwork. Zinc flotation was also effective with batch recoveries in the high 80s percent in most samples. Concentrate grades were typically greater than 20% for copper, 30% to 60% for lead and greater than 40% for zinc. More silver was recovered to the lead concentrate, often rendering this (by value) a silver concentrate. Little silver floated to the zinc concentrates.

Copper flotation recovery to the copper concentrate is assumed to be the average from the laboratory testwork at 63.2% for V10SE mineralization and 59.4% for San Rafael. Silver recoveries are projected at 16.2% for V10SE mineralization and 20.1% for San Rafael. The copper concentrate is expected to assay 26% copper. Where a lead concentrate can be made, lead and silver flotation recoveries to the lead concentrates show a connection with lead head grades. Algorithms were developed to predict the lead and silver recoveries to lead concentrate. The lead concentrate is expected to assay 55% lead. Zinc recovery to the zinc concentrate is linked to zinc head grade. Algorithms for zinc and silver recovery to the zinc concentrate were generated. Silver recovery is set at 18% for Calicanto and 27% for San Rafael. The zinc concentrate is expected to assay 46% zinc.

Cozamin concentrates do not contain deleterious elements that could lead to downstream treatment penalties.

Recovery algorithms based on the metallurgical testwork are used in mineral resource and mineral reserve estimations and life of mine planning. Mineral processing is adjusted using test results for improved performance of mill throughput, metal recovery to concentrate, and final concentrate grade. Process improvements to date include determination of concentrate regrind requirements, alternative flotation reagents and optimization of process pH.

No processing factors or deleterious elements that may have a significant effect on potential economic extraction have been identified.

Mineral Resource and Mineral Reserve Estimates

Mineral Resource Estimate

The Mineral Resource is estimated within the MNV and MNFWZ. Modelling was completed using commercially available three-dimensional software: Leapfrog, Maptek Vulcan and Hexagon MineSight.

Four lithological units were modeled based on core logs and surface mapping, including shale, andesite, diorite and rhyolite. Mineralization domains for MNV and MNFWZ were also constructed. Five discrete veins were modelled in the MNV. One vein model was split into three sub-domains to spatially segregate high-grade mineralization from surrounding low-grade/unmineralized material. Thirteen vein domains were modelled at MNFWZ. All vein boundary surfaces were manually edited to restrict their extents along strike, up dip and down dip.

A 2.0 m composite length was selected to match the minimum mining thickness. The vein domains and lithology wireframes were used to code the drillhole data in the compositing process. The selective mining unit dimension is 12 m east × 2 m north × 10 m elevation.

Exploratory data analysis was completed using histograms, probability plots, and contact plots to determine domain boundaries for estimation. Vein limits were typically treated as hard boundaries.

Grade distributions in each vein were assessed graphically and spatially for the presence of outlier samples, using identification of population breaks in histograms, and inflection points in log-probability plots and in mean-and-variance plots. Top-cut selection and search distance restrictions considered the locations of the outlier samples relative to other data. If high grade samples were isolated from other samples, top cuts and/or search restrictions were stricter to mitigate against grade overestimation, and conversely, they were relaxed if spatially associated with other high-grade samples. Depending on the zone, selected copper, lead, zinc, silver and density samples could be capped or outliers restricted. Top cuts and grade restrictions were applied within the individual estimation profiles.

Experimental variograms and variogram models in the form of correlograms were generated for copper, lead, zinc, and silver grades. Grades were estimated using ordinary kriging ("**OK**"), with inverse-distance-squared weighting ("**ID2**") and nearest neighbour techniques used as checks of the OK estimate for global mean-grade unbiasedness. The OK grade estimation strategy was defined through an assessment of variogram shapes and ranges, and a review of the estimation parameters used in previous estimates. Density and RQD were estimated using ID2. A multi-pass search strategy employing a dynamic search ellipse was used at MNV. Estimation at MNFWZ used a multi-pass search strategy with no dynamic anisotropy.

At MNV, search distances could range from 15 m to 350 m. Depending on the domain, a maximum of either 12 or 16 composites could be used, with a maximum of either three or four composites per drill hole. For all MNV domains, silver estimates used the same parameters as the copper estimates to maintain their spatial correlation. Lead and zinc were estimated independently of each other and of copper and silver. At MNFWZ, multiple estimation passes were used, with search distances ranging from 10 m to 800 m. Depending on the domain and estimation pass, up to 12 composites could be used, with a maximum of two composites per drill hole. Copper, silver, lead and zinc were estimated independently of each other.

Model validation consisted of visual inspection, swath plots, global change of support assessments, and comparison of block values to drill hole grades. The Mineral Resource was classified using a combination of assessment of data reliability, drill hole spacing, and proximity to existing openings.

The Mineral Resource assumes underground mining by long-hole stoping and cut-and-fill mining methods with mineral processing by flotation. The Mineral Resource was constrained using a US$59/t NSR criterion and adjusted for mining depletion.

Table 1-1: Mineral Resource Statement as of January 1, 2023 at a US$59/t NSR cut-off

Classification	Tonnes (kt)	Grade				Contained Metal			
		Copper (%)	Silver (g/t)	Zinc (%)	Lead (%)	Copper Metal (kt)	Silver Metal (koz)	Zinc Metal (kt)	Lead Metal (kt)
Total Mineral Resource (MNV + MNFWZ)									
Measured	400	1.25	53.8	1.23	0.40	5	692	5	2
Indicated	19,264	1.59	46.8	1.08	0.41	306	28,970	207	79
Measured + Indicated	**19,664**	**1.58**	**46.9**	**1.08**	**0.41**	**311**	**29,662**	**212**	**81**
Inferred	12,283	0.72	38.3	1.97	0.83	88	15,123	242	102
MNFWZ (Copper-Silver, Copper-Zinc and MNFWZ-Zinc Zones)									
Measured	0	0.00	0.0	0.00	0.00	0	0	0	0
Indicated	16,159	1.74	47.2	0.86	0.41	281	24,538	139	66
Measured + Indicated	**16,159**	**1.74**	**47.2**	**0.86**	**0.41**	**281**	**24,538**	**139**	**66**
Inferred	6,553	0.91	39.0	1.48	1.34	59	8,213	97	88
MNV (Copper-Silver, Copper-Zinc and Zinc Zones)									
Measured	400	1.25	53.8	1.23	0.40	5	692	5	2
Indicated	3,105	0.81	44.4	2.21	0.43	25	4,432	69	13
Measured + Indicated	**3,506**	**0.86**	**45.5**	**2.10**	**0.42**	**30**	**5,124**	**74**	**15**
Inferred	5,730	0.49	37.5	2.54	0.24	28	6,910	145	14

Notes:

(1) The Mineral Resource is reported insitu, using the 2014 CIM Definition Standards on Mineral Resources and Reserves (the "**CIM Definition Standards**"), and have an effective date of January 1, 2023.

(2) The Qualified Person for the estimate is Mr. Clay Craig, P.Eng., a Capstone employee.

(3) The Mineral Resource is reported inclusive of the Mineral Resource converted to Mineral Reserve. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

(4) The Mineral Resource was estimated assuming underground mining by longhole stoping and post-pillar cut-and-fill with mineral processing by flotation. Mineral Resource estimates do not account for mining loss and dilution.

(5) The Mineral Resource is reported above a NSR of US$59/t. Metal price assumptions in the NSR formulae were US$3.75/lb Cu, US$22.00/oz Ag, US$1.35/lb Zn and US$1.00/lb Pb.

(6) Metallurgical recoveries used in the NSR formulae are based on mineralization. Metallurgical recoveries vary by domain and NSR formula. The NSR formula for MNV zinc zones is (Ag*0.241 + Zn*15.511 + Pb*12.993)*(1-NSR royalty%) using metallurgical recoveries of 55% Ag, 80% Zn and 80% Pb. The NSR formula for MNV copper-zinc zones is (Cu*69.739 + Ag*0.498 + Zn*12.956)*(1-NSR royalty%) using metallurgical recoveries of 95% Cu, 85% Ag and 67% Zn. Copper–silver dominant zones use the NSR formula: (Cu%*$70.72 + Ag g/t$0.53) * (1-NSR royalty%). Copper–silver dominant zones use the following metallurgical recoveries: 96.16% Cu and 85.83% Ag. Copper–zinc zones use the NSR formula: (Cu%*$69.74 + Ag g/t*$0.50 + Zn%*$12.96) * (1-NSR royalty%). Copper– zinc zones use the following metallurgical recoveries: 94.82% Cu, 83.82% Ag, 66.95% Zn, and 0% Pb. MNFWZ zinc-dominant zones use the NSR formula: (Ag g/t*$0.35 + Zn%*$16.80 + Pb%*$15.11) * (1-NSR royalty%). MNFWZ-Zinc-dominant zones use the following metallurgical recoveries: 66.50% Ag, 86.79% Zn, and 92.86% Pb. The formulae include consideration of confidential current smelter contract terms, transportation costs and 1-3% NSR royalty payments.

(7) Totals may not sum due to rounding.

Factors and uncertainties that could affect the Mineral Resource estimate includes metal price and exchange rate assumptions, changes to the assumptions used to generate the NSR cut-offs, changes in local interpretations of mineralization geometry and continuity of mineralized zones, changes to geological and mineralization shapes, and geological and grade continuity assumptions, domain interpretations, changes to geotechnical, mining and metallurgical recovery assumptions, changes to the input and design parameter assumptions that constrain the estimates, and the assumptions as to the continued ability to access the site, retain mineral and surface rights titles, maintain environment and other regulatory permits, and maintain the social license to operate.

<u>Mineral Reserve Estimate</u>

The Cozamin Mineral Reserve estimate is converted from Mineral Resource block models for the MNFWZ and the MNV San Roberto/San Rafael Zones. Inferred Mineral Resource material is set to waste in the mine design.

The Mineral Reserve is estimated based on longitudinal and transverse longhole stoping and mechanized cut and fill mining methods. Stope shapes were generated in Deswik Stope Optimizer software. These shapes were applied to the two Mineral Resource block models listed above after the models had been depleted of past mining production and areas of geotechnical sterilization. Planned (internal) dilution is included interior to the walls of designed stope wireframes. The minimum longhole stope width was set to 1 m for stope creation. Planned dilution in development and cut-and-fill shapes is accounted for in the development drives. The minimum cut-and-fill width was set to 4.0 m. Unplanned (external) dilution was included in stope wireframes as a linear expansion into the hanging wall and footwall by an expected distance. For longhole stopes, an additional dilution at zero grade was added to consider blasting adjacent to a paste filled stope (end wall dilution). An accommodation for backfill dilution was included. Mucking ore losses inside longhole stopes and cut and fill stopes have been accounted for with a recovery factor of 95%. The Mineral Reserve is classified as Proven and Probable in accordance with the definitions in CIM (2014).

The NSR cut-off for reporting the Mineral Reserve is based on recent mining, milling, general and administrative costs, with adjustments made to reflect inflationary pressures, new mining methods, paste fill and filtered tailings. The NSR cut-off is fully costed to include the sustaining capital equipment and development costs. A second interrogation without the cost of sustaining capital development is conducted to ensure that resources laterally and adjacent to the fully costed reserves are included in the reserve estimate. The blended NSR cut-off for longhole stoping mining method with and without sustaining capital development is US$68.33/t and US$60.54/t respectively. The blended NSR cut-off for cut and fill mining method with and without sustaining capital development is US$74.79/t and US$65.55/t respectively.

Current smelter contract terms and transportation costs were incorporated in the NSR estimate formulae but are covered by confidentiality agreements. Royalty payments of 1% to 3% of NSR, due on some areas of the Cozamin Mine property, are included in the formula as required geographically.

Table 1-2: **Cozamin Mineral Reserve Estimate at January 1, 2023**

Classification	Tonnes	Copper	Silver	Zinc	Lead	Copper Metal	Silver Metal	Zinc Metal	Lead Meta l
	(kt)	(%)	(g/t)	(%)	(%)	(kt)	(koz)	(kt)	(kt)
MNFWZ + MNV Mineral Reserve Summary									
Proven	-	-	-	-	-	-	-	-	-
Probable	10,210	1.65	43.44	0.54	0.29	168	14,258	55	29
Proven + Probable	**10,210**	**1.65**	**43.44**	**0.54**	**0.29**	**168**	**14,258**	**55**	**29**

Notes:

(1) The Mineral Reserve is reported at the point of delivery to the process plant, using the 2014 CIM Definition Standards, and has an effective date of January 1, 2023.

(2) The Qualified Person for the estimate is Mr. Clay Craig, P.Eng., a Capstone employee.

(3) The Mineral Reserve is reported within fully diluted mineable stope shapes generated by the Deswik Mineable Shape Optimiser software. Mining methods include long-hole stoping and cut-and-fill methods.

(4) The Mineral Reserve is reported at or above a blended cut-off of $60.54/t NSR for long-hole stoping and $65.55/t NSR for cut-and-fill mining.

(5) The NSR cut-off is based on operational mining and milling costs plus general and administrative costs. The NSR formulae vary by zone. Three separate NSR formulae are used based on zone mineralization and metallurgical recoveries. Copper-silver dominant zones use the NSR formula: (Cu*66.638 + Ag*0.484)*(1-NSRRoyalty%). MNFWZ zinc-silver zones use the NSR formula: (Ag*0.290 + Zn*13.723 + Pb*13.131)*(1-NSRRoyalty%). MNV zinc-silver dominant zones use the NSR formula: (Ag*0.228 + Zn*12.121 + Pb*11.363)*(1-NSR royalty%). Metal price assumptions (in USD) of Cu $3.55/lb, Ag = $20.00/oz, Pb = $0.90/lb, Zn = $1.15/lb and metal recoveries of 96% Cu, 86% Ag, 0% Pb and 0% Zn in copper-silver dominant zones, 0% Cu, 61% Ag, 93% Pb and 88% Zn in MNFWZ zinc-silver dominant zones, and 0% Cu, 56% Ag, 80% Pb and 77% Zn in MNV zinc-silver dominant. zones. The formulae include consideration of confidential current smelter contract terms, transportation costs and 1–3% NSR royalty payments. Royalties are dependent on the mining concession, and are treated as costs in the Mineral Reserve estimates.

(6) Totals may not sum due to rounding.

Factors and uncertainties that may materially impact the Mineral Reserve estimate includes changes to long-term metal price and exchange rate assumptions; changes to assumed treatment and refining charges; changes to metallurgical recovery assumptions; changes to the input assumptions used to derive the stope shapes and development designs applicable to the underground mining methods used to constrain the estimates; local vein variability caused by model smoothing; changes to the forecast dilution and mining recovery assumptions; unanticipated deviation of performance or assumptions during the transition to paste backfill and new mining methods; changes to the NSR cut-offs applied to the estimates; variations in geotechnical (including seismicity), hydrogeological and mining method assumptions; and changes to environmental, permitting and social license assumptions.

Mining Operations

Capstone's operation of the underground Cozamin Mine commenced in 2006. Ore has been extracted primarily using longitudinal longhole open stoping with unconsolidated waste fill. With the introduction of pastefill in 2023, a number of mining methods will be employed, including longitudinal and transverse open stoping, and mechanized cut and fill. Transverse open stoping will be used in areas that are greater than 7 metres wide. The cut and fill mining method will be used in the upper areas of the mine which are closer to the neighboring communities to minimize disturbances caused during blasting operations. Backfill methods in the longhole stoping areas will primarily be pastefill, but waste from development activities will also be used in secondary transverse longitudinal stopes and the mechanized cut and fill stopes.

Processing and Recovery Operations

Production by Capstone at Cozamin began in 2006 at a nominal production design rate of 1,000 tpd, increasing to 2,200 tpd in 2007.

Cozamin processes over 1.3 million tonnes per year. Production in 2022 was 24,541 tonnes of copper, 1.376 million pounds of zinc and 1.697 million ounces of silver, compared to 2021 at 24,418 tonnes of copper, 6.238 million pounds of zinc and 1.551 million ounces of silver and 2020 at 17, 203 tonnes of copper, 14.587 million pounds of zinc and 1.204 million ounces of silver. In 2021, Cozamin milled 3,724 tpd compared to 3,140 tpd in 2020 after improving mine haulage using a one-way ramp.

The higher throughput was maintained in 2022 at 3,803 tpd. Run-of-mine ore is stockpiled on surface and sent to the crushing plant. Crushed ore is stored in two ore bins that feed parallel conventional grinding circuits. The resulting product is sent to the copper-lead rougher flotation where a copper-lead concentrate is produced. Tailings report to zinc conditioning tanks prior to zinc flotation, where reagents are added to activate zinc mineralization. The tailings go through zinc rougher and cleaning circuits to product a zinc concentrate. Separate copper and lead concentrates are produced from the copper-lead concentrate via selective flotation. The concentrates are thickened and filtered to produce product suitable for transport. Concentrates are trucked to Manzanillo, Mexico.

The current mine plan uses two variations of longhole stoping: transverse longhole stoping for ore widths greater than 7 m and longitudinal longhole stoping for widths less than 7 m wide. The majority of the longhole stopes will be filled with paste backfill once the underground distribution system is established. These areas will be largely mined overhand and require few pillars to be left behind. Cut-and-fill methods will be used in the upper areas of the mine that are closer to neighboring communities to minimize disturbances caused during blasting operations. The tonnage distribution is approximately 60% longhole and 40% cut-and-fill, to support a planned production rate of 3,780 tpd over the seven-year LOM, from 2023 to 2030.

The plant design was based on metallurgical testwork results and uses conventional equipment and processes. The process plant consists of crushing, grinding, flotation, thickening, and concentrate filtering operations to produce saleable copper, lead, and zinc concentrates. Flotation tailings have historically been pumped to a tailings storage facility ("**TSF**"). Starting in 2023, tailings will be pumped to a filtration plant and subsequently transported to the dry stack TSF or used to produce paste for mine backfill. The plant average throughput rate is 3,780 tpd. Ores are expected to be slightly harder later in the LOMP; planned plant modifications to address this include:

- Installation of a vibrating grizzly to unload the surface primary crusher;
- Installation of peristaltic thickener underflow pumps, and higher pressure filter feed pumps;
- Transitioning to a filtered tailings system in 2023.

The key reagents are lime, xanthate, zinc sulphite and ammonium bisulphate. When producing zinc concentrate, copper sulphate is also used as an activator. Water is sourced from the municipal treatment plant and the mine dewatering system. The power required for the operations averaged 8.5 MW prior to commissioning the tailings filtration and paste backfill plant, and is expected to increase to 12.5 MW once those facilities are fully operational.

Infrastructure, Permitting and Compliance Activities

Cozamin currently has all necessary infrastructure in place to support an underground mining and mineral processing operation. Infrastructure in places includes a shaft, access ramps, ventilation system, dewatering and water management systems, multiple haulage drifts, process facility, power, pipelines, crushing and conveying facilities, maintenance facilities, administrative offices, roads, ROM stockpile, tailings filtration plant, paste backfill plant and a TSF. Personnel reside in adjacent communities and commute to the site.

National grid electrical power is obtained through the Comisión Federal de Electricidad, with a current approval to draw 14.0 MW.

Water at Cozamin comes from three sources: fresh water permitted wells, permitted groundwater from nearby underground mines, and discharge water from a local municipal water treatment facility. Existing data and the site water balance indicate that current sources and operational water management will be sufficient for the current LOMP. Cozamin operates as a zero-discharge facility; process water is not discharged and there are otherwise no direct discharges to surface waters.

Cozamin transitioned to a filtered (dry stack) TSF in 2023 that includes a Phase I component located at the toe of the existing TSF, and a Phase II that will be located on top of the existing TSF. Tailings will be deposited for approximately two years in Phase I, after which deposition will transition to Phase II, which has sufficient tailings storage capacity for the current LOMP.

Baseline studies to support the original environmental impact assessments of various regulatory authorizations and their modifications were conducted by independent consultants at different times since Capstone's purchase of

Cozamin. Investigations included detailed analysis of soil, water and air quality; vegetation and wildlife; biodiversity; hydrology; cultural resources; and socio-economic impacts.

The studies identified locally elevated heavy metals concentrations in soils, acid rock drainage and metal leaching as possible concerns potentially manageable with appropriate mitigation measures. Static acid-base accounting showed that flotation tailings and some types of waste rock have the potential to generate acidic drainage. However, the country rocks surrounding the deposit have significant neutralizing capacity and show relatively low permeability outside the immediate envelope of the structures hosting the mineralization. In addition, construction activities concluded as part of Cozamin's many expansions were effective in reducing the identified sources of acidic drainage associated with the historic tailings impoundment, as well as downstream contamination due to tailings dispersal during previous operations. Further, during Capstone's ongoing operation apart from the recent deposition into the waste facility downstream from the TSF, both newly generated waste rock and historic waste rock from prior operations have in large part been deposited underground as backfill.

The original Environmental Impact Assessment ("**MIA**") was approved by Secretaría de Medio Ambiente y Recursos Naturales ("**SEMARNAT**") on August 29, 2005, valid for ten years with an optional renewal for additional terms of ten years. Capstone received approval for an additional 10 years of operation on June 1, 2015.

As part of the MIA process, various detailed studies of new lands needed for use to accommodate an expanded mining operation, known as ETJs, changed operational conditions and optimized site usage. Various environmental impact assessments for exploration and associated changes of use of forested lands were also completed and approved.

Construction and operation of the tailings filtration and paste plant plus associated infrastructure, was authorized for a 10-year term in 2021. SEMARNAT approved construction and operation of a dry stack tailings facility, and its associated infrastructure, for a 10-year term in 2022.

Cozamin is presently authorized to operate at up to 4,500 tpd of underground production and process plant operation, using two surface ramps and the principal San Roberto shaft, to dispose slurry and filtered tailings into the TSF, and to distribute filtered tailings underground as backfill.

The Cozamin Mine signed a silver stream agreement with Wheaton, effective December 1, 2020 ("**Cozamin Silver Stream Agreement**"). On February 19, 2021, Wheaton paid an upfront cash consideration of $150 million for 50% of the Cozamin Mine's silver production until 10 million ounces are delivered, then decreasing to 33% of silver production for the remaining life of mine. Wheaton will make ongoing payments equal to 10% of the spot silver price at the time of delivery for each ounce delivered to them. The Cozamin Mine must implement a paste backfill plant as a condition of the Cozamin Silver Stream Agreement. See "*Risk Factors - Risks in connection with the Cozamin Silver Stream Agreement with Wheaton*".

The Zacatecas region has a strong mining tradition, positioning Cozamin within a community broadly knowledgeable about mining's challenges and operational requirements, and with a supply of workers skilled in mining. Successful engagement with the local communities near the mine has been a cornerstone of the operation. Capstone has formal community engagement procedures in place. There is a clear priority in working cooperatively to identify and mitigate potential concerns which may arise, such as Capstone's consultations with the neighbouring communities, government authorities and experts regarding its seismic management protocols. Capstone also leverages opportunities to deliver local benefits such as employment and service contracts for operations.

Capital and Operating Costs

The first five years of the LOMP are detailed in a capital budget plan. Capital expenditures, shown in Table 1-3, include mine equipment, plant upgrades, underground capital development, tailings management and surface infrastructure, with an allowance for the remaining years of the plan based on the average of the preceding five-year plan. Sustaining capital development costs were estimated based on unit rates and the updated mine plan that supports the Mineral Reserve. Capital cost estimates are expressed in Q1-2022 US dollars.

Table 1-3: Capital Cost Estimate

Area	Value (US$M)
Mine sustaining development	75.3
Mine sustaining	24.8
Site sustaining	13.5
Expansionary	7.6
Exploration	2.7
Subtotal without asset retirement obligations	***123.9***

Note: All figures have been rounded. Totals may not sum due to rounding.

Operating cost estimates shown in Table 1-4 are based on actual operating costs used in the budgeting process, which includes escalation for inflationary pressures, additional ground support requirements for geotechnical stability, new mining methods, and the new processes of paste backfill and filtered tailings deposition. Operating cost estimates are expressed in Q1-2022 US dollars.

Table 1-4: Operating Cost Estimate

Area	Value (US$M)	Unit Costs
Mining cost	378.9	US$37.11/t milled
Processing cost	142.4	US$13.94/t milled
General and administrative costs	84.9	US$8.32/t milled
Total	***606.2***	***US$59.37/t milled***

Note: All figures are rounded. Totals may not sum due to rounding.

Exploration, Development and Production

Cozamin's production plan is 3,800 tonne per day. Cozamin will continue to look for opportunities that will provide a pathway to increase mine production in the future to better utilize the installed mill capacity of 4,400 tonnes per day.

Capstone has limited infill drilling plans for MNV West Target and MNFWZ in 2024.

USE OF PROCEEDS

The estimated net proceeds received by the Company from the Offering (assuming no exercise of the Over-Allotment Option) will be approximately C$288,005,760 (determined after deducting the Underwriters' Fee of C$12,000,240 but before deducting Company expenses related to the Offering estimated at C$750,000). If the Over-Allotment Option is exercised in full, the estimated net proceeds received by the Company from the Offering will be approximately C$342,002,304 (determined after deducting the Underwriters' Fee of C$14,250,096 but before deducting Company expenses related to the Offering estimated at C$750,000). In accordance with the Underwriting Agreement and the Registration and Nomination Rights Agreement, the Company has agreed to pay all of the expenses of the Offering (excluding the Underwriters' Fee allocable to the Secondary Shares and any applicable taxes related thereto and the Selling Shareholders legal and professional fees, all of which will be borne by the Selling Shareholders, and the legal expenses of the Underwriters which will be borne by the Underwriters).

The Company will not receive any proceeds from the sale of the Secondary Shares. The estimated net proceeds received by the Selling Shareholders from the sale of the Secondary Shares will be approximately C$71,971,200 (determined after deducting the Underwriters' Fee of C$2,998,800 but before deducting expenses of the Selling Shareholders).

The Company intends to use the net proceeds of the Offering: (i) to advance near term growth initiatives in Chile, notably the Mantoverde Optimized Project and Santo Domingo detailed engineering; (ii) to advance expansionary exploration programs; and (iii) for general corporate and working capital purposes to provide balance sheet flexibility, as further set out in this Prospectus Supplement. The approximate amount of the net proceeds to be allocated to these uses is estimated to be as follows:

Use of Proceeds	Approximate Amount
Mantoverde Optimized Project	C$190,000,000
Santo Domingo detailed engineering	C$40,000,000
Expansionary exploration programs	C$30,000,000
General corporate and working capital	C$28,005,760
Total	C$288,005,760

The key business objective the Company intends to meet with the net proceeds of the Offering, together with existing cash and equivalents, are:

- Advancement of Mantoverde Optimized Project, including completion of the feasibility study in H1 2024, followed by ordering of long lead items to support start of construction post permit receipt.
- Advancement of Santo Domingo detailed engineering, which includes completing the feasibility study in H1 2024 followed by further detailed engineering work prior to a construction decision at Santo Domingo.
- Advancement of near mine exploration programs on the Company's extensive land package to further expand the mineral reserves and support future expansions at Mantoverde and Mantos Blancos in Chile and continued exploration efforts at Cozamin in Mexico.

It is anticipated that the applicable net proceeds of the Offering will be spent for the principal purposes set out above approximately over the next 24 months.

If the Over-Allotment Option is exercised in whole or in part, the Company will use the additional net proceeds from such exercise for additional exploration and general corporate and working capital purposes.

While the Company intends to use the net proceeds of the Offering as described, the Company's actual use may vary depending on its operating and capital needs from time to time, and as such, there may be circumstances where, for sound business reasons, a reallocation of the use of proceeds is necessary. See "*Risk Factors*".

DESCRIPTION OF SECURITIES DISTRIBUTED

The Company's authorized share capital consists of an unlimited number of Common Shares. As at the date hereof, 696,073,153 Common Shares are issued and outstanding. In addition, as of the date hereof, there are 6,973,115 Common Shares issuable upon the conversion of outstanding share units and exercise of stock options.

See "*Description of Share Capital – Common Shares*" in the Shelf Prospectus for a detailed description of the attributes of the Common Shares.

CONSOLIDATED CAPITALIZATION

Since September 30, 2023, being the date of the Interim Financial Statements, there have been no material changes in our consolidated share and loan capital other than as outlined under "*Prior Sales*".

The following table shows the consolidated capitalization of the Company as at the date of the Interim Financial Statements and as at such date on an adjusted basis after giving effect to the Offering (without giving effect to the Over-Allotment Option). The table should be read in conjunction with the Interim Financial Statements and the Interim MD&A, which are incorporated by reference in this Prospectus Supplement as well as the other disclosure contained in this Prospectus Supplement, including the risk factors described under the heading "*Risk Factors*" in this Prospectus Supplement and in the AIF.

	Sept. 30, 2023 (US$000s)	Net proceeds (US$000s)	Pro-forma (US$000s)
Cash and cash equivalents(1)	$ 128,004	$ 214,551	$ 342,555
Due to related party	$ 165,377	$ -	$ 165,377
Long-term debt(2)	$ 929,843	$ -	$ 929,843
Total debt	**$ 1,095,220**	**$ -**	**$ 1,095,220**
EQUITY			
Share capital(1)	$ 2,450,335	$ 214,551	$ 2,664,886
Other reserves	$ 44,217	$ -	$ 44,217
Retained earnings	$ 181,137	$ -	$ 181,137
Total equity attributable to equity holders of the company	**$ 2,675,689**	**$ 214,551**	**$ 2,890,240**
Non-controlling interest	$ 412,857	$ -	$ 412,857
Total equity	**$ 3,088,546**	**$ 214,551**	**$ 3,303,097**
Total Capitalization(3)	**$ 4,183,766**	**$ 214,551**	**$ 4,398,317**

Notes:

(1) Estimated net proceeds before giving effect to the Over-Allotment Option, are the net proceeds of C$288,005,760 less Company expenses estimated of C$750,000 converted to US$ using an exchange rate of US$1.00 = C$1.3389.
(2) Includes both short-term and long-term portion of long-term debt.
(3) Total capitalization is total debt plus total equity.

PRIOR SALES

Prior Sales by the Company

The following table sets forth the issuances of Common Shares by the Company for the 12-month period prior to the date of this Prospectus Supplement:

Issuance Summary of Common Shares

Date	Security	Price Per Security	Number of Securities
9-Jan-23	Common Shares	C$3.90	89,446
17-Jan-23	Common Shares	C$6.00	24,530
17-Jan-23	Common Shares	C$6.00	8,070
18-Jan-23	Common Shares	C$6.31	7,294
18-Jan-23	Common Shares	C$6.05	4,196
17-Feb-23	Common Shares	C$0.58	42,363
17-Feb-23	Common Shares	C$0.70	17,637
24-Feb-23	Common Shares	C$0.70	54,651
28-Feb-23	Common Shares	C$0.58	235,207
28-Feb-23	Common Shares	C$0.70	400,000
13-Mar-23	Common Shares	C$6.05	9,303
13-Mar-23	Common Shares	C$6.04	2,733
01-Mar-23	Common Shares	C$0.70	300,000
01-Mar-23	Common Shares	C$0.58	29,167
01-Mar-23	Common Shares	C$0.70	36,566
02-Mar-23	Common Shares	C$0.70	219,392
02-Mar-23	Common Shares	C$3.90	13,464
02-Mar-23	Common Shares	C$3.90	7,381
02-Mar-23	Common Shares	C$3.90	6,957
03-Mar-23	Common Shares	C$0.58	93,104

Date	Security	Price Per Security	Number of Securities
03-Mar-23	Common Shares	C$0.70	90,473
03-Mar-23	Common Shares	C$0.70	125,000
06-Mar-23	Common Shares	C$0.54	300,926
09-Mar-23	Common Shares	C$3.23	2,829
17-Mar-23	Common Shares	C$0.70	162,139
21-Mar-23	Common Shares	C$0.58	168,707
28-Mar-23	Common Shares	C$3.90	20,605
13-Apr-23	Common Shares	C$0.70	24,046
13-Apr-23	Common Shares	C$3.90	12,000
14-Apr-23	Common Shares	C$0.70	53,000
14-Apr-23	Common Shares	C$3.90	24,154
25-Apr-23	Common Shares	C$3.90	11,018
08-May-23	Common Shares	C$0.58	137,932
08-May-23	Common Shares	C$0.70	160,876
10-May-23	Common Shares	C$6.65	3,272
10-May-23	Common Shares	C$6.65	2,438
22-May-23	Common Shares	C$3.90	6,613
30-May-23	Common Shares	C$3.47	5,416
29-Sep-23	Common Shares	C$3.90	12,654
29-Nov-23	Common Shares	C$3.90	33,140
4-Dec-23	Common Shares	C$0.57	60,308
4-Dec-23	Common Shares	C$0.70	221,204
6-Dec-23	Common Shares	C$0.70	778,041
7-Dec-23	Common Shares	C$0.58	31,035
14-Dec-23	Common Shares	C$0.70	200,676
15-Dec-23	Common Shares	C$0.67	74,627
15-Dec-23	Common Shares	C$0.70	108,591
		Total Common Shares	**4,433,181[(1)]**

Notes:

(1) Issuances of all such Common Shares were pursuant to the exercise or settlement of then-outstanding convertible securities of the Company.

The following table sets forth the issuances of any securities convertible into Common Shares by the Company for the 12-month period prior to the date of this Prospectus Supplement:

Award Issuance Summary of
Options, RSUs, TRSUs, PSUs, TPSUs, DSUs

Date	Security	Grant/Exercise Price	Number of Securities
22-Feb-23	Options	C$6.00	866,011
09-May-23	Options	C$6.33	15,494
09-Aug-23	Options	C$6.61	19,781
		Total Options	**901,286**
22-Feb-23	RSUs	-	1,239,417
09-May-23	RSUs	-	12,130
09-Aug-23	RSUs	-	13,595
		Total RSUs	**1,265,142**
22-Feb-23	PSUs	-	89,947
		Total PSUs	**89,947**
27-Feb-23	Treasury RSUs	-	275,929
27-Feb-23	Treasury PSUs	-	551,853
14-Aug-23	Treasury PSUs	-	17,497
		Total Treasury Share Units	**845,279**
22-Feb-23	DSUs	-	90,000

Date	Security	Grant/Exercise Price	Number of Securities
5-May-23	DSUs	-	35,603
		Total DSUs	**125,603**
		GRAND TOTAL	**3,227,257**

Prior Sales by the Selling Shareholders

The following table sets forth the prior sales of Common Shares by the Selling Shareholders for the 12-month period prior to the date of this Prospectus Supplement:

Issuance Summary of Common Shares

Date	Security	Price Per Security	Number of Securities
31-Mar-23	Common Shares	C$5.70	57,500,000(1)(2)(3)
		Total Common Shares	**57,500,000**

Notes:

(1) 49,514,545 Common Shares sold by Orion Fund JV Limited.
(2) 5,856,001 Common Shares sold by Orion Mine Finance Fund II LP.
(3) 2,129,454 Common Shares sold by Orion Mine Finance Fund I-A LP.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSX under the symbol “CS”. On February 1, 2024, the last completed trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was C$6.67. On February 2, 2024, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Common Shares on the TSX was C$6.51. The following table sets out the monthly price ranges and trading volumes of the Common Shares on the TSX for the 12-month period prior to the date of this Prospectus Supplement, all as reported by the TSX:

Month	Volume	High (C$)	Low (C$)
February 1 – 2, 2024	6,356,329	6.74	6.31
January 2024	33,404,372	6.93	5.97
December 2023	25,149,683	6.79	5.47
November 2023	20,605,262	5.65	4.40
October 2023	27,245,856	5.67	4.51
September 2023	22,950,594	6.68	5.37
August 2023	22,497,953	6.83	5.82
July 2023	25,931,519	7.00	5.71
June 2023	26,050,844	6.38	5.41
May 2023	32,973,983	6.70	5.16
April 2023	30,871,311	7.25	5.71
March 2023	71,690,931	7.09	5.48
February 2023	30,470,507	6.52	5.47
January 2023	33,251,076	6.63	4.90

The Common Shares are listed on the ASX as CDIs, with each CDI representing one Common Share, under the symbol “CSC”. February 2, 2024 was the first day of quotation of the CDIs on the ASX, with such CDIs being subject to a trading halt before the commencement of trading. As a result, no trading of CDIs has occurred prior to the date of this Prospectus Supplement and therefore no trading data is available.

SELLING SHAREHOLDERS

The Selling Shareholders under the Offering are Orion Fund JV Limited, Orion Mine Finance Fund II LP and Orion Mine Finance (Master) Fund I-A LP. The Selling Shareholders have agreed to sell an aggregate of 11,900,000 Common Shares to the Underwriters pursuant to the Underwriting Agreement (10,247,358 Common Shares by Orion

Fund JV Limited, 1,211,937 Common Shares by Orion Mine Finance Fund II LP and 440,705 Common Shares by Orion Mine Finance (Master) Fund I-A LP), as described under the heading "*Plan of Distribution*". Orion Fund JV Limited, Orion Mine Finance Fund II LP and Orion Mine Finance (Master) Fund I-A LP will receive net proceeds of approximately C$61,976,021, approximately C$7,329,795 and approximately C$2,665,384, respectively, from the sale of the Secondary Shares under the Offering.

Following the Offering, and assuming that the Over-Allotment Option is not exercised, the Selling Shareholders will, in the aggregate, beneficially own 152,936,179 Common Shares, representing approximately 20.6% of the outstanding Common Shares. If the Over-Allotment Option is exercised in full, the Selling Shareholders will, in the aggregate, beneficially own 152,936,179 Common Shares, representing approximately 20.3% of the outstanding Common Shares.

The following table sets forth information with respect to the ownership of Common Shares by the Selling Shareholders as of the date hereof, as adjusted to reflect the completion of the Offering assuming no exercise of the Over-Allotment Option.

	Common Shares Beneficially Owned Prior to Closing		**Common Shares Beneficially Owned Immediately Following Closing**	
Name of Shareholder	**Number of Common Shares**	**Percentage of Total Outstanding Common Shares**	**Number of Common Shares**	**Percentage of Total Outstanding Common Shares(1)**
Orion Fund JV Limited	141,944,146	20.39%	**131,696,788**	17.71%**(2)**
Orion Mine Finance Fund II LP	16,787,491	2.41%	**15,575,554**	2.09%**(3)**
Orion Mine Finance (Master) Fund I-A LP	6,104,542	0.88%	**5,663,837**	**0.76%(4)**

Notes:

(1) Assumes that the Over-Allotment Option is not exercised.

(2) On a fully-diluted basis, assuming the exercise in full of outstanding options, approximately 17.54%. If the Over-Allotment Option is exercised in full, Orion Fund JV Limited will beneficially own approximately 17.50% (approximately 17.34% on a fully-diluted basis) of the issued and outstanding Common Shares immediately following the Closing.

(3) On a fully-diluted basis, assuming the exercise in full of outstanding options, approximately 2.07%. If the Over-Allotment Option is exercised in full, Orion Mine Finance Fund II LP will beneficially own approximately 2.07% (approximately 2.05% on a fully-diluted basis) of the issued and outstanding Common Shares immediately following the Closing.

(4) On a fully-diluted basis, assuming the exercise in full of outstanding options, approximately 0.75%. If the Over-Allotment Option is exercised in full, Orion Mine Finance Fund I-A LP will beneficially own approximately 0.75% (approximately 0.75% on a fully-diluted basis) of the issued and outstanding Common Shares immediately following the Closing.

PLAN OF DISTRIBUTION

General

Pursuant to the Underwriting Agreement, the Company has agreed to issue and sell and the Selling Shareholders have agreed to sell and the Underwriters have severally and not jointly agreed to purchase, on the Closing Date, an aggregate of 59,520,000 Offered Shares, at a price of C$6.30 per Offered Share, payable in cash to the Company and the Selling Shareholders against delivery of their respective Offered Shares, for aggregate gross proceeds to the Company and the Selling Shareholders, as applicable, of C$374,976,000. Of the 59,520,000 Offered Shares being offered under the Offering, 47,620,000 Treasury Shares will be issued and sold at the Offering Price by the Company and 11,900,000 Secondary Shares will be sold at the Offering Price by the Selling Shareholders. The Company has granted to the Underwriters the Over-Allotment Option, to purchase up to an aggregate of 8,928,000 Additional Shares from the Company (representing 15% of the Offered Shares), at the Offering Price, payable in cash against delivery of such Additional Shares. The Over-Allotment Option is exercisable in whole or in part only for the purpose of covering the Underwriters' over-allocation position, if any, and for market stabilization purposes, for a period of 30 days from the Closing Date. This Prospectus Supplement qualifies the grant of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this Prospectus Supplement, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Company and the Selling Shareholders have agreed to pay the Underwriters a fee equal to C$0.252 per Offered Share sold pursuant to the Offering (representing 4.00% of the gross proceeds of the Offering) proportionately based on the respective number of Offered Shares sold by each pursuant to the Offering, including in respect of any Additional Shares sold pursuant to the exercise of the Over-Allotment Option. It is estimated that the total expenses of the Offering, not including the Underwriters' Fee, will be approximately C$750,000. All such expenses (excluding the Underwriters' Fee allocable to the Secondary Shares and any applicable taxes related thereto and the Selling Shareholders legal and professional fees, all of which will be borne by the Selling Shareholders, and the legal expenses of the Underwriters, which will be borne by the Underwriters) will be paid by the Company, as required by the terms of the Registration and Nomination Rights Agreement and the Underwriting Agreement. The Underwriters may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees.

The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion upon the occurrence of certain stated events, including but not limited to in the event of certain stated material changes to the Company and its subsidiaries (taken as a whole) and certain stated events materially adversely affecting the financial markets in Canada or the United States or the business, operations or affairs of the Company and its subsidiaries (taken as a whole). The Underwriters are, however, severally obligated to take up and pay for all of the Offered Shares, if any, purchased under the Underwriting Agreement (but are not obligated to purchase any Additional Shares).

The Company and the Selling Shareholders have agreed to indemnify the Underwriters and their affiliates and their directors, officers and employees against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Underwriters may be required to make in respect thereof. The Company has also agreed to indemnify the Selling Shareholders against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Selling Shareholders may be required to make in respect thereof.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that Closing will occur on or about February 8, 2024, or such later date as the Company, the Selling Shareholders and the Joint Bookrunners may agree. Except as may be otherwise determined by the Company, the Selling Shareholders and the Underwriters, the Offering will be conducted under the book-based system operated by CDS. Other than in limited circumstances, a subscriber who purchases Offered Shares will receive a customary confirmation from the registered dealer from or through whom Offered Shares are purchased and who is a CDS participant. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased Offered Shares in accordance with the book-based system.

The TSX has conditionally approved the listing of the Treasury Shares and the Additional Shares distributed under the Offering on the TSX. The Secondary Shares are already listed on the TSX.

Offering Jurisdictions

The Offering is being made in each of the provinces and territories of Canada, other than Québec. The Offered Shares will be offered in each of the provinces and territories of Canada, other than Québec, through those Underwriters, or their affiliates who are registered to offer the Offered Shares for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Offered Shares outside of Canada, provided that the Offered Shares offered hereby will not be offered or sold in Australia.

No disclosure document has been lodged with the Australian Securities and Investments Commission in relation to the Offering. Neither this Prospectus Supplement nor the Shelf Prospectus constitutes a disclosure document under the *Australian Corporations Act*, and does not purport to include the information required for a disclosure document under the *Australian Corporations Act*.

The Offered Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement and applicable laws of the United States, the Offered Shares will not be offered or sold in the United States. The Underwriting Agreement provides that the Underwriters may offer and sell the Offered Shares that they have acquired pursuant to the Underwriting Agreement to (i) persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) in the United States in accordance with Rule 144A and in compliance with applicable state securities laws and (ii) outside the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Pricing of the Offering

The Offering Price has been determined by arm's length negotiation between the Company, the Selling Shareholders and RBC with reference to the prevailing market price of the Common Shares and other factors. The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price, the price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company and the Selling Shareholders.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, subject to applicable law, the Underwriters may over-allocate or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Common Shares through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters' over-allocation position. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Common Shares under this Prospectus Supplement, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for

Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a client where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or otherwise.

Standstill/Black-out

The Company has agreed not to, without the prior written consent of Joint Bookrunners, on behalf of the Underwriters (such consent not to be unreasonably withheld), directly or indirectly, during the period of 90 days after the Closing Date: (A) create, allot, authorize, offer, issue, secure, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any Common Shares, rights to purchase Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares; or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Common Shares, whether any such transaction described in (A) or (B) above is to be settled by delivery of Common Shares or other securities or interests, in cash or otherwise, or agree to or announce the intention to do any of the foregoing, other than, in each case: (i) for purposes of director, officer, employee or consultant incentive plans, (ii) in connection with the Company's long term incentive plan, or (iii) to satisfy existing instruments issued as at February 1, 2024.

The Selling Shareholders have agreed not to, without the prior written consent of RBC, on behalf of the Underwriters (such consent not to be unreasonably withheld), sell or otherwise lend, transfer or dispose of (or announce any intention to sell or otherwise lend, transfer or dispose of), directly or indirectly, any equity securities of the Company, or any securities exchangeable or convertible into equity securities of the Company, for the period ending 90 days after the Closing Date.

RELATIONSHIP BETWEEN THE COMPANY AND CERTAIN OF THE UNDERWRITERS

Certain banking affiliates of RBC, NBF, Scotia, BMO and CIBC have entered into the Revolving Credit Facility, providing the Company with a credit limit of up to $700 million. As a result, the Company may be considered a "connected issuer" to such Underwriters for purposes of NI 33-105. The Company is not in default of its obligations to the lenders under the Revolving Credit Facility and the lenders have not waived any breach of the applicable agreement since it was entered into. As at the date of this Prospectus Supplement, $501,500,000 of the Revolving Credit Facility has been drawn. The obligations under the Revolving Credit Facility are secured against the present and future real and personal property, assets and undertakings of Capstone (excluding certain assets, which include 0908113 B.C. Ltd., Far West, Santo Domingo, Mantoverde Holding SpA, Mantoverde S.A. and Far West Exploration S.A., and subject to certain exclusions for Capstone Mining Chile SpA). Other than as disclosed in this Prospectus Supplement or the Shelf Prospectus, the Company's financial position and the value of the security referred to above has not changed in any material manner since the Revolving Credit Facility was entered into.

The determination of the terms and conditions of the Offering were made through arm's length negotiations among RBC, the Selling Shareholders and the Company without the involvement of the lenders, although the lenders have been advised of the Offering. Other than the Underwriters' Fee payable to the Underwriters in connection with the Offering, none of the proceeds of the Offering will be applied, directly or indirectly, for the benefit of the Underwriters or their affiliates. See "*Use of Proceeds*" and "*Plan of Distribution*".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who: (i) acquires as beneficial owner Offered Shares pursuant to the Offering; (ii) for the purposes of the Tax Act and at all relevant times, acquires and holds the Offered Shares as capital property; and (iii) for purposes of the Tax Act and at all relevant times, deals at arm's length with the Company and each of the Underwriters and is not affiliated with the Company or any of the Underwriters (a "**Holder**"). An Offered Share will generally be capital property to a Holder provided that the Holder does not hold or use such Offered Share in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired or been deemed to have acquired the Offered Share in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules); (ii) an interest in which would be a "tax shelter investment" (as defined in the Tax Act); (iii) that is a "specified financial institution" (as defined in the Tax Act); (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency; or (v) that is exempt from tax under the Tax Act; (vi) has entered or will enter into a "derivative forward agreement" or "synthetic disposition arrangement", as those terms are defined in the Tax Act, with respect to the Offered Shares, or (vii) that receives dividends on the Offered Shares under or as part of a "dividend rental arrangement", as defined in the Tax Act. Such investors should consult their own tax advisors with respect to an investment in the Offered Shares.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada that is or becomes (or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes) as part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Shares controlled by a non-resident person (or a group of non-resident persons not dealing with each other at arm's length) for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Offered Shares.

This summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of the Offered Shares.

This summary is based upon: (i) the current provisions of the Tax Act and the *Canada-United States Tax Convention* (1980), as amended (the "**Treaty**"), in each case in force as of the date hereof; (ii) all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"); (iii) counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing by the CRA prior to the date hereof; and (iv) the facts set out in this Prospectus Supplement. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described in this summary in all cases. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law or the CRA's administrative policies or assessing practices, whether by legislative, regulatory, administrative governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder of Offered Shares, and no representations with respect to the tax consequences to any Holder or prospective Holder are made herein. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders and prospective Holders of Offered Shares are urged to consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Offered Shares, having regard to their particular circumstances.

Currency Conversion

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Offered Shares must be determined in Canadian dollars. Any such amount that is expressed or denominated in a currency other than Canadian dollars must be converted into Canadian dollars using the relevant exchange rate determined in accordance with the Tax Act.

Resident Holders

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada at all relevant times (a "**Resident Holder**"). A Resident Holder whose Offered Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Offered Shares, and every other

"Canadian security" (as defined in the Tax Act), held by such person, in the taxation year of the election and each subsequent taxation year to be capital property. Resident Holders should consult their own tax advisors regarding this election.

Dividends on Offered Shares

Dividends received or deemed to be received on Offered Shares held by a Resident Holder will be included in the Resident Holder's income for the purposes of the Tax Act.

Such dividends received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to "taxable dividends" received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as "eligible dividends" in accordance with the Tax Act. There may be limitations on the ability of the Company to designate dividends as "eligible dividends" and the Company has made no commitments in this regard.

Taxable dividends received or deemed to be received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

Dividends received or deemed to be received on Offered Shares by a Resident Holder that is a corporation will generally be deductible in computing its taxable income for that taxation year, subject to all relevant restrictions under the Tax Act. In certain circumstances, a dividend received or deemed to be received by a Resident Holder that is a corporation may be deemed to be proceeds of disposition or a capital gain pursuant to subsection 55(2) of the Tax Act. Resident Holders that are corporations should consult their own tax advisors with respect to the application of subsection 55(2) of the Tax Act having regard to their particular circumstances.

A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, may be liable to pay an additional tax under Part IV of the Tax Act on dividends received or deemed to be received on an Offered Share to the extent such dividends are deductible in computing the Resident Holder's taxable income. Such additional tax may be refundable in certain circumstances.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable for an additional tax (refundable in certain circumstances) in respect of its "aggregate investment income" for the year, which is defined in the Tax Act to include dividends received or deemed to be received in respect of Offered Shares which are not deductible in computing the dividend recipient's taxable income. Proposed Amendments released on November 28, 2023, are intended to extend this additional tax and refund mechanism in respect of "aggregate investment income" to "substantive CCPCs" as defined in such Proposed Amendments. Resident Holders are advised to consult their own tax advisors regarding the possible implications of these Proposed Amendments in their particular circumstances.

Dispositions of Offered Shares

A disposition or a deemed disposition of an Offered Share (other than to the Company unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) by a Resident Holder will generally result in a Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Offered Share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. The adjusted cost base to a Resident Holder of an Offered Share acquired at any time will be determined by averaging the cost of the Offered Share with the adjusted cost base of all other Common Shares (if any) held by the Resident Holder as capital property immediately before that time. Such capital gain (or capital loss) will be subject to the treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in computing the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year against net taxable capital gains realized in such years (but not against other income), to the extent and under the circumstances described in the Tax Act.

If a Resident Holder is a corporation, the amount of any capital loss realized on the disposition or deemed disposition of an Offered Share may, in certain circumstances, be reduced by the amount of any dividends received or deemed to be received by the Resident Holder on such Offered Share (or on a share for which the Offered Share has been substituted) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Offered Shares, directly or indirectly through a partnership or a trust. Such Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) also may be liable to pay an additional tax (refundable in certain circumstances) in respect of its "aggregate investment income" for the taxation year, which is defined in the Tax Act to include an amount in respect of taxable capital gains. Proposed Amendments released on November 28, 2023, are intended to extend this additional tax and refund mechanism in respect of "aggregate investment income" to "substantive CCPCs" as defined in such Proposed Amendments. Resident Holders are advised to consult their own tax advisors regarding the possible implications of these Proposed Amendments in their particular circumstances.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

Non-Resident Holders

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act and any relevant income tax treaty or convention: (i) is neither resident nor deemed to be resident in Canada; and (ii) does not, and is not deemed to, use or hold Offered Shares in carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere or an "authorized foreign bank" (as defined in the Tax Act) and such holders should consult their own tax advisors.

Dividends on Offered Shares

Dividends paid or credited, or deemed to be paid or credited, on an Offered Share to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced by the terms of an applicable income tax treaty or convention. For example, where the Non-Resident Holder is paid or credited a dividend or deemed dividend, is a resident of the United States that is entitled to full benefits under the Treaty, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15% of the gross amount of the dividend (or 5% in the case of a Non-Resident Holder that is a company resident in the United States and entitled to full benefits under the Treaty beneficially owning at least 10% of the Company's voting shares). The *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting* of which Canada is a signatory, affects many of Canada's tax treaties (but not the Treaty), including the ability to claim benefits thereunder. Non-Resident Holders should consult their own tax advisors to determine their entitlement to relief under an applicable income tax treaty or convention.

Dispositions of Offered Shares

Generally, a Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of an Offered Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Offered Share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Provided the Offered Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the TSX), at the time of disposition, Offered Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60 month period immediately preceding the disposition of the Offered Shares the following two conditions are met concurrently: (i)(a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm's length (for purposes of the Tax Act); (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) the Non-Resident Holder together with such persons and partnerships, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the Offered Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) "Canadian resource properties" (as defined in the Tax Act); (c) "timber resource properties" (as defined in the Tax Act); and (d) options in respect of, or interests in or, for civil law, rights in, property described in (a) to (c), whether or not such property exists. Notwithstanding the foregoing, Offered Shares may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act in certain circumstances.

In the event that an Offered Share constitutes "taxable Canadian property" of a Non-Resident Holder and any capital gain that would be realized on the disposition (or deemed disposition) thereof is not exempt from tax under the Tax Act or pursuant to an applicable income tax convention, the income tax consequences discussed above for Resident Holders under "*Resident Holders - Dispositions of Offered Shares*" and "*Resident Holders – Taxation of Capital Gains and Capital Losses*" will generally apply to the Non-Resident Holder.

Non-Resident Holders whose Offered Shares may constitute "taxable Canadian property" should consult their own tax advisors regarding the tax and compliance considerations that may be relevant to them.

RISK FACTORS

Investing in the Offered Shares is speculative and involves a high degree of risk due to the nature of our business and the present stage of its development. The following risk factors, as well as risks currently unknown to us, could materially adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company, or its business, property or financial results, each of which could cause purchasers of our securities to lose part or all of their investment. The risks set out below are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and prospects. Before deciding whether to invest in any securities of the Company, investors should consider carefully the risks discussed below, the risks incorporated by reference in the Shelf Prospectus and this Prospectus Supplement (including subsequently filed documents incorporated by reference).

Discretion concerning the use of proceeds.

While information regarding the use of proceeds from the sale of the Treasury Shares is described under the heading "*Use of Proceeds*", management will have discretion concerning the use of proceeds of the Offering as well as the timing of their expenditures. The Company has identified certain forward-looking plans and business objectives for the net proceeds but the Company's ability to achieve such plans and objectives could change as a result of a number of internal and external factors, such as the results of continued development activities on the Company's properties. Management may use the proceeds of the Offering in ways that an investor may not consider desirable. The results and effectiveness of the application of the proceeds are uncertain. If the net proceeds are not applied effectively, the Company's results of operations may suffer. See "*Forward-Looking Information*".

The price of the Common Shares in public markets may experience significant fluctuations and investors may not be able to sell the Common Shares at or above the Offering Price.

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including but not limited to the following:

(i) actual or anticipated fluctuations in our quarterly results of operations;

(ii) actual or anticipated fluctuations to the capital requirements of our properties;

(iii) changes in estimates of our future results of operations by us;

(iv) changes in forecasts, estimates or recommendations of securities research analysts regarding our future results of operations or financial performance;

(v) changes in the economic, operating, performance or market valuations of other companies in the industry in which we operate or of other companies that investors deem comparable to us;

(vi) failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow it, or our failure to meet these estimates or the expectations of investors;

(vii) release or expiration of lock-up or other transfer restrictions on outstanding Common Shares or securities issuable upon exchange of options;

(viii) price and volume fluctuations in the trading of the Common Shares and in the overall stock market, including as a result of trends in the economy as a whole;

(ix) changes in general political, geopolitical, economic, industry and market conditions and trends;

(x) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;

(xi) new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry;

(xii) lawsuits threatened or filed against us for claims relating to intellectual property, employment issues, or otherwise;

(xiii) sales or perceived intent to sell Common Shares by our insiders or the issuance of additional Common Shares by us;

(xiv) the size of the public float of the Common Shares;

(xv) changes in the Board, our management or other key personnel;

(xvi) short sales, hedging, and other derivative transactions involving the Common Shares; and

(xvii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if our business, financial condition and results of operations or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our business, financial condition and results of operations could be materially adversely impacted and the trading price of the Common Shares could also be materially adversely affected.

There can be no assurance that the forward-looking statements included or incorporated by reference in this Prospectus Supplement will prove to be correct.

The forward-looking statements relating to, among other things, our future results, performance, achievements, prospects or opportunities included or incorporated by reference in this Prospectus Supplement, are based on our opinions, assumptions and estimates made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from historical and estimated results and those variations may be material. There is no representation by us that actual results achieved by us in the future will be the same, in whole or in part, as those included or incorporated by reference in this Prospectus Supplement. See "*Forward-Looking Information*".

Our issuance of additional Common Shares in connection with financings, acquisitions, investments, equity incentive plans, or otherwise will dilute all other shareholders.

We may raise additional funds in the future by issuing equity securities, including Common Shares and other securities convertible, exercisable or exchangeable into equity securities, including Common Shares. Holders of Common Shares will have no pre-emptive rights in connection with such further issues. The Board has the discretion to determine if an issuance of Common Shares or other equity securities is warranted, the price at which such issuance is effected and the other terms of issuing Common Shares. In addition, we may issue additional Common Shares in connection with the exercise of options. Any such issuances of additional Common Shares may cause shareholders to experience significant dilution of their ownership interests and the per share value of the Common Shares to decline.

Pursuant to the Registration and Nomination Rights Agreement, the Selling Shareholders generally have the right to oblige us to arrange the sale of any or all of their Common Shares by way of a prospectus pursuant to their registration rights described in the AIF. Any future sale of Common Shares by the Selling Shareholders by way of prospectus or otherwise could significantly reduce the market price of the Common Shares and impede our ability to raise capital through the issuance of additional Common Shares.

Future sales of a substantial amount of Common Shares may depress the market price of the Common Shares.

If our shareholders sell substantial amounts of Common Shares in the public market, the market price of the Common Shares could decline, as a result of these sales, or create the market perception that the holders of a large number of Common Shares intend to sell their position. We cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price of the Common Shares. These sales may also impede our ability to sell our equity or equity-related securities in the future at a time and price that we deem appropriate and might cause remaining shareholders to lose all or part of their investments.

Public shareholders have limited control over our operations.

Public shareholders have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in us. The Board determines major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, the Board may amend or revise these and other policies without a vote of the shareholders. Shareholders only have a right to vote, as a class, in the circumstances described under "*Description of Share Capital – Common Shares*" in the Shelf Prospectus. The Board's broad discretion in setting policies and the limited ability of shareholders to exert control over those policies increases the uncertainty and risks of an investment in us.

Concentration of share ownership of Capstone.

As at the date hereof, the Selling Shareholders own approximately 23.7% of the outstanding Common Shares and Hadrian Capital Partners Inc. owns approximately 14.5% of the outstanding Common Shares. Following the closing of the Offering, but before giving effect to the Over-Allotment Option, the Selling Shareholders will, in the aggregate, beneficially own 152,936,179 Common Shares, representing approximately 20.6% of the outstanding Common Shares. Following the closing of the Offering, and assuming that the Over-Allotment Option is exercised in full, the Selling Shareholders will, in the aggregate, beneficially own approximately 20.3% of the outstanding Common Shares. As part of the Offering, the Selling Shareholders have agreed, subject to certain limited exceptions, not to sell any Common Shares or other securities of Capstone for a period of 90 days from the Closing Date. As long as these shareholders maintain their significant positions in Capstone, they will have the ability to exercise influence with respect to the affairs of Capstone and significantly affect the outcome of matters upon which shareholders are entitled to vote. Furthermore, there is a risk that Capstone's securities are less liquid and trade at a relative discount compared to circumstances where these shareholders did not have the ability to influence or determine matters affecting Capstone. Moreover, there is a risk that their significant interests in Capstone discourages transactions involving a change of control of Capstone, including transactions in which an investor, as a holder of Capstone's securities, would otherwise receive a premium for its Capstone securities over the then-current market price. A disposition of Common Shares by these shareholders could adversely affect the market price of the Common Shares. Pursuant to the Registration and Nomination Rights Agreement between Capstone Mining and the Selling Shareholders dated March 23, 2022, provided the Selling Shareholders maintain certain levels of ownership of the Common Shares, the Selling Shareholders: (i) have rights to nominate up to two individuals to sit on the Board; and (ii) may demand we file one or more prospectuses or otherwise facilitate sales of the Selling Shareholders' shares. The Selling Shareholders currently have the right to nominate two individuals to sit on the Board. See "*Material Contracts*" in the AIF for further information regarding the Registration and Nomination Rights Agreement.

If securities or industry analysts cease to publish research or publish inaccurate or unfavourable research about us or our business, the trading price and volume of the Common Shares could decline.

The trading market for the Common Shares relies in part on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts who cover us downgrade their evaluations of the Common Shares or the value thereof, or publish inaccurate or unfavourable reports about our business, the trading price of the Common Shares may decline. Similarly, the trading price of the Common Shares may decline if our actual results of operations do not match analysts' projections. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the market for the Common Shares, which could cause the trading price and volume of the Common Shares to decline.

Some of our directors and officers reside outside of Canada, and the Selling Shareholders are organized under laws of a foreign jurisdiction, therefore it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada and the Selling Shareholders .

Some our directors and officers are residents of countries other than Canada, and the Selling Shareholders are organized under laws of a foreign jurisdiction. All or a substantial portion of the assets of such persons are located outside Canada. As a result, it may be difficult for Canadian investors to initiate a lawsuit within Canada against these non-Canadian residents. In addition, it may not be possible for Canadian investors to collect from these non-Canadian residents judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for Canadian investors to succeed in a lawsuit in foreign jurisdictions, based solely on violations of Canadian securities laws.

Investors May Lose their Entire Investment.

An investment in the Offered Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Company.

We face added risks and uncertainties of operating in foreign jurisdictions, including changes in regulation and policy, and community interest or opposition.

Capstone's business operates in a number of foreign countries where there are added risks and uncertainties due to the different economic, cultural and political environments. Our mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry. Changes to Canadian laws and regulations regarding foreign trade, taxation and investment may negatively affect our operations and projects.

Changes in governmental leadership in the United States, Chile, and Mexico, could impact Capstone's operations and local societal conditions. There may be additional risks and uncertainties following Chilean Presidential, Chamber and Senate elections. The President and the renovated Congress elected on November 21, 2021, took office on March 11, 2022. The Senate holds a 50/50 balance between right- and left-wing Senators. Although the government's legislative agenda is not yet fully known, it is known to include a tax reform as a priority. Additionally, as a response to the civil unrest in Chile, a referendum for a new Constitution was launched. On September 4, 2022, the first newly proposed constitution was rejected by Chileans, and on December 17, 2023, a new constitution was rejected a second time. As a result, it is uncertain whether another constitutional process will be launched in the next 12 months and whether it will lead to further uncertainty and instability or to further changes to the Chilean political regime and mining related regulations including, but not limited to, changes to royalty structures and environmental and community protection requirements. Capstone cannot give assurance that future political developments in Chile will not adversely affect its business, results of operations or financial condition.

Other risks of foreign operations include political or social and civil unrest, labour disputes and unrest, invalidation of governmental orders and permits, corruption, organized crime, theft, sabotage, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries including nationalization of mines, government action or inaction on climate change, trade disputes, foreign taxation, royalties, price controls, delays in obtaining or renewing or the inability to obtain or renew necessary environmental permits, opposition to mining from local communities and environmental or other non-governmental organizations, social perception impacting our social licence to operate, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. Local economic conditions, including but not limited to higher incidences of criminal activity and violence in areas, such as Mexico and Chile, can also adversely affect the security of our people, operations, and the availability of supplies. Mexico and Chile are subject to increasing occurrences of theft of copper concentrates and cathodes. Capstone may experience theft of its products which may impact our financial results. Capstone may encounter social and community issues including but not limited to public expression against our activities, protests, road blockages, work stoppages, or other forms of expression, which may have a negative impact on our reputation and operations or projects. The underground environments at the Cozamin Mine are complex, with exposure to geotechnical instabilities, hydrological impacts, and mining induced seismicity. Opposition to our mining activities by local landowners, the ejidos, communities, or activist groups may cause significant delays or increased costs to operations, and the advancement of exploration or development projects, and could require Capstone to enter into agreements with such groups or local governments.

In addition, risks of operations in Mexico include extreme fluctuations in currency exchange rates, high rates of inflation, significant changes in laws and regulations including but not limited to tax and royalty regulations, labour regimes, failures of security, policing and justice systems, corruption, and incidents such as hostage taking and expropriation. There are uncertainties regarding Mexico's 2019 reform of the Federal Labour Law which came into effect on May 1, 2023, and Mining Law Reform, that may have an impact on Cozamin's operations and profitability, including but not limited to strike actions. On April 29, 2023, the Mexican Congress approved a bill submitted by Mexico's President on March 28, 2023, amending several provisions of the Mining Law, the National Water Law, the General Law of Ecological Balance and Environmental Protection, and the General Law for the Prevention and Integral Management of Waste regarding mining and water concessions (the "**Initiative**"). It is Capstone's understanding that the legislation is not retroactive, therefore, existing mining concessions should remain in effect. The potential impact to our operations in order to comply with the new laws continue to be analyzed. The amended laws have considerable implications for future investment in the Mexican mining industry.

These risks in Mexico and Chile may limit or disrupt Capstone's projects, reduce financial viability of local operations, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

There can be no assurance that changes in the government, including but not limited to the change in the federal administration of the United States, or laws or changes in the regulatory environment for mining companies or for non-domiciled companies will not be made that would adversely affect Capstone's business, financial condition, results of operation and prospects. There are uncertainties related to President Biden's Made in America Tax Plan which proposes corporate tax reforms that may increase Pinto Valley's future tax obligations. Differences in interpretation or application of tax laws and regulations or accounting policies and rules and Capstone's application of those tax laws and regulations or accounting policies and rules where the tax impact to the Company is materially different than contemplated may occur and adversely affect Capstone's business, financial condition, results of operation and prospects, including, but not limited to, carbon emissions taxes. There are uncertainties about the application of the new carbon emissions tax in Chile to Capstone's operations. Capstone is subject to a multitude of taxation regimes and any changes in law and policy or interpretation of law and policy may be difficult to react to in an efficient manner.

The maintenance and fostering of strong community relationships is integral to the success of Capstone's operations. Failure to manage relationships with local communities, government and non-governmental organizations may adversely affect Capstone's reputation, as well as its ability to bring projects into production, which could in turn adversely affect its business, results of operations or financial condition, potentially in a material manner.

Failure to recognize, respond and align to changing regulatory and stakeholder expectations and requirements regarding issues such as environment, social and governance matters, particularly linked to climate change, tailings dams and carbon emissions, could affect Capstone's growth opportunities and its future revenues and cash flows. Stakeholder requirements and expectations continue to evolve, and different stakeholder groups may have varying opposing requirements and expectations of Capstone.

There are uncertainties related to the impact assessment of the new Mining Royalty Bill.

The new Mining Royalty Bill in Chile became effective on January 1, 2024. The Mining Royalty has two components, an ad-valorem component and an operating margin component ("**MOM**"), and takes into account the level of sales and type of minerals and metals produced. The Mining Royalty includes a maximum limit to the total tax burden, consisting of (1) the corporate income tax paid in the respective year, (2) the Mining Royalty (both ad-valorem and MOM components) and (3) withholding taxes to which owners would be subject to upon distribution of dividends. As a result of the new Mining Royalty Bill, we expect that our effective tax rate in Chile for Mantoverde and Mantos Blancos will increase. The Mining Royalty is not expected to have an impact on Santo Domingo which has 15 years of tax stability post commencement of commercial production as a result of Decree Law No. 600.

Companies with tax stability agreements in place should be protected from the new Mining Royalty Bill. Certain investment and other criteria need to be met to maintain the tax stability agreement at Santo Domingo. This may limit or disrupt Capstone's projects, reduce financial viability of local operations, restrict the movement of funds or result in the deprivation of contract rights.

Risks in connection with the Cozamin Silver Stream Agreement with Wheaton.

The Cozamin Silver Stream Agreement is subject to pricing risk. Unexpected spikes in silver prices may result in an increase in silver credit payables compared to receivables and the use of hedging mechanisms may not be economical to reduce such risks. Capstone was required to meet certain completion requirements before December 31, 2023, under the Cozamin Silver Stream Agreement, namely, Capstone was required to construct a paste backfill plant to produce at least 105,000 cubic metres of suitable paste backfill that is used in the underground operations at Cozamin over a period of 90 consecutive days during which a completion test has been performed. The completion requirements have not been met due to a change in the mining method impacting the completion test. The parties are cooperating to update the completion test. In the event that the parties are unable to negotiate a favourable amendment to the terms of the Cozamin Silver Stream Agreement, failure to achieve the foregoing completion requirements may result in a refund to Wheaton of up to a maximum of $4.6 million.

Our operations are subject to geotechnical challenges, which could adversely impact our production and profitability.

No assurances can be given that unanticipated adverse geotechnical and hydrological conditions such as landslides, cave-ins, rock falls, slump, ground or stope failures, waste rock, leaching and tailings and water storage facility failures or releases and pit wall failures will not occur in the future or that such events will be detected in advance. Due to the age of Capstone's mines and more complex deposits; Mantos Blancos and Mantoverde operate pits and tailings facilities located in regions with potential earthquake activity; the Pinto Valley pit is becoming deeper resulting in higher pitwalls; and underground environments at the Cozamin Mine are complex, with exposure to geotechnical instabilities, hydrological impacts, and mining induced seismicity. Geotechnical instabilities can be difficult to predict and are often affected by risks and hazards outside of Capstone's control, such as seismic activity and severe weather events, which may lead to periodic floods, mudslides, wall instability or an underground collapse.

Capstone's mine sites have multiple active and inactive tailings storage facilities, including upstream raised dams and legacy facilities inherited through acquisition activities. Capstone's tailings storage facilities have been designed by professional engineering firms to meet applicable regulatory standards. Capstone continues to review and enhance existing operational practices in line with international best practices; however, no assurance can be given that adverse geotechnical and hydrological events or other adverse events will not occur in the future. There is no guarantee that Capstone's existing tailings storage facilities will be sufficient to support operational expansions in which Capstone may have to forgo future operational expansions or invest in modified or new tailings storage facilities in order to safely operate. Tailings storage facilities have the risk of failure due to extreme weather events, seismic activity or for other reasons. The failure of tailings dam facilities or other impoundments could cause severe or catastrophic environmental and property damage or loss of life. Geotechnical or tailings storage facility failures could result in the suspension of Capstone's operations, limited or restricted access to sites, government investigations, remediation costs, increased monitoring costs and other impacts, which could result in a material adverse effect on Capstone's operational results and financial position.

Labour disruptions involving Capstone employees, or the employees of its independent contractors, could affect its production levels and costs. Our operations will be adversely affected if we fail to maintain satisfactory labour relations.

Approximately 97% of employees at Mantos Blancos and 96% of employees at Mantoverde are covered by agreements with one of the labour unions with a presence at the mining operations. The labour agreement at Mantoverde was renewed at the end of 2022 and will be in effect until October 31, 2025. The labour agreement at Mantos Blancos was signed in May 2023 and will be in effect until June 30, 2026. In addition, contractors or subcontractors form a significant part of Mantos Blancos and Mantoverde workforce, making up approximately 38% of the total workforce. Pursuant to Chilean regulations, labour negotiations with a contractor's workforce are the responsibility of the relevant contractors. Mantos Blancos and Mantoverde may experience work slowdowns or disruptions in the future, whether of its own workforce or a contractor's workforce, and there can be no assurance that a work slowdown or work stoppage will not occur prior to or upon the expiration of the current long term labour agreements. In 2016, the Government of Chile promulgated an extensive labour reform law (the "**Labour Reform Law**"), which became effective in 2017. The Labour Reform Law prevents Chilean companies from hiring temporary replacements for striking employees and also prevents the replacement of striking employees with other existing employees of the company. This may have an adverse effect on Capstone's overall employment and operating costs and may increase the likelihood of business disruptions in Chile.

Approximately 424 of the hourly employees at Pinto Valley are represented by six unions, governed by one collective bargaining agreement negotiated by the United Steelworkers Union which is in effect until August 31, 2026. The Cozamin Mine has recently negotiated a collective bargaining agreement with the Sindicato Nacional de Trabajadores Mineros, Metalúrgicos, Siderúrgicos y Similares de la República Mexicana (National Union of Miners, Metalworkers, Steelworkers and Allied Workers of the Mexican Republic) as per the new Mexican requirement for all mines to be unionized. Additional groups of non-union employees may seek union representation in the future. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in jurisdictions where Capstone conducts business. Changes in such legislation or otherwise in our relationship with our employees may result in higher ongoing labour costs, employee turnover, strikes, lockouts or other work stoppages, any of which could have a material adverse effect on our business, results of operations and financial condition.

INDEPENDENT AUDITOR, TRANSFER AGENT AND REGISTRAR

The Company's auditor is Deloitte LLP, located at 410 West Georgia Street, Vancouver, British Columbia, V6B 0S7. Deloitte LLP is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

Computershare Investor Services Inc., located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, is the transfer agent and registrar of the Common Shares.

SCIENTIFIC AND TECHNICAL INFORMATION

The technical disclosure relating to the Company's mineral properties included or incorporated by reference in this Prospectus Supplement has been included or incorporated by reference in reliance on the report, valuation, statement or opinion of the persons described below.

The following persons, each a "qualified person" as defined in NI 43-101, are named as having prepared or certified a report under NI 43-101 referenced in this Prospectus Supplement, either directly or in a document incorporated by reference: (i) Gregg Bush, P.Eng.; (ii) Jenna Hardy, P.Geo., FGC; (iii) Vivienne McLennan, P.Geo.; (iv) Josh Moncrieff, P.Geo.; (v) Garth Kirkham, P.Geo., FGC; (vi) Clay Craig, P.Eng.; (vii) Klaus Triebel, CPG; (viii) Tony J. Freiman, PE; (ix) J. Todd Harvey, SME-RM; (x) Colleen Roche, P.Eng., SME-RM; (xi) Edward C. Wellman, PE, PG, CEG; (xii) Carlos Guzmán, CMC, FAusIMM; (xiii) David W. Rennie, P.Eng.; (xiv) Joyce Maycock, P.Eng.; (xv) Dr. Antonio Luraschi, CMC; (xvi) Marcial Mendoza, CMC; (xvii) Dr. Mario Bianchin, P. Geo.; (xviii) Roy Betinol, P.Eng.; (xix) Roger Amelunxen, P. Eng.; (xx) Lyn Jones, P.Eng.; (xxi) Michael J. Gingles, QP MMSA; (xxii) Tom Kerr, P.Eng.; (xxiii) Cashel Meagher, P.Geo.; (xxiv) Gustavo Tapia, RM CMC; (xxv) Ronald Turner, MAusIMM CP(Geo); (xxvi) Peter Amelunxen, P.Eng.; and (xxvii) Ali Jalbout, P.Eng., P. Geo.

LEGAL MATTERS AND INTERESTS OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Company by Blake, Cassels & Graydon LLP, on behalf of the Selling Shareholders by Torys LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. The partners and associates of Blake, Cassels & Graydon LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding securities of any class of the Company. The partners and associates of Torys LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding securities of any class of the Company. The partners and associates of Cassels Brock & Blackwell LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding securities of any class of the Company.

Cashel Meagher, Josh Moncrieff, Clay Craig, Vivienne McLennan, Colleen Roche, Klaus Triebel, Gregg Bush and Peter Amenlunxen beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

Klaus Triebel is an employee of Pinto Valley Mining Corp. and Colleen Roche is a former employee of Pinto Valley Mining Corp. Clay Craig, Vivienne McLennan and Peter Amenlunxen are employees of Capstone, Josh Moncrieff is a former employee of Capstone and Gregg Bush is a former consultant to Capstone. Cashel Meagher is our President and Chief Operating Officer.

Except as set out herein, none of the experts named in the foregoing section of this Prospectus Supplement, when or after they prepared the statement, report or valuation, has received or holds any registered or beneficial interests, direct or indirect, in any securities or other property of Capstone or of one of Capstone's associates or affiliates (based on information provided to us by the experts), or is expected to be elected, appointed or employed as a director, officer or employee of Capstone or of any of our associates or affiliates.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two business days after receipt or deemed receipt of this Prospectus Supplement relating to the securities purchased by a purchaser and any amendment thereto. In several of the provinces and territories, securities legislation further provides the purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if this Prospectus Supplement relating to the securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: February 5, 2024

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada, other than Québec.

(signed) *John MacKenzie*	(signed) *Raman S. Randhawa*
Chief Executive Officer	Chief Financial Officer

On behalf of the Board of Directors:

(signed) *Peter Meredith*	(signed) *Gordon Bell*
Director	Director

CERTIFICATE OF THE UNDERWRITERS

Dated: February 5, 2024

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada, other than Québec.

RBC DOMINION SECURITIES INC.

(signed) *Michael Scott*
Managing Director

NATIONAL BANK FINANCIAL INC.

(signed) *Elian Terner*
Managing Director & Head, Global Metals & Mining

SCOTIA CAPITAL INC.

(signed) *Brendan Spinks*
Managing Director

BMO NESBITT BURNS INC.

(signed) *Jamie Rogers*
Managing Director

CANACCORD GENUITY CORP.

(signed) *Tom Jakubowski*
Managing Director, Global Head of Metals & Mining

CIBC WORLD MARKETS INC.

(signed) *Steven Reid*
Managing Director & Global Head, Mining

CERTIFICATE OF THE SELLING SHAREHOLDERS

Dated: February 5, 2024

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada, other than Québec.

ORION FUND JV LIMITED	**ORION MINE FINANCE FUND II LP** by its general partner, **ORION MINE FINANCE GP II LP** by its general partner, **ORION MINE FINANCE GP II LIMITED**	**ORION MINE FINANCE (MASTER) FUND I-A LP** by its general partner, **ORION MINE FINANCE GP I-A LIMITED**
(signed) *Oskar Lewnowski*	(signed) *Oskar Lewnowski*	(signed) *Oskar Lewnowski*

This short form prospectus is a base shelf prospectus. This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this short form base shelf prospectus has become final and that permits the omission from this short form base shelf prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities. Notwithstanding the foregoing, delivery to purchasers of a prospectus supplement containing the omitted information is not required where an exemption from the delivery requirements under applicable securities legislation in each of the provinces and territories of Canada is available.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information contained herein is subject to completion or amendment. This short form base shelf prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Capstone Copper Corp. at 2100 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, telephone: (604) 684-8894 and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue and Secondary Offering March 1, 2023

CAPSTONE COPPER CORP.

US$750,000,000

Common Shares
Warrants
Subscription Receipts
Units
Debt Securities
Share Purchase Contracts

This short form base shelf prospectus ("**prospectus**") relates to the offering for sale from time to time, during the 25-month period that this prospectus, including any amendments hereto, remains effective, of the securities of Capstone Copper Corp. (the "**Company**", "**Capstone**", "**we**", "**us**" or "**our**") listed above in one or more series or issuances, with a total offering price of such securities, in the aggregate, of up to US$750,000,000. The securities may be offered by us or by our securityholders. The securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of the sale and set forth in an accompanying prospectus supplement.

In addition, the securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or a subsidiary of the Company. The consideration for any such acquisition may consist of any of the securities separately, a combination of securities or any combination of, among other things, securities, cash and the assumption of liabilities.

The common shares of the Company (the “**Common Shares**”) are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “CS”. On February 28, 2023, being the last complete trading day prior to the date hereof, the closing price of the Common Shares on the TSX was C$6.07. Unless otherwise specified in an applicable prospectus supplement, debt securities, subscription receipts, units, warrants and share purchase contracts will not be listed on any securities or stock exchange or on any automated dealer quotation system. **There is currently no market through which our securities, other than our Common Shares, may be sold and purchasers may not be able to resell such securities purchased under this prospectus. This may affect the pricing of our securities, other than our Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of our securities and the extent of issuer regulation. See “*Risk Factors*”.**

Acquiring our securities may subject you to tax consequences in Canada. This prospectus or any applicable prospectus supplement may not describe these tax consequences fully. You should read the tax discussion in any applicable prospectus supplement with respect to any particular offering and consult your own tax advisor with respect to your own particular circumstances.

No underwriter has been involved in the preparation of this prospectus or performed any review of the contents of this prospectus.

This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell the securities in such jurisdiction. Except where an exemption from the delivery requirements under applicable securities legislation in each of the provinces and territories of Canada is available, all applicable information permitted under securities legislation to be omitted from this prospectus that has been so omitted will be contained in one or more prospectus supplements that will be delivered to purchasers together with this prospectus. Each prospectus supplement will be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of the prospectus supplement and only for the purposes of the distribution of the securities to which the prospectus supplement pertains. You should read this prospectus and any applicable prospectus supplement carefully before you invest in any securities issued pursuant to this prospectus.

Our securities may be sold pursuant to this prospectus by us or by any selling securityholders through underwriters or dealers or directly or through agents designated from time to time at amounts and prices and other terms determined by us or any selling securityholders, including by way of an “at-the-market distribution” as defined in National Instrument 44-102 - *Shelf Distributions* (an “**ATM Distribution**”). In connection with any underwritten offering of securities, except an ATM Distribution, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the securities offered. Such transactions, if commenced, may be discontinued at any time. No underwriter of an ATM Distribution, and no person or company acting jointly or in concert with an underwriter, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the securities or securities of the same class as the securities distributed under the ATM Distribution prospectus, including selling an aggregate number or principal amount of securities that would result in the underwriter creating an over-allocation position in the securities. See “*Plan of Distribution*”.

A prospectus supplement will set out the names of any underwriters, dealers, agents, or selling securityholders involved in the sale of our securities, the amounts, if any, to be purchased by underwriters, the plan of distribution for such securities, including the net proceeds we expect to receive from the sale of such securities, if any, the amounts and prices at which such securities are sold by us or any selling securityholders and the compensation of such underwriters, dealers or agents.

Investment in the securities being offered is highly speculative and involves significant risks that you should consider before purchasing such securities. You should carefully review the risks outlined in this prospectus (including any prospectus supplement) and in the documents incorporated by reference as well as the information under the heading “*Cautionary Note Regarding Forward-Looking Statements*” and consider such risks and information in connection with an investment in the securities. See “*Risk Factors*”.

The specific terms of the securities with respect to a particular offering will be set out in one or more prospectus supplements and may include, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price and any other specific terms; (ii) in the case of warrants, the offering price, the designation, number and terms of the Common Shares or debt securities issuable upon exercise of the warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the warrants are issued and any other specific terms; (iii) in the case of subscription receipts, the number of subscription receipts being offered, the offering price, the procedures for the exchange of the subscription receipts for Common Shares, debt securities or warrants, as the case may be, and any other specific terms; (iv) in the case of debt securities, the specific designation, the aggregate principal amount, the currency or the currency unit for the debt securities being offered, the maturity, the interest provisions, the authorized denominations, the offering price, the covenants, the events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt securities are secured, affiliate-guaranteed, senior or subordinated and any other terms specific to the debt securities being offered; (v) in the case of units, the designation, number and terms of the Common Shares, warrants, subscription receipts, share purchase contracts or debt securities comprising the units; and (vi) in the case of share purchase contracts, whether the share purchase contracts obligate the holder to purchase or sell or both purchase and sell Common Shares, whether the share purchase contracts are to be prepaid or not or paid in instalments, any conditions upon which the purchase or sale will be contingent and the consequences if such conditions are not satisfied, whether the share purchase contracts are to be settled by delivery, any provisions relating to the settlement of the share purchase contracts, the date or dates on which the sale or purchase must be made and whether the share purchase contracts will be issued in fully registered or global form. Where required by statute, regulation or policy, and where securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the securities will be included in the prospectus supplement describing the securities.

Investors should rely only on the information contained in or incorporated by reference into this prospectus and any applicable prospectus supplement. We have not authorized anyone to provide investors with different information. Information contained on our website shall not be deemed to be a part of this prospectus (including any applicable prospectus supplement) or incorporated by reference herein and should not be relied upon by prospective investors for the purpose of determining whether to invest in the securities. We or any selling securityholders will not make an offer of these securities in any jurisdiction where the offer or sale is not permitted. Investors should not assume that the information contained in this prospectus is accurate as of any date other than the date on the face page of this prospectus, the date of any applicable prospectus supplement or the date of any documents incorporated by reference herein.

Giancarlo Bruno, the Company's Senior Vice President, Head of Chile, and Alison Baker, Istvan Zollei, Robert J. Gallagher and Anne Giardini, each directors of the Company, reside outside of Canada and have appointed the following agent for service of process in Canada:

Name of Person	Name and Address of Agent
Giancarlo Bruno, Alison Baker, Istvan Zollei, Robert J. Gallagher and Anne Giardini	Blakes Vancouver Services Inc., c/o Blake, Cassels & Graydon LLP, 595 Burrard Street, P.O. Box 49314, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, V7X 1L3, Canada

In addition, Carlos Guzmán, Gustavo Tapia, Ronald Turner, Joyce Maycock, Dr. Antonio Luraschi, Marcial Mendoza, Gregg Bush, Tucker Jensen, Josh Moncrieff, Humberto Preciado, Clay Craig, Tony J. Freiman, J. Todd Harvey, Colleen Roche, Klaus Triebel, Edward C. Wellman, Michael J. Gingles, Roy Betinol and Leslie Correia, each a "qualified person" under NI 43-101 (as defined below) required to file a consent with this prospectus, also reside outside of Canada.

Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, or resides outside of Canada, even if the party has appointed an agent for service of process.

Capstone's head and registered office is located at 2100 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, Canada.

All dollar amounts in this prospectus are in United States dollars, unless otherwise indicated. See "*Currency and Exchange Rate Information*".

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ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus and any applicable prospectus supplement and on the other information included in the registration statement of which this prospectus will form a part. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not making an offer to sell or seeking an offer to buy the securities offered pursuant to this prospectus in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus and any applicable prospectus supplement is accurate only as of the date on the front of such document and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this prospectus or any applicable prospectus supplement or of any sale of our securities pursuant thereto. Our business, financial condition, results of operations and prospects may have changed since those dates.

Market data and certain industry forecasts used in this prospectus and any applicable prospectus supplement, and the documents incorporated by reference in this prospectus and any applicable prospectus supplement, were obtained from market research, publicly available information and industry publications. We believe that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. We have not independently verified such information, and we do not make any representation as to the accuracy of such information.

In this prospectus and any prospectus supplement, unless stated otherwise or the context otherwise requires: (i) "**Capstone Copper**", the "**Company**", "**Capstone**", "**we**", "**our**" and "**us**" refers to Capstone Copper Corp., following completion of the Mantos Transaction (as defined below) and includes each of our direct and indirect subsidiaries, including Old Capstone as the context requires; (ii) "**Old Capstone**" or "**Capstone Mining**" refers to Capstone Mining Corp., prior to completion of the Mantos Transaction and (iii) "**Mantos Copper**" or "**Mantos**" refers to Mantos Copper (Bermuda) Limited, prior to completion of the Mantos Transaction.

PRESENTATION OF FINANCIAL INFORMATION

Our audited consolidated financial statements as at and for the years ended December 31, 2022 and 2021, and the audited consolidated financial statements of Old Capstone as at and for the years ended December 31, 2021 and 2020, which are incorporated by reference in this prospectus, are presented in U.S. dollars and have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Company cautions readers regarding forward-looking statements (as defined below) found in this prospectus (including the documents incorporated by reference herein) and in any other statement made by, or on the behalf of the Company.

Except for statements of historical fact, information contained in this prospectus and the documents incorporated by reference herein, constitutes "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "**forward-looking statements**").

Forward-looking statements relate to future events or future performance and reflect our expectations or beliefs regarding future events. Forward-looking statements include, but are not limited to, statements with respect to:

- the estimation of mineral resources and mineral reserves;
- the success of the underground paste backfill and tailing filtration projects at Cozamin (as defined below);
- the timing and cost of the construction of the paste backfill and dry stack tailings plant at Cozamin;
- the timing and success of the Jetti Resources, LLC ("**Jetti**") catalyst technology;
- the realization of mineral reserve estimates;
- the timing and amount of estimated future production;
- the costs of production and capital expenditures and reclamation;
- the budgets for exploration projects;

- the success of our mining operations;
- the continuing success of mineral exploration;
- the estimations for potential quantities and grade of inferred resources and exploration targets;
- our ability to finance future growth capital;
- environmental risks;
- unanticipated reclamation expenses and title disputes;
- the anticipated future production, costs of production, capital expenditures and reclamation of operations and development projects, including the timing and success of the Phase 2 expansion at Mantos Blancos (as defined below), the Phase 2 study at Mantoverde (as defined below) and the timing and cost of the completion of MVDP (as defined below); and
- the success of the synergies and catalysts related to the Mantoverde-Santo Domingo ("**MV-SD**") District Integration Plan.

Forward-looking statements are often, but not always, identified by the use of words such as "seeks", "anticipates", "plans", "continue", "expects", "projects", "predicts", "potential", "intends", "believes", "budget", "estimates", "forecasts", "guidance", "scheduled", "approximately", "target", or variations of such words and phrases, or describes a "goal", or states that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Statements relating to mineral resource and mineral reserve estimates are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described and mineral reserves exist in the quantities predicted or estimated or that it will be commercially viable to produce any portion of such resources.

Forward-looking statements are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made, including among the assumptions set out in this prospectus and the documents incorporated by reference. Many of these assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, and other factors that are not within the control of the Company and could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements.

In addition, the potential effects of the COVID-19 pandemic on our business and operations are unknown at this time, including Capstone's ability to manage challenges and restrictions arising from COVID-19 in the communities in which Capstone operates and our ability to continue to safely operate and to safely return our business to normal operations. The impact of COVID-19 to Capstone is dependent on a number of factors outside of our control and knowledge, including the effectiveness of the measures taken by public health and governmental authorities to combat the spread of the disease, global economic uncertainties and outlook due to the disease, supply chain delays resulting in lack of availability of supplies, goods and equipment, and evolving restrictions relating to mining activities and to travel in certain jurisdictions in which we operate.

The forward-looking statements in this prospectus (including the documents incorporated by reference herein) are necessarily based upon a number of estimates and assumptions that, while are considered reasonably by the Company as at the date such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Capstone has based these forward-looking statements on the Company's current expectations and projections about future events. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, amongst others, risks related to:

- inherent hazards associated with mining operations;
- global crises and pandemics;
- future prices of copper and other metals;
- integrating the operations, technologies and personnel of Capstone Mining Corp. ("**Old Capstone**" or "**Capstone Mining**") and Mantos Copper (Bermuda) Limited ("**Mantos**" or "**Mantos Copper**");
- operating in foreign jurisdictions with risk of changes to governmental regulation or community interest;
- adoption of a mining royalty tax;

- geotechnical challenges;
- completion requirements for the silver stream agreement for the production of silver from Cozamin between Old Capstone and Wheaton Precious Metals Corp. ("**Wheaton**") dated February 19, 2021 (the "**Cozamin Silver Stream Agreement**");
- completion requirements for the precious metals purchase agreement for the production of gold from the Santo Domingo Project (as defined below) between Old Capstone and Wheaton dated March 25, 2021 (the "**Santo Domingo Gold Stream Agreement**");
- compliance with financial covenants for project financing;
- surety bonding including Old Capstone and Capstone each being an Indemnitor for Minto Metals Corp. ("**Minto**") surety bond obligations in the Yukon;
- dependence on the availability of water;
- compliance with financial covenants;
- our ability to raise capital;
- concentrate sales offtake agreements and counterparty risk;
- market access restrictions or tariffs;
- foreign currency exchange rate fluctuations;
- changes in general economic conditions;
- increased operating and capital costs;
- uncertainties and risks related to the costs, timing and complexities of developing Capstone's projects;
- reliance on approvals, licenses and permits from governmental authorities;
- accuracy of mineral resource and mineral reserve estimates;
- exploration results;
- challenges to title to our mineral properties;
- compliance with governmental regulations;
- climate change and its impact on climatic conditions on our operations and projects;
- changes in climate change regulatory regime;
- compliance with environmental laws and regulations;
- ability to recruit and retain qualified personnel;
- land reclamation and mine closure obligations;
- uncertainties and risks related to the Mantos Blancos Concentrator Debottlenecking Project ("**MB-CDP**") and the Mantoverde Development Project ("**MVDP**");
- uncertainties and risks related to the MV-SD District Integration Plan;
- uncertainties and risks related to the potential development of the Santo Domingo Project;
- reliance on infrastructure being adequate and available;
- our ability to acquire properties for growth;
- dependence on key management personnel;
- potential conflicts of interest involving our directors and officers;
- corruption and bribery;
- limitations inherent in our insurance coverage;
- labour relations;
- cybersecurity threats;
- competition in the mining industry;
- indemnities to BHP Copper Co. ("**BHP Copper**");
- risks associated with joint venture partners or relations with non-controlling shareholders;
- our ability to integrate new acquisitions into our operations;
- security and violence;
- reputational risk;
- legal proceedings;
- the volatility of the price of the Common Shares;
- the uncertainty of maintaining a liquid trading market for the Common Shares;
- risks related to dilution to existing shareholders if stock options or other convertible securities are exercised;
- the history of the Company with respect to not paying dividends and anticipation of not paying dividends in the foreseeable future;

- risks related to the Company's use of proceeds from the sale of its securities;
- sales of Common Shares by existing shareholders can reduce trading prices; and
- the concentration of share ownership of Capstone.

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Although the Company has attempted to identify important factors that could cause actual actions, events, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this prospectus under the heading "*Risk Factors*" and in the Company's AIF (as defined below). Accordingly, readers and investors should not place undue reliance on forward-looking statements. The Company does not intend to update forward-looking statements, except as required by law.

CAUTIONARY NOTE REGARDING MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

Unless otherwise indicated, all mineral reserve and mineral resource estimates included in this prospectus and the documents incorporated by reference herein have been prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "**CIM**") – CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended (the "**CIM Standards**"). NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with NI 43-101 and the CIM Standards. In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in accordance with NI 43-101 and the CIM Standards. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into mineral reserves. "Inferred mineral resources" have a great amount of uncertainty as to their economic and legal feasibility. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre–feasibility studies, except in very limited circumstances. Investors are cautioned not to assume that all or any part of an inferred mineral resource is economically or legally mineable.

The mineral resource and mineral reserve figures referred to in this prospectus and the documents incorporated therein by reference are estimates and no assurances can be given that the indicated levels of copper, gold and silver will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Any inaccuracy or future reduction in such estimates could have a material adverse impact on the Company.

CAUTIONARY NOTE TO UNITED STATES INVESTORS REGARDING PRESENTATION OF MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

As a British Columbia corporation and a "reporting issuer" under Canadian securities laws, we are required to provide disclosure regarding our mineral properties in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. In accordance with NI 43-101, we use the terms mineral reserves and resources as they are defined in accordance with the CIM Standards. In particular, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" used in this prospectus and the documents incorporated by reference herein and therein, are Canadian mining terms defined in accordance with CIM Standards. These definitions differ from the definitions in the disclosure requirements promulgated by the U.S. Securities and Exchange Commission ("**SEC**"). Accordingly, information contained in this prospectus and the documents incorporated by reference herein may not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

United States investors are also cautioned that while the SEC will now recognize "measured mineral resources", "indicated mineral resources" and "inferred mineral resources", mineralization described using these terms has a greater amount of uncertainty as to their feasibility than mineralization that has been characterized as reserves. Accordingly, investors are cautioned not to assume that any "measured mineral resources", "indicated mineral resources", or "inferred mineral resources" that we report are or will be economically or legally mineable. In accordance with Canadian rules, estimates of "inferred mineral resources" cannot form the basis of feasibility or other economic studies, except in limited circumstances where permitted under NI 43-101.

CURRENCY AND EXCHANGE RATE INFORMATION

In this prospectus and any prospectus supplement, all references to "$", "US$" or "dollars" are expressed in United States dollars, unless otherwise indicated. References to "C$" are to Canadian dollars, references to "MX$" are to Mexican pesos and references to "CLP$" are to Chilean pesos.

The following table sets forth for the U.S. dollar exchange rates for our principal operating currencies, the high and low exchange rates during each period and the average of the exchange rates on the last day of each month during each period.

	Years ended December 31,		
	2022	**2021**	**2020**
Canadian dollar (C$)(1)			
Average	1.3019	1.2537	1.3409
High	1.3885	1.2838	1.4555
Low	1.2477	1.2043	1.2717
Mexican peso (MX$)(2)			
Average	20.1079	20.2858	21.4877
High	21.3764	21.9234	25.0599
Low	19.1509	19.5048	18.5415
Chilean peso (CLP$)(3)			
Average	873.39	760.35	791.59
High	1,048.50	875.21	867.95
Low	778.10	649.81	710.50

(1) Information on US$ to C$ exchange rates obtained from Bloomberg.
(2) Information on US$ to MX$ exchange rates obtained from Bloomberg.
(3) Information on US$ to CLP$ exchange rates obtained from Bloomberg.

On February 28, 2023, the daily average exchange rate published by the Bank of Canada was $1.00 equals C$1.3592, the exchange rate published by the Bank of Mexico was $1.00 equals MX$18.3541 and the exchange rate published by the Central Bank of Chile was $1.00 equals CLP$829.3862. The Canadian/U.S. dollar, the Mexican Peso/U.S. dollar and Chilean Peso/U.S. dollar exchange rates have each varied significantly over the last several years and investors are cautioned that the exchange rates presented here are historical and are not indicative of future exchange rates.

CONVERSION TABLE

In this prospectus, metric units are used with respect to Capstone's mineral properties, unless otherwise indicated. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table set out below.

Imperial Measure	=	Metric Unit	Metric Unit	=	Imperial Measure
2.47 acres		1 hectare	0.4047 hectares		1 acre
3.28 feet		1 metre	0.3048 metres		1 foot
0.62 miles		1 kilometre	1.609 kilometres		1 mile
0.032 ounces (troy)		1 gram	31.1 grams		1 ounce (troy)
1.102 tons (short)		1 tonne	0.907 tonnes		1 ton
0.029 ounces (troy)/ton		1 gram/tonne	34.28 grams/tonne		1 ounce (troy)/ton

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at 2100 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, Canada telephone (604) 684-8894 and are also available electronically under the Company's profile on SEDAR at www.sedar.com. The Company's filings through SEDAR are not incorporated by reference in the prospectus except as specifically set out herein.

The following documents, filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this prospectus:

(a) our annual information form dated December 19, 2022 for the year ended December 31, 2021 (the "**AIF**");

(b) our audited consolidated financial statements as at and for the years ended December 31, 2022 and 2021;

(c) our management's discussion and analysis of our financial position and operating results for the year ended December 31, 2022;

(d) the audited consolidated financial statements of Old Capstone as at and for the years ended December 31, 2021 and 2020;

(e) the management's discussion and analysis of the financial position and operating results of Old Capstone for the year ended December 31, 2021; and

(f) the following material change reports of the Company filed since December 31, 2021, the end of the financial year in respect of which the AIF was filed:

  (i) dated March 29, 2022, announcing the successful completion of the previously announced transaction combining Mantos and Old Capstone, pursuant to which Old Capstone became a wholly-owned subsidiary of Mantos (the "**Mantos Transaction**"); and

  (ii) dated May 20, 2022, announcing that Old Capstone had entered into a fourth amended and restated credit agreement dated May 12, 2022, which restated the existing third amended and restated credit agreement (as amended or amended and restated, the "**Credit Agreement**").

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by the Company with a securities commission or similar authority in any province or territory of Canada subsequent to the date of this prospectus and prior to the expiry of this prospectus, or the completion of the issuance of securities pursuant hereto, will be deemed to be incorporated by reference into this prospectus.

A prospectus supplement containing the specific terms of any offering of our securities will be delivered to purchasers of our securities together with this prospectus and will be deemed to be incorporated by reference in this prospectus as of the date of the prospectus supplement and only for the purposes of the offering of our securities to which that prospectus supplement pertains.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, in any prospectus supplement hereto or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Any template version of any "marketing materials" (as such term is defined in NI 44-101 – *Short Form Prospectus Distributions*) filed after the date of a prospectus supplement and before the termination of the distribution of the securities offered pursuant to such prospectus supplement (together with this prospectus) is deemed to be incorporated by reference in such prospectus supplement.

Upon our filing of a new annual information form and the related annual financial statements and management's discussion and analysis with applicable securities regulatory authorities during the currency of this prospectus, the previous annual information form, the previous annual financial statements and management's discussion and analysis and all interim financial statements, material change reports and information circulars filed prior to the commencement of our financial year in which the new annual information form is filed will be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of our securities under this prospectus. Upon interim consolidated financial statements and the accompanying management's discussion and analysis being filed by us with the applicable securities regulatory authorities during the duration of this prospectus, all interim consolidated financial statements and the accompanying management's discussion and analysis filed prior to the new interim consolidated financial statements shall be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of securities under this prospectus.

References to our website in any documents that are incorporated by reference into this prospectus do not incorporate by reference the information on such website into this prospectus, and we disclaim any such incorporation by reference.

THE COMPANY

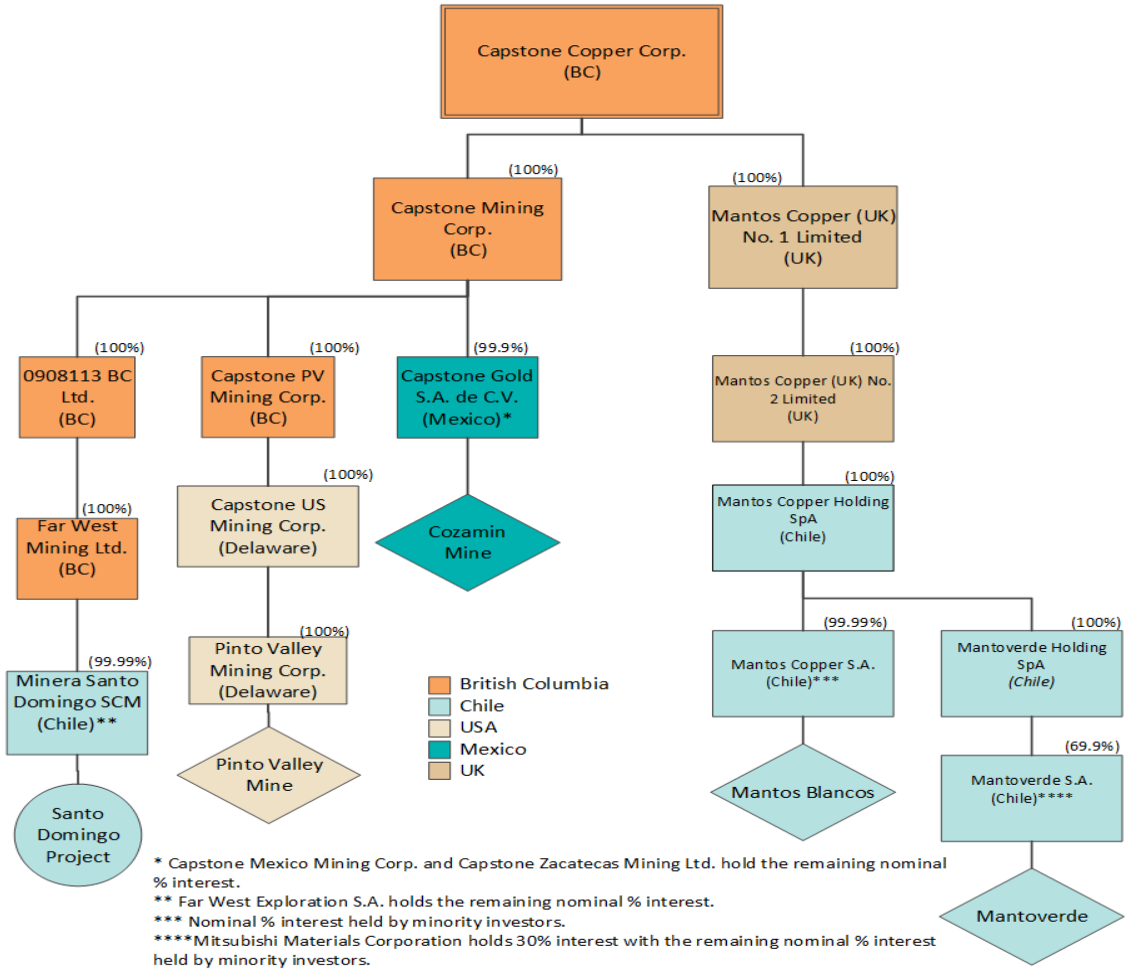
The following description of the Company is, in some instances, derived from selected information about us contained in the documents incorporated by reference into this prospectus. This description does not contain all of the information about us and our properties and business that you should consider before investing in any securities. You should carefully read the entire prospectus and the applicable prospectus supplement, including the section entitled "Risk Factors", as well as the documents incorporated by reference into this prospectus and the applicable prospectus supplement, before making an investment decision.

Name, Address and Incorporation

Capstone is governed by the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). Capstone's head and registered office is located at 2100 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, Canada.

Intercorporate Relationships

The following chart describes the intercorporate relationships amongst Capstone's material subsidiaries and the percentage of voting securities held by Capstone, either directly or indirectly, as the date of the AIF, and the jurisdiction of incorporation, formation, continuation or organization of each subsidiary:



Summary Description of the Business

Capstone is an Americas-focused copper mining company headquartered in Vancouver, Canada. We own and operate the Pinto Valley copper mine located in Arizona, USA, the Cozamin copper-silver mine located in Zacatecas, Mexico, the Mantos Blancos copper-silver mine located in the Antofagasta region, Chile, and 70% of the Mantoverde copper-gold mine, located in the Atacama region, Chile. In addition, we own the fully permitted Santo Domingo copper-gold project, located approximately 30 kilometres northeast of Mantoverde in the Atacama region, Chile, as well as a portfolio of exploration properties in the Americas.

Capstone's strategy is to grow copper production while executing on cost and operational improvements through innovation, optimization and safe and responsible production throughout our portfolio of assets. We focus on profitability and disciplined capital allocation to surface stakeholder value. We are committed to creating a positive impact in the lives of our people and local communities, while delivering compelling returns to investors by sustainably producing copper to meet the world's growing needs.

Capstone’s material mineral properties consist of:

- Pinto Valley mine, an open-pit, copper mine located in Arizona, US (“**Pinto Valley**” or the “**Pinto Valley Mine**”);

- Cozamin mine, an underground, copper-silver mine located in the State of Zacatecas, Mexico (“**Cozamin**” or the “**Cozamin Mine**”);

- Mantos Blancos mine, a copper-silver mine located in Antofagasta region, Chile (“**Mantos Blancos**” or the “**Mantos Blancos Mine**”);

- 70% of the Mantoverde copper-gold mine, located in the Atacama region, Chile (“**Mantoverde**” or the “**Mantoverde Mine**”); and

- the large-scale copper-iron-gold-cobalt Santo Domingo development project in the Atacama Region, Chile (“**Santo Domingo**” or the “**Santo Domingo Project**”).

In addition to ongoing exploration at our operations aimed at increasing mine life, we have a portfolio of early-stage, base metals exploration projects and are actively pursuing additional exploration opportunities through staking and acquiring properties under the earn-in and/or joint venture models.

Capstone’s principal product is copper (in concentrate as well as copper cathode), with silver, zinc and other metals produced as by-products.

Further information regarding the business of the Company, its operations and its mineral properties can be found in the AIF and the documents incorporated by reference into this prospectus. See *“Documents Incorporated by Reference”*.

Recent Developments

Since the date of the AIF, there have been no recent developments.

Material Mineral Properties

Cozamin Mine (Mexico)

The Cozamin Mine is the subject of a report entitled “*NI 43-101 Technical Report on the Cozamin Mine, Zacatecas, Mexico*” dated March 11, 2021 with an effective date of October 31, 2020 (the “**Cozamin Report**”). The Cozamin Report is authored by: (i) Gregg Bush, P.Eng. former Senior Vice President and Chief Operating Officer of Old Capstone; (ii) Leslie Correia, Pr. Eng., Paterson & Cooke Canada Inc.; (iii) Jenna Hardy, P.Geo., FGC, Nimbus Management Ltd.; (iv) Tucker Jensen, P.Eng., Old Capstone; (v) Darren Kennard, P.Eng., Golder Associates Ltd.; (vi) Garth Kirkham, P.Geo., FGC, Kirkham Geosystems Ltd.; (vii) Chris Martin, CEng MIMMM, Blue Coast Metallurgy Ltd.; (viii) Vivienne McLennan, P.Geo., Old Capstone; (ix) Josh Moncrieff, P.Geo., Old Capstone; and (x) Humberto Preciado, PhD, P.E., Wood Environment & Infrastructure Solutions, Inc., each a Qualified Person as defined by NI 43-101. Reference should be made to the full text of this report, which is available in its entirety on SEDAR at www.sedar.com under Capstone’s profile. For greater certainty, the Cozamin Report is not incorporated by reference herein.

Further information regarding the Cozamin Mine can be found in the AIF.

Santo Domingo (Chile)

Santo Domingo is the subject of a report entitled “*Santo Domingo Project, Region III, Chile, NI 43-101 Technical Report*” (the “**Santo Domingo Technical Report**”) effective February 19, 2020. The Santo Domingo Technical Report is authored by: (i) Joyce Maycock, P.Eng., Amec Foster Wheeler Ingeniería y Construcción Ltda (doing business as Wood) ("**Wood**"); (ii) Dr. Antonio Luraschi, CMC, Wood, (iii) Marcial Mendoza, CMC, Wood; (iv) Dr. Mario Bianchin, P.Geo., Wood Canada Limited; (v) David Rennie, P.Eng., Roscoe Postle Associates Inc.; (vi) Carlos Guzmán, CMC, FAusIMM, NCL Ingeniería y Construcción SpA ("**NCL**"); (vii) Roger Amelunxen, P. Eng., Amelunxen Mineral Processing Ltd.; (viii) Michael J. Gingles, QP MMSA, Sunrise Americas LLC; (ix) Tom Kerr, P.Eng., P.E., Knight Piésold Ltd.; (x) Roy Betinol, P.Eng., BRASS Chile SA; and (xi) Lyn Jones, P.Eng., M.Plan International, each an independent Qualified Person as defined in NI 43-101, and (xii) Gregg Bush, P.Eng., former Senior Vice President and Chief Operating Officer and therefore a non-independent consulting engineer. Reference should be made to the full text of this report which is available in its entirety on SEDAR at www.sedar.com under Capstone's profile. For greater certainty, the Santo Domingo Technical Report is not incorporated by reference herein.

Further information regarding Santo Domingo can be found in the AIF.

Pinto Valley Mine (US)

The Pinto Valley Mine is the subject of a report entitled "*NI 43-101 Technical Report on the Pinto Valley Mine, Arizona, USA*" dated June 11, 2021 with an effective date of March 31, 2021 (the "**Pinto Valley Technical Report**"). The Pinto Valley Technical Report is authored by: (i) Clay Craig, P.Eng., Manager, Mining and Evaluations, Old Capstone; (ii) Tony J. Freiman, PE, Wood, Environment & Infrastructure Solutions, Inc.; (iii) J. Todd Harvey, SME-RM, Global Resource Engineering, Ltd.; (iv) Garth Kirkham, P.Geo., FGC, Kirkham Geosystems Ltd.; (v) Colleen Roche, P. Eng., Operations Support Manager, Old Capstone; (vi) Klaus Triebel, CPG, Chief Resource Modeler, Old Capstone; and (vii) Edward C. Wellman, PE, PG, CEG, Independent Geomechanics LLC, each a Qualified Person as defined by NI 43-101. Reference should be made to the full text of this report which is available in its entirety on SEDAR at www.sedar.com under Capstone's profile. For greater certainty, the Pinto Valley Technical Report is not incorporated by reference herein.

Further information regarding the Pinto Valley Mine can be found in the AIF.

Mantos Blancos (Chile)

Mantos Blancos is the subject of a report entitled "*Mantos Blancos Mine NI 43-101 Technical Report, Antofogasta / Región de Antofagasta, Chile*" dated January 5, 2022 with an effective date of November 29, 2021 (the "**Mantos Blancos Report**"). The Mantos Blancos Report is authored by: (i) Carlos Guzmán, RM CMC, FAusIMM, Principal and Project Director of NCL; (ii) Gustavo Tapia, RM CMC, Metallurgical and Process Consultant of GT Metallurgy; and (iii) Ronald Turner, MAusIMM CP(Geo), Golder Associates S.A., each a Qualified Person as defined by NI 43-101. Reference should be made to the full text of this report, which is available in its entirety on SEDAR at www.sedar.com under Capstone's profile. For greater certainty, the Mantos Blancos Report is not incorporated by reference herein.

Further information regarding Mantos Blancos can be found in the AIF.

Mantoverde (Chile)

Mantoverde is the subject of a report entitled "*Mantoverde Mine and Mantoverde Development Project NI 43-101 Technical Report Chañaral / Región de Atacama, Chile*" dated January 5, 2022 with an effective date of November 29, 2021 (the "**Mantoverde Report**"). The Mantoverde Report is authored by: (i) Carlos Guzmán, RM CMC, FAusIMM, Principal and Project Director of NCL; (ii) Gustavo Tapia, RM CMC, Metallurgical and Process Consultant of GT Metallurgy; and (iii) Ronald Turner, MAusIMM CP(Geo), Golder Associates Ltd., each a Qualified Person as defined by NI 43-101. Reference should be made to the full text of this report, which is available in its entirety on SEDAR at www.sedar.com under Capstone's profile. For greater certainty, the Mantoverde Report is not incorporated by reference herein.

Further information regarding Mantoverde can be found in the AIF.

RISK FACTORS

Investing in our securities is speculative and involves a high degree of risk due to the nature of our business which includes acquisition, divestitures, financing, exploration, development, construction and operation of mining properties. Investors should carefully consider the risks and uncertainties described below and all of the information contained in this prospectus and the documents incorporated by reference herein before deciding whether to invest in our securities. The following risk factors, as well as risks currently unknown to us, could materially and adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company, or its business, property or financial results, each of which could cause purchasers of our securities to lose part or all of their investment. The risks and uncertainties set out below are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and prospects. You should also refer to the other information set forth or incorporated by reference in this prospectus or any applicable prospectus supplement, including our AIF, annual and interim financial statements, and the related notes, as well as our annual and interim management's discussion and analysis. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See "Cautionary Notice Regarding Forward-Looking Statements" **A prospective investor should carefully consider the risk factors set out below along with the other matters set out or incorporated by reference in this prospectus.**

Mining is inherently dangerous and subject to conditions or events beyond Capstone's control.

Capstone's operations are subject to all the hazards and risks normally encountered in the exploration, development, construction, care and maintenance activities and production of copper and other metals, including, without limitation, workplace accidents, fires, wildfires, power outages, labour disruptions, port blockages, flooding, mudslides, explosions, cave-ins, landslides, ground or stope failures, tailings dam failures and other geotechnical instabilities, weather events, seismic events or major earthquakes, tsunamis, access to water, equipment failure or structural failure, metallurgical and other processing problems and other conditions involved in the mining and processing of minerals, any of which could result in damage to, or destruction of, our mines, mineral properties, plants and equipment, multiple personal injuries or loss of life, environmental damage to surrounding land, vegetation other biological and water resources, delays in mining, increased production costs, asset write-downs, monetary losses, legal liability and governmental action. Our mines have large tailings dams which could fail as a result of extreme weather events, seismic activity, or for other reasons. The occurrence of any of these events could result in a prolonged interruption in our operations, increased costs for asset protection or care and maintenance activities that would have a material adverse effect on our business, financial condition, results of operations and prospects. The occurrence of one of more of these events could have a long-term impact on our employee's morale, our reputation, and result in greater regulatory scrutiny and loss of or delays in obtaining licenses to operate.

Our operations are reliant on infrastructure including but not limited to water sources, public roadways, power and transmission facilities, warehouses, and ports. Wildfires and inclement weather conditions, whether occurring at our sites, adjacent lands, or supplier and downstream sites, may impact our ability to operate, transport or access and supply sites, and increase overall costs or impact Capstone's financial performance. In severe circumstances, civil authorities may impose evacuation orders. Our sites in Chile, Arizona and Mexico are subject to drought conditions and create a higher exposure to wildfire or man-made fire risk.

Pandemics or other public health crises, including the novel coronavirus (COVID-19), could adversely affect our operations, development projects and financial position.

The outbreak of COVID-19, and the future emergence and spread of a similar or other infectious diseases and viruses, could have a material adverse effect on global economic conditions and adversely impact our business and operations, as well as the operations of our suppliers and service providers, and impact the demand for copper or base metal prices.

The global effects of the outbreak of the COVID-19 virus are still evolving and could have a material effect on Capstone's overall financial health currently, and in the future, including but not limited to impacts to revenue, earnings and cash flows, increased volatility in financial markets and foreign currency exchange rates. The effects could have a negative impact on copper prices and cause governmental actions to contain the outbreak which may impact our ability to transport or market our concentrate or cause disruptions in our supply chains or interruption of production.

Disruptions in the supply chain for critical components for operations or critical equipment and materials for our construction projects may cause operational and project delays which are outside of Capstone's control.

A material spread of COVID-19 or other pathogens of infectious diseases in jurisdictions where we operate could impact our ability to staff operations or cause governmental action to order a suspension of production including but not limited to a subsequent Federal or State Decree for the suspension of mining operations in Mexico or Zacatecas, or a suspension of mining or other activities in the United States or Chile. A reduction in production or other COVID-19 related impacts, including but not limited to, low copper prices could cause us to defer strategic projects or operational plans in order to preserve cash flows. An outbreak of the COVID-19 or other infectious diseases at our operations could cause reputational harm and negatively impact our social licence to operate. This could negatively impact our share price. An outbreak in jurisdictions that we operate in could cause governmental agencies to close for prolonged periods of time causing delays in regulatory permitting processes. The overall global effects, indirect or direct, could cause any of our surety providers to cancel our bonds or call for alternative security including Minto for which Old Capstone and Capstone are each an Indemnitor.

During the pandemic, there has been a significant increase in cybersecurity and other information technology risks due to increased fraudulent activity and the increased number of employees working remotely.

A global pandemic could cause temporary closure of businesses in regions that are significantly impacted by health crises, or cause governments to take preventative measures such as the closure of points of entry, including ports and borders. Any government restrictive measures along with market uncertainty could cause an economic slowdown resulting in a decrease in the demand for copper and have a negative impact on base metal prices.

Changes in the market price of copper and other metals could negatively affect the profitability of the Company's operations and financial condition and negatively impact mineral reserve estimations or render our business, or part thereof, no longer economically viable.

Capstone's business is largely concentrated in the copper mining industry, and as such our profitability will be sensitive to changes in, and our performance will depend, to a greater extent, on the overall condition of the copper mining industry. The commercial viability of Capstone's properties and Capstone's ability to sustain operations is dependent on, amongst other things, the market price of copper, zinc, iron, gold, and silver. Depending on the expected price for any minerals produced, Capstone may determine that it is impractical to continue commercial production at the Mantos Blancos Mine, Mantoverde Mine, Pinto Valley Mine or the Cozamin Mine, or to develop the Santo Domingo Project. A reduction in the market price of copper, zinc, gold, silver, or iron may prevent Capstone's properties from being economically mined or result in the write-down of assets whose value is impaired as a result of low metals prices.

The market price of copper, zinc, iron, gold, and silver is volatile and is impacted by numerous factors beyond Capstone's control, including, amongst others:

- the supply/demand balance for any given metal;
- international economic and political conditions;
- tariffs or taxes imposed by governments;
- expectations of inflation or deflation;
- international currency exchange rates;
- interest rates;
- global or regional consumptive patterns;
- speculative activities;
- global or regional crises or breakout and spread of contagious illnesses or diseases;
- increased production due to new mine developments;
- decreased production due to mine closures;
- improved mining and production methods;

- availability and costs of metal substitutes;
- new technologies that use other materials in place of our products;
- metal stock levels maintained by producers and others; and
- inventory carry costs.

The effect of these factors on the price of base and precious metals cannot be accurately predicted and there can be no assurance that the market price of these metals will remain at current levels or that such prices will improve. A decrease in the market price of copper, zinc, iron, gold, or silver would affect the profitability of the Mantos Blancos Mine, Mantoverde Mine, Pinto Valley Mine and the Cozamin Mine and viability of the Santo Domingo Project, and could affect Capstone's ability to finance the exploration and development of our other properties and projects, which would have a material adverse effect on Capstone's business, financial condition, results of operations and prospects. Within this industry context, the Company's strategy is to maintain a cost structure that will allow it to achieve adequate levels of cash flow during the low point in the copper price cycle. Circumstances may arise, however, where increased certainty of cash flows is considered more important to long term value creation than providing investors short term exposure to the volatility of metal prices. In these circumstances, the Company may elect to fix prices within a contractual quotational period and/or to lock in future prices, interest or foreign exchange rates through the variety of financial derivative instruments available. Capstone has hedging agreements in place, particularly with respect to production at Mantoverde in connection with the MVDP. There are risks associated with programs to fix prices or rates including, amongst other things, the risk that the counter party will not be able to meet their obligations, the risk of opportunity losses in the event of declining interest rates, an increase in the world price of the commodity, the possibility that rising operating costs or a significant production interruption event, will make delivery into hedged positions or off-take agreements uneconomic.

We face challenges associated with integrating the operations, technologies and personnel of Old Capstone and Mantos.

The success of Capstone will depend in large part on the success of management of Capstone in integrating the operations, technologies and personnel of Capstone with those of Mantos. The failure to successfully achieve such integration could impair the results of operations, profitability and financial results of Capstone. The overall integration of the operations, technologies and personnel may also result in unanticipated operational problems, expenses, liabilities and diversion of management's time and attention. No assurances can be made that the Company was aware of all the liabilities of the combined assets.

We face added risks and uncertainties of operating in foreign jurisdictions, including changes in regulation and policy, and community interest or opposition.

Capstone's business operates in a number of foreign countries where there are added risks and uncertainties due to the different economic, cultural and political environments. Our mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry. Changes in governmental leadership in the US, Chile, and Mexico, could impact Capstone's operations and local societal conditions. There may be additional risks and uncertainties following Chilean Presidential, Chamber and Senate elections. The President and the renovated Congress elected on November 21, 2021, took office on March 11, 2022. The Senate holds a 50/50 balance between right and left wing Senators. Although the government's legislative agenda is not yet fully known, it is known to include a tax reform as a priority. Additionally, as a response to the civil unrest in Chile, a referendum for a new Constitution is in progress and may result in a change to the Chilean political regime and mining related regulations including, but not limited to, changes to royalty structures and environmental and community protection requirements. On September 4, 2022, the newly proposed constitution was rejected by Chileans. Discussions within Congress are still underway to determine next steps. As a result, the next 12 months will be important in determining whether the constitutional process will lead to further uncertainty and instability and Capstone cannot give assurance that future political developments in Chile will not adversely affect its business, results of operations or financial condition.

Other risks of foreign operations include political or social and civil unrest, labour disputes and unrest, invalidation of governmental orders and permits, corruption, organized crime, theft, sabotage, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries including nationalization of mines, government action or inaction on climate change, trade disputes, foreign taxation, royalties, price controls, delays in obtaining or renewing or the inability to obtain or renew necessary environmental permits, opposition to mining from local communities and environmental or other non-governmental organizations, social perception impacting our social licence to operate, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. Local economic conditions, including but not limited to higher incidences of criminal activity and violence in areas, such as Mexico and Chile, can also adversely affect the security of our people, operations and the availability of supplies. Mexico and Chile are subject to increasing occurrences of theft of copper concentrates and cathodes. Capstone may experience theft of its products which may impact our financial results. Capstone may encounter social and community issues including but not limited to public expression against our activities, protests, road blockages, work stoppages, or other forms of expression, which may have a negative impact on our reputation and operations or projects. Opposition to our mining activities by local landowners, the ejidos, communities, or activist groups may cause significant delays or increased costs to operations, and the advancement of exploration or development projects, and could require Capstone to enter into agreements with such groups or local governments.

In addition, risks of operations in Mexico include extreme fluctuations in currency exchange rates, high rates of inflation, significant changes in laws and regulations including but not limited to tax and royalty regulations, labor regimes, failures of security, policing and justice systems, corruption, and incidents such as hostage taking and expropriation. There are uncertainties regarding Mexico's approved 2022 Economic Package and Tax Reform, that may have an impact on Cozamin's operations and profitability. These risks in Mexico and Chile may limit or disrupt Capstone's projects, reduce financial viability of local operations, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

There can be no assurance that changes in the government, including but not limited to the change in the federal administration of the United States, or laws or changes in the regulatory environment for mining companies or for non-domiciled companies will not be made that would adversely affect Capstone's business, financial condition, results of operation and prospects. There are uncertainties related to President Biden's Made in America Tax Plan which proposes corporate tax reforms that may increase Pinto Valley's future tax obligations.

Differences in interpretation or application of tax laws and regulations or accounting policies and rules and Capstone's application of those tax laws and regulations or accounting policies and rules where the tax impact to the Company is materially different than contemplated may occur and adversely affect Capstone's business, financial condition, results of operation and prospects, including, but not limited to, carbon emissions taxes. There are uncertainties about the application of the new carbon emissions tax in Chile to Capstone's operations. Capstone is subject to a multitude of taxation regimes and any changes in law, policy or interpretation of law, policy may be difficult to react to in an efficient manner.

The maintenance and fostering of strong community relationships is integral to the success of Capstone's operations. Failure to manage relationships with local communities, government and non-governmental organizations may adversely affect Capstone's reputation, as well as its ability to bring projects into production, which could in turn adversely affect its business, results of operations or financial condition, potentially in a material manner.

Failure to recognize, respond and align to changing regulatory and stakeholder expectations and requirements regarding issues such as environment, social and governance matters, particularly linked to climate change, tailings dams and carbon emissions, could affect Capstone's growth opportunities and its future revenues and cash flows. Stakeholder requirements and expectations continue to evolve, and different stakeholder groups may have varying opposing requirements and expectations of Capstone.

The potential adoption of a mining royalty tax in Chile could adversely affect Capstone's operations.

In late October 2022, an amended legislative proposal was re-introduced that, if implemented as proposed, would affect mining entities with sales of 50,000 metric tonnes of fine copper, or the equivalent substance converted into metric tonnes of fine copper and had two components. The first component is an ad valorem tax of 1% for companies that produce more than 50,000 and would not be assessed if operating margins are negative. The second component is a rate between 8% and 26% on the operational margin after depreciation.

The proposal will need approval from both the Lower House and Senate and as such, the final form and timing of adoption of the mining royalty bill is still unknown. If adopted and enacted, the proposed royalty bill may have an impact on Mantos Blancos, Mantoverde and Santo Domingo's operations and profitability and would have significant negative implications for future investment in the Chilean copper industry more broadly, reducing the attractiveness of new copper projects. Companies with tax stability agreements in place should be protected from the potential new royalty bill. Capstone retains a tax stability agreement at Santo Domingo with respect to mining royalties which becomes effective post commercial production for a period of 15 years. Certain investment and other criteria need to be met to maintain the tax stability agreement. This may limit or disrupt Capstone's projects, reduce financial viability of local operations, restrict the movement of funds or result in the deprivation of contract rights.

Our operations are subject to geotechnical challenges, which could adversely impact our production and profitability.

No assurances can be given that unanticipated adverse geotechnical and hydrological conditions such as landslides, cave-ins, rock falls, slump, ground or stope failures, leaching and tailings storage facility failures or releases and pit wall failures will not occur in the future or that such events will be detected in advance. Due to the age of our mines and more complex deposits; Capstone's Mantos Blancos Mine and Mantoverde Mine operate pits and tailings facilities located in regions with potential earthquake activity; the Pinto Valley Mine pit is becoming deeper resulting in higher pitwalls; and underground environments at Cozamin Mine are becoming more complex, potentially increasing the exposure to geotechnical instabilities, hydrological impacts, and mining induced seismicity. Geotechnical instabilities can be difficult to predict and are often affected by risks and hazards outside of Capstone's control, such as seismic activity and severe weather events, which may lead to periodic floods, mudslides, wall instability or an underground collapse.

Capstone's mine sites have multiple active and inactive tailings storage facilities, including upstream raised dams and legacy facilities inherited through acquisition activities. Our tailings storage facilities have been designed by professional engineering firms to meet applicable regulatory standards. Capstone continues to review and enhance existing operational practices in line with international best practices; however, no assurance can be given that adverse geotechnical and hydrological events or other adverse events will not occur in the future. There is no guarantee that our existing tailings storage facilities will be sufficient to support operational expansions in which Capstone may have to forgo future operational expansions or invest in modified or new tailings storage facilities in order to safely operate. Tailings storage facilities have the risk of failure due to extreme weather events, seismic activity or for other reasons. The failure of tailings dam facilities or other impoundments could cause severe or catastrophic environmental and property damage or loss of life. Geotechnical or tailings storage facility failures could result in the suspension of our operations, limited or restricted access to sites, government investigations, remediation costs, increased monitoring costs and other impacts, which could result in a material adverse effect on our operational results and financial position.

We may face risks in connection with our Cozamin Silver Stream Agreement with Wheaton.

Our Cozamin Silver Stream Agreement is subject to pricing risk. Unexpected spikes in silver prices may result in an increase in silver credit payables compared to receivables and the use of hedging mechanisms may not be economical to reduce to such risks. We are required to meet certain completion requirements before December 31, 2023, under the silver stream agreement, namely, we must construct a paste backfill plant to produce at least 105,000 cubic metres of suitable paste backfill that is used in the underground operations at Cozamin over a period of 90 consecutive days during which a completion test must be performed. Failure to achieve the foregoing completion requirements will result in a refund to Wheaton up to a maximum amount of $13 million.

We may face risks in connection with our Santo Domingo Gold Stream Agreement with Wheaton.

Our ability to access upfront cash deposits under the Santo Domingo Gold Stream Agreement is subject to us meeting certain closing conditions under the Santo Domingo Gold Stream Agreement, including but not limited to: (a) obtaining all necessary approvals to achieve completion and to operate the mine in accordance with the development plan; (b) entering into material contracts necessary for the construction and development of the mine; and (c) having obtained project financing on terms and conditions that are not reasonably expected to result in an adverse impact and under which all conditions precedent necessary to draw down on such project financing have been satisfied or waived.

There is no guarantee we will be able to meet all of the conditions and draw on the funds from Wheaton pursuant to the Santo Domingo Gold Stream Agreement. Further, an initial failure to achieve the completion requirements in the Santo Domingo Gold Stream Agreement on or before the third anniversary of the agreement date will result in a delay payment. A continued failure to achieve the completion requirements under the Santo Domingo Gold Stream Agreement will result in a refund to Wheaton.

The financings entered into for the development of the MB-CDP and the MVDP are subject to restrictive and financial covenants and certain mandatory prepayment events that may have a material adverse effect on the Company's liquidity and financial condition.

On February 11, 2021, Mantoverde entered into agreements with a lending syndicate of international banks and export credit agencies for a total debt financing package of $572 million in connection with the financing of the MVDP.

These project finance facilities are subject to affirmative, financial and restrictive covenants that include, for example, obligations to maintain the security interests in favor of the lenders over substantially all of the respective project's property and shares, insurance coverage, maintenance of off-take agreements, compliance with environmental and social matters, restrictions on new financial indebtedness, distributions and dispositions, and compliance with certain financial ratios. These facilities are also subject to mandatory prepayment events under certain circumstances, including upon the cancellation or breach of certain off-take arrangements or an unapproved change of control and periodic partial excess cash sweeps. Failure to comply with these covenants may affect future utilizations under the project finance facilities or lead to an event of default, which could cause the relevant lenders to declare the respective borrower in default on its existing obligations. If such an event of default were declared and remained uncured, all borrowed amounts under the relevant facilities could become due and payable immediately. If Capstone was unable to repay the borrowed amounts or otherwise perform its obligations under the project finance facilities, the lenders could be entitled, in certain circumstances, to enforce their liens and security interests and take possession of the secured assets, including the assets that comprise the Mantoverde Mine.

As part of the financing for the MB-CDP, Mantos Copper S.A. also entered into a royalty agreement with Southern Cross Royalties Limited ("**Southern Cross**") for $50.25 million and increased the size of its silver production agreement with Osisko Gold Royalties Ltd. ("**Osisko**") for a further advance of $25 million. Both of these agreements also include affirmative and negative covenants and grant the counterparties security interests over specified assets. If certain events of default occur, Southern Cross and/or Osisko could terminate their respective agreements in exchange for potentially substantial termination payments.

Surety bonding risks.

Capstone secures its obligations for reclamation and closure costs with surety bonds provided by leading global insurance companies in favour of regulatory authorities in Arizona and Chile. The regulators could increase Capstone's bonding obligations or request additional financial guarantees for reclamation and closure activities. Further, these surety bonds include the right of the surety bond provider to terminate the relationship with Capstone or a Capstone subsidiary on providing notice of up to 90 days. The surety bond provider would, however, remain liable to the regulatory authorities for all bonded obligations existing prior to the termination of the bond in the event Capstone failed to deliver alternative security satisfactory to the regulator. There is no assurance that the Company will be successful in obtaining alternative surety bond providers or alternative financial guarantee mechanisms at satisfactory terms or at all and could have an impact on the Company's financial results and growth prospects. Failure to furnish a satisfactory financial guarantee to the regulators could result in a suspension of operations.

Old Capstone and Capstone are each an Indemnitor for Minto's surety bond obligations in the Yukon and both could be liable for the bonded obligations in the event Minto does not satisfy those obligations or if the surety requires additional or alternative security or the regulators require additional bonding amounts and Minto is unable to satisfy the new requirements. If Minto becomes insolvent or is unable to furnish a satisfactory financial guarantee to the regulators, this could result in a default to the Minto surety bond and Old Capstone and Capstone may both become liable for the outstanding reclamation liabilities, including, but not limited to, the costs up to the amount of the bond, which could have a material adverse effect on Capstone's business, financial condition and prospects.

Our operations are dependent on the availability of water.

Water is critical to the mining process, water is a finite resource significant to society, our local communities and the ecosystem, and its use is highly regulated in jurisdictions where we operate. Water availability is integral to the operations at the Pinto Valley Mine. A lack of necessary water for a prolonged period of time could affect operations at the Pinto Valley Mine and materially adversely affect our results of operations. Capstone has entered into a Water Supply Agreement with BHP Copper, but such agreement is subject to water availability and BHP Copper's own requirements. There is no guarantee that this agreement, which is in effect until October 2025, with two five-year renewal periods if the parties agree, will be renewed on reasonable terms or be adequate for future operational expansions or extensions to the life of mine. The Colorado River in Arizona is experiencing dwindling supply due to climate change and current demand, therefore, Arizona could be facing unprecedented water shortages that could result in regulatory requirements to reduce water usage that could have a material adverse effect on Capstone's financial condition. The Mantos Blancos water supply is based on long term contracts with water companies one of which extracts water from concessions belonging to the Chilean government. There is no guarantee that these agreements will be renewed on reasonable terms or be adequate for future operational expansions or extensions to the life of mine. Capstone may have to secure future water sources that could increase operational costs or additional capital expenditures. There is no guarantee that future water sources are available or at reasonable costs and could have an adverse impact on our financial condition. Our efforts to maximize water efficiency and minimize water usage may not be sufficient to combat existing drought conditions or changes in water availability due to climate change.

Mantoverde's water supply is solely provided by the seawater desalination plant located 42 kilometers from the mine. The supply of water from the desalination plant could be interrupted by a number of events including but not limited to fire, earthquake, tsunami, or other severe weather events, and equipment or pipe failures of which could result in damage to, or destruction of the plant and equipment, delays in production and increases in production costs.

Financial covenant compliance risks.

The terms of the revolving credit facility pursuant to the Credit Agreement requires that Capstone satisfy various affirmative and negative covenants and meet certain quarterly financial ratio tests. These covenants limit, amongst other things, Capstone's ability to incur further indebtedness subject to certain exceptions. They also limit the ability of Capstone to create liens on certain assets or to engage in certain types of transactions. A failure to comply with these covenants, including a failure to meet the financial tests or ratios, could result in an event of default and allow lenders to accelerate the repayment of any debt outstanding.

Financing requirement risks.

Capstone may require substantial additional capital to accomplish its exploration and development or construction plans and fund strategic growth and there can be no assurance that financing will be available on terms acceptable to Capstone, or at all. Capstone may require substantial additional financing to advance the Mantos Blancos Mine, Mantoverde Mine, Pinto Valley Mine, and the Cozamin Mine to achieve designed production rates, to finance potential strategic acquisitions required for growth and to accomplish any exploration and development plans or construction activities for the Santo Domingo Project. Current and future financing requirements could adversely affect Capstone's ability to access the capital markets in the future. Failure to obtain sufficient financing, or financing on terms acceptable to Capstone, may result in a delay or indefinite postponement of exploration, development, construction, or production at one or more of our properties. Additional financing may not be available when needed and the terms of any agreement could impose restrictions on the operation of our business. Failure to raise financing when needed could have a material adverse effect on our business, financial condition, results of operations and prospects.

The sale of our metals is subject to counterparty and market risks.

Capstone enters into concentrate off-take agreements whereby a percentage of planned production of copper concentrate produced from our mines is committed to various external parties throughout the calendar year. If any counterparty to any off-take or forward sales agreement does not honour such arrangement, or experiences an unforeseeable event preventing fulfillment of the contract or should any such counterparty become insolvent, Capstone may experience longer sales cycles, difficulty in collecting sales proceeds, incur losses on production already shipped or be forced to sell a greater volume of our production in the spot market, which is subject to market price fluctuations.

In addition, there can be no assurance that Capstone will be able to renew any off-take agreement at economic terms, or at all, or that Capstone's production will meet the qualitative and quantitative requirements under such agreements.

In addition, under Capstone's off-take agreements, Capstone or its customers may suspend or cancel delivery during a period of force majeure. Events of force majeure under the agreements may include acts of nature, strikes, fires, floods, wars, transportation delays, governmental actions or other events that are beyond the control of the affected party and interferes with performance by such party of its obligations under the off-take agreement. In addition, a longstanding event of force majeure may give rise to a right to terminate the relevant off-take agreement. Any suspension or cancellation of deliveries under off-take agreements that are not replaced by delivery under new contracts or sales on the spot market, or the termination of off-take agreements for force majeure, could have a material adverse effect on Capstone's business, financial condition, results of operations or prospects.

Capstone is subject to fluctuations in the cost of ocean vessel freight, which could result in higher costs. The cost of ocean vessel freight is impacted by numerous factors including but not limited to the supply and demand of bulk and container vessels, the supply and demand of commodities or goods that require shipment via vessel, the cost and availability of fuel, global crisis or political events, and environmental regulations. Capstone may elect from time to time to enter into contracts of affreightment to maintain certainty of freight prices for a specific period of time.

We may face market access restrictions or tariffs.

Capstone could experience market access interruptions or trade barriers due to policies or tariffs of individual countries, or the actions of certain interest groups to restrict the import of certain commodities. Regional and global crises including but not limited geopolitical instability and conflict or the breakout of contagious illnesses and global pandemics could significantly impact our ability to or costs to market and transport our concentrate. Restrictions or interruptions in Capstone's ability to transport concentrate across country borders and globally could materially affect our business operations. Our exported copper concentrate, or the supplies we import may also be impacted, which may impair the competitiveness of our business.

Fluctuations in foreign currency exchange rates could have an adverse effect on Capstone's business, financial condition, results of operations and prospects.

Fluctuations in the Mexican and Chilean peso relative to the US dollar could significantly affect our business, financial condition, results of operations and prospects. Exchange rate movements can have a significant impact on Capstone as all of Capstone's revenue is received in US dollars, but a portion of the Company's operating and capital costs are incurred in Mexican and Chilean pesos. Given the relevance of the copper mining industry in the Chilean economy and trade balance, a negative correlation has historically been observed between the US dollar and the Chilean peso exchange rate and the copper price. An increase in the copper price will tend to reflect a strengthening of the Chilean peso relative to the US dollar which increases operating and other costs exposed to the Chilean peso. Also, Capstone is also exposed to currency fluctuations in the Canadian dollar relating to general and administrative expenditures and the Chilean peso relating to expenditures for the Santo Domingo Project. As a result, a strengthening of these currencies relative to the US dollar will reduce Capstone's profitability and affect its ability to finance its operations.

General economic conditions or changes in consumption patterns may adversely affect Capstone's growth and profitability.

Many industries, including the base and precious metals mining industry, are cyclical by nature and fluctuate with economic cycles and are impacted by global market conditions. Capstone's revenues depend on the volume of copper it sells and the price for such copper, which in turn depends on the level of industrial and consumer demand for such metal. Demand for copper is largely driven by the electric vehicle sector, construction industry, electronic product manufacturing, power generation, transmission and distribution, renewable energy and the production of industrial machinery. Some of the key impacts of financial market turmoil include contraction in credit markets resulting in an increase in credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and metals markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including, but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, changes in interest rates and changes in tax rates or government royalty rates, may adversely affect Capstone's growth and profitability potential. Specifically:

- a global credit/liquidity issue could impact the cost and availability of financing and our or our customers' overall liquidity;
- volatility of prices for copper, zinc, iron, gold, and/or silver may impact our future revenues, profits and cashflows;
- recessionary pressures could adversely impact demand for our production;
- volatile energy and sulphuric acid prices, commodity and consumables prices and currency exchange rates could negatively impact potential production costs; and
- devaluation and volatility of global stock markets could impact the valuation of Capstone's securities, which may impact Capstone's ability to raise funds through future issuances of equity.

These factors could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, as the Company's operations expand and reliance on global supply chains increase, the impact of significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Company's business, financial condition and operations. The ongoing conflict in Ukraine and the global response to this conflict as it relates to sanctions, trade embargos and military support has resulted in significant uncertainty as well as economic and supply chain disruptions. Should this conflict go on for an extended period of time, expand beyond Ukraine, or should other geopolitical disputes and conflicts emerge in other regions, this could result in material adverse effects to the Company.

A major increase in Capstone's input costs, such as those related to sulphuric acid, electricity, fuel and supplies, may have an adverse effect on Capstone's results of operations and financial condition.

Capstone's operations are affected by the cost of commodities and goods such as electrical power, sulphuric acid, fuel and supplies. Mining operations and facilities are intensive users of electricity and carbon- based fuels. Energy prices can be affected by numerous factors beyond our control, including global and regional supply and demand, political and economic conditions, and applicable regulatory regimes. The prices of various sources of energy may increase significantly from current levels. An increase in energy prices for which Capstone is not hedged could materially adversely affect our results of operations and financial condition.

Purchases of sulphuric acid constitute a significant part of Mantos Blancos Mine and Mantoverde Mine operating costs and amounted to $94 million in 2021. While there is a long-standing copper smelter industry in Chile which supplies acid locally, the country is a net importer of sulphuric acid, and Capstone relies upon key suppliers from Chile, Peru, China, Korea, and Japan under annual contracts at a fixed price determined in the preceding year on an import parity basis. The price, availability, and reliability of resources are subject to changes in global market price or condition, new laws or regulations, taxes or tariffs, shortages or slowdowns in production of resources, and border closures. Change in price or shortages of key resources consumed in Capstone's operations could limit Capstone's mining capacity or require Capstone to cease its mining production, and therefore have a materially adverse impact on Capstone's financial conditions and results of operations.

The costs, timing and complexities of developing Capstone's projects may be greater than anticipated. Delay or failure to implement Capstone's expansion and development projects could have an adverse effect on Capstone's prospects.

Cost estimates may increase significantly as more detailed engineering work is completed on a project or changes to general economic conditions such as an inflationary environment and changes to the supply or demand for goods or services. It is common in mining operations to experience unexpected costs, problems and delays during construction, development and start-up. Accordingly, we cannot provide assurance that our activities will result in profitable mining operations at our mineral properties. If there are significant delays in when these projects are completed and are producing on a commercial and consistent scale, or their capital costs were to be significantly higher than estimates, these events could have a significant adverse effect on Capstone's results of operations, cash flow from operations and financial condition.

Future copper prices and operating costs through a mine's life cycle could also adversely affect the development of Capstone's growth projects. In addition, the lack of availability of plant, equipment and other materials or acceptable contractual terms for transportation or construction, or a slower than anticipated performance by any contractor or a period of adverse weather, could delay or prevent the successful completion of any of Capstone's development projects.

Implementation of Capstone's development projects and prospects may also be compromised, or cease to be economical, in the event of a prolonged decline in the market price of copper, and, to a lesser extent, gold or silver. There can be no assurance as to when Capstone's expansion and development projects will be completed under the current anticipated timeline, if at all, whether even if achieved the resulting operations will achieve the anticipated production volumes or whether the costs of developing these projects will be in line with those anticipated. Any failure by Capstone to implement its expansion and development projects as planned may have a material adverse effect on Capstone's growth opportunities.

Capstone is required to obtain, maintain, and renew environmental, construction and mining permits, which is often a costly, time-consuming and uncertain process.

Mining companies, including Capstone, need many environmental, construction, transportation and mining permits, each of which can be time-consuming and costly to obtain, maintain and renew. In connection with our current and future operations, we must obtain and maintain a number of permits that impose strict conditions, requirements and obligations on Capstone, including those relating to various environmental and health and safety matters. To obtain, maintain and renew certain permits, we are required to conduct environmental assessments pertaining to the potential impact of our current and future operations on the environment and to take steps to avoid or mitigate those impacts. For example, additional permits will be required to fully exploit the resources at Capstone's mines. There is a risk that Capstone will not be able to obtain such permits or that obtaining such permits will require more time and capital than anticipated. The regulatory approval process for the updated mine closure plan for the MVDP is currently underway and there is no certainty that it will be approved without any adjustment.

Permit terms and conditions can also impose restrictions on how we operate and limits our flexibility in developing our mineral properties. Many of Capstone's permits are subject to renewal from time to time, and renewed permits may contain more restrictive conditions than Capstone's existing permits. In addition, we may be required to obtain new permits to expand our operations, and the grant of such permits may be subject to an expansive governmental review of our operations. Alternatively, we may not be successful in obtaining such permits, which could prevent Capstone from commencing, extending or expanding operations or otherwise adversely affect Capstone's business, financial condition, results of operation and prospects. Further, renewal of our existing permits or obtaining new permits may be more difficult if we are not able to comply with our existing permits. Applications for permits, permit area expansions, modifications and renewals may be subject to administrative and judicial challenges by interested parties, which can delay or prevent receipt of needed authorizations. The permitting process can also vary by jurisdiction in terms of its complexity and likely outcomes.

Accordingly, permits required for Capstone's operations may not be issued, maintained or renewed in a timely fashion or at all, may be issued or renewed upon conditions that restrict Capstone's ability to operate economically, or may be subsequently revoked. Design, construction and operational standards for tailings storage facilities may evolve in the future, impacting our mines' ability to expand, operate, renew or modify permits and as a result, considerable capital and/or operating expenditures may be required to comply with new standards, regulations and permitting requirements. Any such failure to obtain, maintain, renew or modify permits, or other permitting delays or conditions, including in connection with any environmental impact analyses or third party challenges thereto, could have a material adverse effect on Capstone's business, results of operations, financial condition and prospects.

Capstone's mineral resources and mineral reserves are estimates and are subject to uncertainty.

Our mineral resource and mineral reserve are estimates and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be inaccurate. Actual recoveries of copper, zinc, iron, gold, silver and cobalt from mineralized material may be lower than those indicated by test work. Any material change in the quantity of mineralization, grade or stripping ratio, may affect the economic viability of Capstone's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Notwithstanding pilot plant tests for metallurgy and other factors, there remains the possibility that the ore may not react in commercial production in the same manner as it did in testing. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mining and metallurgy are inexact sciences and, accordingly, there always remains an element of risk that a mine may not prove to be commercially viable.

Until a deposit is actually mined and processed, the quantity of mineral resources and mineral reserves and grades must be considered as estimates only. In addition, the quantity of mineral resources and mineral reserves may vary depending on, amongst other things, metal prices, cut-off grades and operating costs. Any material change in quantity of mineral reserves, mineral resources, grade, percent extraction of those mineral reserves recoverable by underground mining techniques or the stripping ratio for those mineral reserves recoverable by open pit mining techniques may affect the economic viability of Capstone's mining projects.

Mineral rights or surface rights to our properties or third party royalty entitlement to our properties could be challenged, and, if successful, such challenges could have a material adverse effect on our production and our business, financial condition, results of operations and prospects.

Title to Capstone's properties may be challenged or impugned. Our property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects. Surveys have not been carried out on the majority of our properties and, therefore, in accordance with the laws of the jurisdiction in which such properties are situated, their existence and area could be in doubt.

A claim by a third party asserting prior unregistered agreements on or transfer of any of Capstone's properties, especially where mineral reserves have been located, could result in Capstone losing a commercially viable property. Even if a claim is unsuccessful, it may potentially affect Capstone's current operations, projects or development properties due to the high costs of defending against the claim and its impact on Capstone's resources. Title insurance is generally not available for mineral properties and Capstone's ability to ensure that Capstone has obtained a secure claim to individual mineral properties or mining concessions or related royalty rights may be severely constrained. We rely on title information and/or representations and warranties provided by our grantors. If we lose a commercially viable property, such a loss could lower our future revenues or cause Capstone to cease operations if the property represented all or a significant portion of our mineral reserves at the time of the loss.

A claim by a third party asserting royalty rights, including, but not limited to claims by royalty holders asserting increased royalty rights on any of Capstone's properties, could result in Capstone incurring high costs of defending against the claim, and if such claims were successful, such a loss could lower our future revenues or cause Capstone to cease operations if the property represented all or a significant portion of our mineral reserves at the time of the loss.

Our operations are subject to significant governmental regulation, which could significantly limit our exploration and production activities.

Capstone's mineral exploration, development, construction, and operating activities are subject to governmental approvals and various laws and regulations governing development, operations, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and land claims affecting local communities, and in certain circumstances First Nations and Indigenous populations consultation as part of permitting processes. The liabilities and requirements associated with the laws and regulations related to these and other matters may be costly and time-consuming and may restrict, delay or prevent commencement or continuation of exploration or production operations. We cannot provide definitive assurance that we have been or will be at all times in compliance with all applicable laws and regulations and governmental orders. Failure to comply with applicable laws, regulations and governmental orders may result in the assessment of administrative, civil and criminal penalties or charges, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits or authorizations and other enforcement measures that could have the effect of limiting or preventing production from our operations. Capstone may incur material costs and liabilities resulting from claims for damages to property or injury to persons arising from Capstone's operations. If Capstone is pursued for sanctions, costs and liabilities in respect of these matters, Capstone's mining operations and, as a result, Capstone's financial performance, financial position and results of operations, could be materially and adversely affected.

In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail our exploration, development, construction, or production. This risk may increase following changes to government leadership or governing parties, or through increasing societal pressures. Amendments to current laws, tax regimes, regulations and permits governing operations and activities of mining and exploration companies, or the more stringent implementation thereof, could have a material adverse impact on Capstone and increase our exploration expenses, capital expenditures, ability to attract funds, or production costs or reduce production at our producing properties or require abandonment or delays in exploring or developing our properties.

Climate change and its impact on climatic conditions may adversely affect our operations or current and future development projects.

The potential physical impacts of climate change on our operations are highly uncertain and are particular to the geographic circumstances in areas in which we operate. These may include changes in precipitation and storm patterns and intensities, prolonged droughts, water shortages, wildfires, changing sea levels and changing temperatures. Extreme weather events have the potential to impact our mining operations, exploration and development projects and supply chains. Additionally, global climatic conditions can impact the capacity for insurance available in the market which could have a negative effect on Capstone's financial condition or risk exposure.

Arizona can be subject to extreme periods of drought. The Colorado River is experiencing low levels in its reservoirs due to climate change and overconsumption, which could result in regulatory reductions in the availability of water which could have a material adverse effect on Pinto Valley's operations and Capstone's financial condition. A prolonged decrease in precipitation rates or increase in temperatures causing evaporation, could decrease the availability of necessary water supplies and could affect operations at the Pinto Valley Mine and materially adversely affect our results of operations. Prolonged extreme temperatures could lead to work-related heat stress resulting in health and safety risks to employees while working outdoors. Arizona can also be subject to significant rainfall events which could result in excess water or flooding of the pit, tailings storage facilities or other significant areas at the Pinto Valley Mine adversely affecting our results of operations or causing adverse impacts.

Operations at the Cozamin Mine are also subject to extreme adverse weather conditions including, but not limited to, flooding and drought. The rainy season extends from June until September with an average annual precipitation of approximately 500 mm. Drought has also been prevalent in Central Mexico for years and the effects of lack of water might disrupt normal process operations.

In the past, Chile has experienced droughts severe enough to adversely affect the energy sector of the economy in the central and southern regions of Chile. If Chile were to experience a severe drought or Capstone were otherwise unable to obtain adequate water supplies, its ability to conduct its operations in Chile could be impaired. Additionally, Chile is vulnerable to the El Niño, which can trigger extreme weather resulting in floods and mudslides. Any such landslides or flooding may affect the ability of the development and operations of Mantos Blancos Mine and Mantoverde Mine, and the advancement in development of the Santo Domingo Project and may materially adversely affect Capstone's business, results of operations and financial condition.

Public policy changes in climate change regulatory regime could adversely affect our business.

Climate change is an international and societal concern. The governments of Chile, the United States and Mexico are signatories of the Paris Agreement, a legally binding international treaty on climate change, and have agreed to reduce Greenhouse Gas (GHG) emissions as indicated in Nationally Determined Contributions (NDC). Recently, the Chilean government updated its commitment to reduce GHG emissions per GDP unit by 45% below 2016 levels by 2030. Capstone's operations produce GHG emissions through the direct combustion of fossil fuels and indirectly through electricity consumption. Changes in government policies and regulations aimed at mitigating or adapting to climate change could increase environmental compliance and other operating costs, which could impact the profitability of our operations or projects or lead to delays.

Changes in government policies and regulations aimed at mitigating climate change might include limiting the amount of GHG emissions we can produce, requiring us to look for alternative energy sources and the imposition of carbon emissions taxes. Some risks related to this are, increased competition for renewable energy, which could impact costs of acquiring it or reduce the availability. Our ability to shift our energy mix toward renewables depends in part on our countries of operation investing in renewable power generation. Regulation specific to GHG emissions and energy efficiency is evolving and varies by jurisdiction. Carbon-pricing mechanisms may be introduced in the jurisdictions we operate or conduct business. Other changes in government regulation aimed at adapting to climate change such as water scarcity in our regions of operation may result in limited access to water sources due to increased regulation, impacting our ability to acquire the water needed for our operations. New legislation and increased regulation could impose costs on our operations, customers, and suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Capstone monitors the evolving regulation landscape and engages its local legal counsel to provide updates on regulatory developments. The implementation of regulations and carbon-pricing mechanisms aimed at reducing the effects of climate change could impact our ability to pursue future opportunities, or maintain our existing operations, which could have an adverse effect on our business. Capstone may decide to pursue carbon reduction strategies which could result in higher operational costs or increased capital outlays. Capstone's disclosure of carbon emissions produced or forecasted may be determined to be inaccurate depending on the methodology used and may be adjusted from time to time in relation to mine planning.

Our operations are subject to stringent environmental laws and regulations that could significantly limit our ability to conduct our business.

Our operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, air quality, tailings facility management, safety and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as spills or excessive dust from tailings storage facilities or other operations, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain of our operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in the direction of stricter standards and enforcement, higher fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Compliance with changing environmental laws and regulations may require significant capital outlays, including but not limited to modifications to tailings facility designs or operations, obtaining modified or additional permits, installation of additional equipment, or remedial actions and may cause material changes or delays in, or the cessation of, our exploration programs or current operations.

It may be difficult for Capstone to recruit and retain qualified people.

The mining industry is experiencing recruitment and retention challenges for skilled and experienced employees. Due to the cyclical nature of mining and the emergence of competing industries, the talent pool for skilled and experienced workers is shrinking. The number of new workers entering the mining sector may not be sufficient to replace the number of retirees in the future. It may be difficult for Capstone to recruit and retain qualified people in Arizona, Mexico and Chile, or compete for talent with other companies who are situated in these areas, which may result in increased costs and delays.

It may be difficult for Capstone to obtain all of the necessary services or expertise in Arizona, Mexico and Chile or to conduct operations on Capstone's projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Arizona, Mexico and Chile, we may need to seek and obtain those services from people located outside of these areas, which will require work permits and compliance with applicable laws and could result in delays and higher costs.

Land reclamation and mine closure requirements may be burdensome and costly.

Land reclamation and mine closure requirements are generally imposed on mining companies, which require Capstone, amongst other things, to minimize the effects of land disturbance. Additionally, Capstone has lease agreements, and may enter into agreements in the future, which may require environmental restoration activities at transportation, storage and shipping facilities such as the Skagway Ore Terminal and the San Manuel Transload Facility or other properties. Old Capstone remains a party to the User Agreement at the Skagway Ore Terminal, and the obligations thereunder, jointly with Minto and Pembridge Resources PLC as part of the Share Purchase Agreement for Minto Explorations Ltd. Further, the San Manuel Arizona Railroad Company may have increased reclamation requirements as a rail transportation company. Such requirements may include controlling the discharge of potentially dangerous effluents from a site and restoring a site's landscape to its pre-exploration form. The actual costs of reclamation and mine closure are uncertain and planned expenditures may differ from the actual expenditures required. Through acquisition activities Capstone may discover or inherit historic tailings or waste deposits which may require further remediation activities, including but not limited to the historic mining and processing operations at Chiripa-La Gloria arroyo at the Cozamin Mine. Therefore, the amount that we are required to spend could be materially higher than current estimates. Any additional amounts required to be spent on reclamation and mine closure may have a material adverse effect on our financial performance, financial position and results of operations and may cause the Company to alter its operations. Although we include liabilities for estimated reclamation and mine closure costs in our financial statements and Life of Mine models, it may be necessary to spend more than what is projected to fund required reclamation and mine closure activities.

There are uncertainties and risks related to the MB-CDP and the MVDP.

Successful implementation of the MB-CDP and the MVDP is subject to various risks, many of which are not within Capstone's control, that may materially and adversely affect our growth prospects and profitability. These factors include, among others:

- the availability, terms, conditions and timing of the delivery of plant, equipment and other materials necessary for the construction and/or operation of the relevant facility;
- Capstone may encounter delays or higher than expected costs in obtaining the necessary equipment, machinery, materials, supplies, labor or services and in implementing new technologies to develop and operate a project;
- the availability of acceptable arrangements for transportation and construction;
- the timely and satisfactory performance of engineering and construction contractors, mining contractors, suppliers and consultants, including under Capstone's existing engineering;
- procurement and construction contracts for the MVDP;
- failure to obtain, or experience delays or higher than expected costs in obtaining, the required agreements, authorizations, licences, approvals and permits to develop a project, including the prior consultation procedure and agreements with local communities;
- changes in market conditions or regulations may make a project less profitable than expected at the time the work was initiated;
- pandemics, accidents, natural disasters and equipment failures;
- adverse mining conditions may delay and hamper Capstone's ability to produce the expected quantities and qualities of minerals upon which the project was budgeted;
- conflicts with local communities, strikes or other labor disputes may delay the implementation or the development of projects; and
- other factors such as adverse weather conditions affecting access to the development site or the development process and Capstone's access to adequate infrastructure generally, including a reliable power and water supply.

There are uncertainties and risks related to the potential development of the Santo Domingo Project.

The development of the Santo Domingo Project will require securing financing, equity partnerships or both. Capstone's ability to raise its equity contribution to the Santo Domingo Project may be influenced by future prices of commodities and the market for project debt.

Various factors may influence the ability to further enhance the value of the Santo Domingo Project including but not limited to the expected timing for commencement of construction, the realization of mineral reserve estimates, grade or recovery rates, an increase in capital requirements or construction expenditures, the validity of required permits, the ability to obtain required permits, the timing and terms of a power purchase agreement, title disputes, claims and limitations on insurance coverage or extreme weather events. Delays to the development of the Santo Domingo Project may be influenced by factors such as dependence on key personnel, availability of contractors, accidents, labour pool constraints, labour disputes, availability of infrastructure, objections by the communities or environmental lobby of the Santo Domingo Project and associated infrastructure and other risks of the mining industry. These events could have a material adverse effect on Capstone's financial condition, business, operating results and prospects.

Any changes in the Santo Domingo Project parameters or development and construction delays may impact the timing and amount of estimated future production, costs of production, success of mining operations, environmental compliance, and reclamation requirements.

Capstone's activities are dependent on its infrastructure being adequate and available.

Capstone's mining, development and exploration activities depend on availability of adequate infrastructure. Capstone requires reliable and accessible roads, railways, ports, power sources and water supplies to access and conduct its operations, and the availability and cost of this infrastructure affect capital and operating costs and its ability to achieve and maintain expected levels of production and sales. Unusual weather or other natural phenomena, sabotage, political interference or other interference in the maintenance or provision of such infrastructure could affect the development of a project, reduce mining volumes, increase mining or exploration costs or delay the transportation of raw materials to the mines and outputs to Capstone's customers. Any such issues arising with respect to the infrastructure supporting or on Capstone's sites, or involved in Capstone's transport activities, could adversely affect the Company's business, results of operations or financial condition.

Furthermore, any failure or unavailability of Capstone's development or operational infrastructure, including through equipment failure or disruption to Capstone's transportation arrangements, could adversely affect the production output from Capstone's mines or impact Capstone's exploration activities or the development of a mine or project.

Capstone's ability to acquire properties for growth may be limited.

The life of any mine is limited by its mineral reserves. As we seek to replace and expand our mineral reserves through exploration, acquisition of interests in new properties or of interests in companies which own the properties, we encounter strong competition from other companies in connection with the acquisition of properties. This competition may limit our ability to adequately replace mineral reserves mined.

We are dependent on key management personnel.

We are very dependent upon the personal efforts and commitment of our existing management and our current operations and future prospects depend on the experience and knowledge of these individuals. Capstone does not maintain any "key person" insurance. To the extent that one or more of Capstone's members of management are unavailable for any reason, or should Capstone lose the services of any of them, a disruption to Capstone's operations could result, and there can be no assurance that Capstone will be able to attract and retain a suitable replacement.

Our directors and officers may have interests that conflict with Capstone's interests.

Certain of Capstone's directors and officers also serve as directors or officers of, or have significant shareholdings in, other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. To the extent that such other companies may participate in ventures which Capstone may participate in, or in ventures which Capstone may seek to participate in, our directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where our directors and officers have an interest in other companies, such other companies may also compete with Capstone for the acquisition of mineral property investments. As a result of these conflicts of interest, we may not have an opportunity to participate in certain transactions, which may have a material adverse effect on our business, financial condition, results of operation and prospects.

Corruption and bribery risk.

Capstone is required to comply with anti-corruption and anti-bribery laws of various countries including but not limited to, Canada, US, Mexico, Barbados, United Kingdom and Chile. In recent years there has been an increase in enforcement and severity of penalties under such laws. A company may be found liable for violations by officers, directors, employees, contractors and third parties. Capstone has implemented policies and taken measures including training to mitigate the risk of non-compliance, however, such measures are not always effective in ensuring that Capstone, its officers, directors, employees, contractors and third parties comply strictly with such laws. If Capstone is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions resulting in a material adverse effect on Capstone's reputation and financial results.

Capstone's insurance does not cover all potential losses, liabilities and damage related to Capstone's business and certain risks are uninsured or uninsurable.

In the course of exploration, development and production of mineral properties and in the conduct of our operations, certain risks, including but not limited to rock bursts, landslides, cave-ins, environmental incidents, fires, flooding, earthquakes and cybersecurity events may occur. It is not always possible to fully insure against all risks due to commercial availability or for other reasons. Capstone currently does not have insurance against all risks and may decide to or become required to accept higher deductibles or self-insure and not insure against certain risks as a result of high premiums or for other reasons. Our property, business interruption and liability insurance may not provide sufficient coverage for losses related to certain risks. Further, insurance against certain risks, including but not limited to those related to certain environmental matters, is generally not available to Capstone or to other companies within the mining industry. Losses from these events may cause Capstone to incur significant costs that could have a material adverse effect on Capstone's business, financial condition, results of operation and prospects.

Labor disruptions involving Capstone employees or the employees of its independent contractors could affect its production levels and costs. Our operations will be adversely affected if we fail to maintain satisfactory labour relations.

Approximately 94% of employees at Mantos Blancos and 96% of employees at Mantoverde are covered by agreements with one of the labor unions with a presence at the mining operations. In addition, contractors or subcontractors form a significant part of Mantos Blancos and Mantoverde workforce, making up approximately 40% of the total workforce. Pursuant to Chilean regulations, labor negotiations with a contractor's workforce are the responsibility of the relevant contractors. Mantos Blancos and Mantoverde may experience work slowdowns or disruptions in the future, whether of its own workforce or a contractor's workforce, and there can be no assurance that a work slowdown or work stoppage will not occur prior to or upon the expiration of the current long-term labor agreements. In 2016, the Government of Chile promulgated an extensive labor reform law (the "**Labor Reform Law**"), which became effective in 2017. The Labor Reform Law prevents Chilean companies from hiring temporary replacements for striking employees and also prevents the replacement of striking employees with other existing employees of the company. This may have an adverse effect on Capstone's overall employment and operating costs and may increase the likelihood of business disruptions in Chile.

Approximately 423 of the hourly employees at the Pinto Valley Mine are represented by six unions, governed by one collective bargaining agreement negotiated by the United Steelworkers Union which is in effect until August 31, 2026. Additional groups of non-union employees may seek union representation in the future. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in jurisdictions where Capstone conducts business. Changes in such legislation or otherwise in our relationship with our employees may result in higher ongoing labour costs, employee turnover, strikes, lockouts or other work stoppages, any of which could have a material adverse effect on our business, results of operations and financial condition.

Capstone may experience cybersecurity threats.

We rely on secure and adequate operations of information technology systems in the conduct of our operations. Access to and security of the information technology systems are critical to our operations. We have enhanced and implemented ongoing policies, controls and practices to manage and safeguard Capstone and our stakeholders from internal and external cybersecurity threats and to comply with changing legal requirements and industry practice. Given that cyber risks cannot be fully mitigated and the evolving nature of these threats, we cannot assure that our information technology systems are fully protected from cybercrime or that the systems will not be inadvertently compromised or are without failures or defects. Disruptions to our information technology systems, including, without limitation, security breaches, power loss, theft, computer viruses, cyber-attacks, malicious software, ransomware, natural disasters, and non-compliance by third party service providers and inadequate levels of cybersecurity expertise and safeguards of third party information technology service providers, may adversely affect the operations of Capstone including but not limited to loss of production or operational delays as well as present significant costs and risks including, without limitation, loss or disclosure of confidential, proprietary, personal or sensitive information and third party data, material adverse effect on our financial performance, compliance with our contractual obligations, compliance with applicable laws, damaged reputation, remediation costs, potential litigation, regulatory enforcement proceedings and heightened regulatory scrutiny.

We may not be able to compete successfully with other mining companies.

The mining industry is competitive in all of its phases. Capstone faces strong competition from other mining companies in connection with the acquisition of properties producing or capable of producing metals. Many of these companies have greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more diversification, more effective risk management policies and procedures and/or a greater ability than Capstone to withstand losses. Our competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion or efficiency of their operations than we can. There is no guarantee that our investment in new technologies will result in improved operational or financial performance or our overall competitiveness in the long term, including but not limited to the Eriez HydroFloat Coarse Particle Flotation Technology and the Jetti catalyst technology. The performance of the Jetti catalyst technology may not result in the level of copper cathode recovery anticipated at the Pinto Valley open-pit mining, operation, mill, and electrowinning facility. Once commissioned, the performance of our paste and backfill plant may not be as anticipated. There is no guarantee that the MV-SD District Integration Plan will result in improved operational or financial performance. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships amongst themselves or with third parties.

Accordingly, it is possible that new competitors or alliances amongst current and new competitors may emerge and gain significant market share to our detriment. Capstone may also encounter increasing competition from other mining companies and producers particularly around sales, supply and labor prices, contractual terms and conditions, attracting and retaining qualified personnel and securing the services and supplies Capstone's needs for its operations. Increased competition could adversely affect Capstone's ability to attract necessary capital funding, to acquire it on acceptable terms, or to acquire suitable producing properties or prospects for mineral exploration in the future. As a result of this competition, we may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on our business, financial condition, results of operations and prospects. Further, Capstone may become a target for a corporate takeover or may decide to engage in a strategic merger. Such activities may create uncertainty among shareholders and markets and therefore influence share prices.

We acquired the Pinto Valley Mine on an "as is where is" basis, we provided indemnities to BHP Copper and have limited recourse against BHP Copper with respect to many potential liabilities related to the Pinto Valley Mine.

The Pinto Valley Mine was acquired on an "as is where is" basis with limited representations and warranties. In addition, the Company has provided indemnities to BHP Copper with respect to certain liabilities and have limited recourse against BHP Copper with respect to potential liabilities related to the Pinto Valley Mine. As a result, the acquisition of mineral properties, such as the Pinto Valley Mine, may subject Capstone to unforeseen liabilities, including environmental liabilities.

Capstone's arrangements with non-controlling shareholders and associates may not be successful.

In the course of Capstone's business, it may control additional subsidiaries where there is a non-controlling interest or have significant influence over associates or enter into further joint ventures in the future. For example, as part of the financing of the MVDP, Mitsubishi Materials Corporation ("**MMC**") acquired a 30.0% interest in Mantoverde for $275 million, subject to an additional contingent payment of $20 million from MMC to Mantoverde in the event Mantoverde receives approval to increase its tailings storage capacity by an additional 500,000 tonnes. In addition, MMC agreed to provide a $60 million cost overrun facility in exchange for additional offtake of copper concentrate and a subsidiary of Capstone entered into a shareholders' agreement with MMC and Mantoverde S.A. dated February 8, 2021, relating to the ongoing management of Mantoverde. As such, Capstone is subject to risks associated with its non-controlling shareholders or any future joint venture partners, including that they may (i) have economic or business interests or goals that are inconsistent with or opposed to Capstone's, (ii) exercise veto rights so as to block actions Capstone believes to be in its or its subsidiaries; or joint ventures' best interests, (iii) take action contrary to Capstone's policies or objectives with respect to its investments, for instance by veto of proposals in respect of a subsidiary or joint venture, or (iv) as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the joint venture or other agreements. Any of the foregoing may adversely affect Capstone's business, results of operations or financial condition through the disruption of mining operations or the delay or non-completion of the relevant development projects. In addition, the exit of these non-controlling shareholders or the termination of these joint ventures, if not replaced on similar terms, could adversely affect Capstone's business, results of operations or financial condition.

There are security risks associated with our operations in Mexico that may have a material adverse effect on its operations.

Throughout Mexico, including the regions we operate, there has been an increase in violence between the drug cartels, human trafficking originations or other criminal organizations including violence towards the authorities. Capstone's Cozamin Mine, located in Zacatecas, Mexico, operates in a region that is experiencing an increasing rate of criminal activity and violence. Cozamin's copper concentrate is delivered by truck under an agreement to a major trading company in Manzanillo, Mexico. Additionally, the majority of Pinto Valley Mine's copper concentrate is hauled using a modular truck system across the US and Mexico border into the state of Sonora and shipped out of the port of Guaymas. Criminal activities in these regions or in neighbouring regions, or the perception that activities are likely, may disrupt Capstone's operations or supply chains and lead to an adverse financial impact or an increase in costs to further manage the security risk.

Although measures have been implemented to protect our employees, contractors, property and facilities, no assurances can be given that security incidents will not have a material adverse effect on our operations and financial position. The law enforcement authorities' efforts to reduce criminal activity may experience challenges from a lack of resources, corruption and the power of organized crime. The effect of such security incidents cannot be accurately predicted and may result in serious adverse consequences including harm to employees, contractors or visitors, theft or damage to property and assets, and the disruption or suspension to our operations leading to an adverse financial impact. Increasing criminal activity and violence may increase community tensions, impacting Capstone's ability to hire and keep qualified personnel or contractors and could impact the Company's ability to conduct business.

Legal proceedings.

From time to time, Capstone is involved in routine legal matters, including but not limited to, regulatory investigations, claims, lawsuits, contract disputes and other proceedings in the ordinary course of our business.

There can be no assurances that these matters will not have a material effect on our business.

The price of Common Shares is volatile.

Publicly quoted securities are subject to a relatively high degree of price volatility. It should be expected that continued fluctuations in price will occur, and no assurances can be made as to whether the share prices will increase or decrease in the future. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The factors influencing such volatility include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in precious metal prices or other mineral prices, the results of further exploration activities, currency exchange fluctuations and Capstone's financial condition or results of operations as reflected in its earnings reports. Other factors unrelated to the performance of Capstone that may have an effect on the price of the Common Shares include the following:, the extent of analyst coverage available to investors concerning the business of Capstone may be limited if investment banks with research capabilities do not follow Capstone's securities; lessening in trading volume and general market interest in Capstone's securities may affect an investor's ability to trade significant numbers of securities of Capstone; and a substantial decline in the price of the securities of Capstone that persists for a significant period of time could cause Capstone's securities to be delisted from an exchange, further reducing market liquidity.

Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Capstone may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

There is no assurance of a sufficient liquid trading market for Common Shares in the future.

Shareholders of Capstone may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of Common Shares on the trading market, and that Capstone will continue to meet the listing requirements of the exchange on which Common Shares are listed.

Capstone has outstanding Common Share equivalents which, if exercised, could cause dilution to existing shareholders.

The exercise of any of stock options, share units, other share-based compensation and share purchase warrants and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and Capstone's ability to raise equity capital in the future at a time and price which it deems appropriate. Capstone may also enter into commitments in the future which would require the issuance of additional Common Shares and Capstone may grant additional share purchase warrants and stock options. Any share issuances from Capstone's treasury will result in immediate dilution to existing shareholders' percentage interest in Capstone.

Capstone has not paid dividends and may not pay dividends in the foreseeable future.

Payment of dividends on Common Shares is within the discretion of the board of directors of Capstone (the "**Board**") and will depend upon Capstone's future earnings if any, its capital requirements and financial condition, and other relevant factors. Capstone anticipates that all available funds will be invested to finance the growth of its business for the foreseeable future.

Discretion in the Use of Proceeds.

The Company intends to allocate the net proceeds it will receive from an offering as described under "*Use of Proceeds*" in this prospectus and the applicable prospectus supplement; however, the Company will have discretion in the actual application of the net proceeds. The Company may elect to allocate the net proceeds differently from that described in "Use of Proceeds" in this prospectus and the applicable prospectus supplement if the Company believes it would be in the Company's best interests to do so. The Company's investors may not agree with the manner in which the Company chooses to allocate and spend the net proceeds from an offering. The failure by the Company to apply these funds effectively could have a material adverse effect on the business of the Company.

Sales by existing shareholders can reduce share prices.

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities.

Concentration of Share Ownership of Capstone.

As at the date hereof, Orion Fund JV Limited, Orion Mine Finance II LP and Orion Mine Finance (Master) Fund 1-A LP (collectively, "**Orion**") own approximately 32.09% of the outstanding Common Shares and Hadrian Capital Partners Inc. owns approximately 14.54% of the outstanding Common Shares. As long as these shareholders maintain their significant positions in Capstone, they will have the ability to exercise influence with respect to the affairs of Capstone and significantly affect the outcome of matters upon which shareholders are entitled to vote. Furthermore, there is a risk that Capstone's securities are less liquid and trade at a relative discount compared to circumstances where these shareholders did not have the ability to influence or determine matters affecting Capstone. Moreover, there is a risk that their significant interests in Capstone discourages transactions involving a change of control of Capstone, including transaction in which an investor, as a holder of Capstone's securities, would otherwise receive a premium for its Capstone's securities over the then-current market price. A disposition of shares by these shareholders could adversely affect the market price of the Common Shares.

Pursuant to the registration and board nomination rights agreement between Old Capstone and Orion dated March 23, 2022 (the "**Registration and Nomination Rights Agreement**"), provided Orion maintains certain levels of ownership of the Common Shares, Orion: (i) has rights to nominate up to two individuals to sit on the Board and (ii) may demand we file one or more prospectuses or otherwise facilitate sales of Orion's shares. See "*Material Contracts*" in the AIF for further information regarding the Registration and Nomination Rights Agreement.

USE OF PROCEEDS

The use of proceeds from the sale of our securities will be described in the applicable prospectus supplement relating to a specific offering and sale of securities. Unless otherwise specified in a prospectus supplement, among other potential uses, the Company may use the net proceeds for any additional major future expenditures beyond our annual sustaining capital and exploration guidance at ongoing operations, to repay any future indebtedness outstanding, to complete future acquisitions or for other corporate purposes, as set forth in the prospectus supplement relating to the offering of the securities.

More detailed information regarding the use of proceeds from the sale of securities, including any determinable milestones at the applicable time, will be described in a prospectus supplement. We may also, from time to time, issue securities otherwise than pursuant to a prospectus supplement to this prospectus. All expenses relating to an offering of securities and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of the proceeds from the sale of such securities, unless otherwise stated in the applicable prospectus supplement.

CONSOLIDATED CAPITALIZATION

Since the date of our audited consolidated financial statements as at and for the years ended December 31, 2022 and 2021, there have been no material changes in our consolidated share or debt capital, except that the issued and outstanding share capital has increased from 691,639,972 at December 31, 2022 to 692,755,563 at the date of this prospectus as a result of the exercise of stock options and the redemption of share units.

PRIOR SALES

Information in respect of our Common Shares and securities exchangeable for or exercisable into Common Shares issued within the previous twelve month period, as well as in respect of Common Shares that we issued upon the exercise of options or share units granted under our equity incentive plans, and in respect of such equity securities exercisable or convertible into Common Shares that we granted under such equity incentive plans, will be provided as required in a prospectus supplement with respect to the issuance of securities pursuant to such prospectus supplement.

TRADING PRICE AND VOLUME

The outstanding Common Shares are listed and posted for trading on the TSX under the symbol "CS".

Trading price and volume information for the Company's securities will be provided as required in each prospectus supplement to this prospectus.

EARNINGS COVERAGE

If we offer debt securities having a term to maturity in excess of one year under this prospectus and any applicable prospectus supplement, the applicable prospectus supplement will include earnings coverage ratios giving effect to the issuance of such securities.

DESCRIPTION OF SHARE CAPITAL

Our authorized share capital consists of an unlimited number of Common Shares. As of the date of this prospectus, we had 692,755,563 Common Shares issued and outstanding. In addition, as of the date of this prospectus, there were 9,670,735 Common Shares issuable upon the conversion of outstanding share units and exercise of stock options.

Common Shares

The holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Capstone and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders. The holders of the Common Shares, subject to the prior rights, if any, of the holders of any other class of shares of Capstone, are entitled to receive such dividends in any financial year as the Board may determine. In the event of liquidation, dissolution or winding-up of Capstone, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares, the remaining property and assets of Capstone. Provisions as to the creation, modification, amendment or variation of such rights or such provisions are contained in the BCBCA and the articles of the Company.

DESCRIPTION OF DEBT SECURITIES

In this section describing the debt securities, the terms “Company” and “Capstone” refer only to Capstone Copper Corp. without any of its subsidiaries.

The following description of the terms of debt securities sets forth certain general terms and provisions of debt securities in respect of which a prospectus supplement may be filed. The particular terms and provisions of debt securities offered by any prospectus supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the prospectus supplement filed in respect of such debt securities. Prospective investors should rely on information in the applicable prospectus supplement if it is different from the following information.

Debt securities may be offered separately or in combination with one or more other securities of the Company. The Company may, from time to time, issue debt securities and incur additional indebtedness other than through the issue of debt securities pursuant to this prospectus.

The debt securities will be issued under one or more indentures (each, a “**Trust Indenture**”), in each case between the Company and a financial institution or trust company organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee (each, a “**Trustee**”).

The following description sets forth certain general terms and provisions of the debt securities and is not intended to be complete. The particular terms and provisions of the debt securities and a description of how the general terms and provisions described below may apply to the debt securities will be included in the applicable prospectus supplement. The following description is subject to the detailed provisions of the applicable Trust Indenture. Accordingly, reference should also be made to the applicable Trust Indenture, a copy of which will be filed by the Company with the securities commissions or similar regulatory authorities in applicable Canadian offering jurisdictions, after it has been entered into, and will be available electronically at www.sedar.com.

General

The applicable Trust Indenture will not limit the aggregate principal amount of debt securities that may be issued under such Trust Indenture and will not limit the amount of other indebtedness that the Company may incur. The applicable Trust Indenture will provide that the Company may issue debt securities from time to time in one or more series and may be denominated and payable in any currency. Unless otherwise indicated in the applicable prospectus supplement, the debt securities will be unsecured obligations of the Company.

The Company may specify a maximum aggregate principal amount for the debt securities of any series and, unless otherwise provided in the applicable prospectus supplement, a series of debt securities may be reopened for issuance of additional debt securities of such series. The applicable Trust Indenture will also permit the Company to increase the principal amount of any series of the debt securities previously issued and to issue that increased principal amount.

Any prospectus supplement for debt securities supplementing this prospectus will contain the specific terms and other information with respect to the debt securities being offered thereby, including, but not limited to, the following:

- the designation, aggregate principal amount and authorized denominations of such debt securities;
- the interest rate at which the debt securities will be issued;
- whether payment on the debt securities will be senior or subordinated to other liabilities or obligations of the Company;
- whether the payment of the debt securities will be guaranteed by any other person;
- the date or dates, or the methods by which such dates will be determined or extended, on which the Company may issue the debt securities and the date or dates, or the methods by which such dates will be determined or extended, on which the Company will pay the principal and any premium on the debt securities and the portion (if less than the principal amount) of debt securities to be payable upon a declaration of acceleration of maturity;
- whether the debt securities will bear interest, the interest rate (whether fixed or variable) or the method of determining the interest rate, the date from which interest will accrue, the dates on which the Company will pay interest and the record dates for interest payments, or the methods by which such dates will be determined or extended;
- the place or places the Company will pay principal, premium, if any, and interest, if any, and the place or places where debt securities can be presented for registration of transfer or exchange;
- whether and under what circumstances the Company will be required to pay any additional amounts for withholding or deduction for Canadian taxes with respect to the debt securities, and whether and on what terms the Company will have the option to redeem the debt securities rather than pay the additional amounts;
- whether the Company will be obligated to redeem or repurchase the debt securities pursuant to any sinking or purchase fund or other provisions, or at the option of a holder, and the terms and conditions of such redemption;
- whether the Company may redeem the debt securities at its option and the terms and conditions of any such redemption;
- the denominations in which the Company will issue any registered and unregistered debt securities;
- the currency or currency units for which debt securities may be purchased and the currency or currency units in which the principal and any interest is payable (in either case, if other than Canadian dollars) or if payments on the debt securities will be made by delivery of Common Shares or other property;
- whether payments on the debt securities will be payable with reference to any index or formula;
- if applicable, the ability of the Company to satisfy all or a portion of any redemption of the debt securities, any payment of any interest on such debt securities or any repayment of the principal owing upon the maturity of such debt securities through the issuance of securities of the Company or of any other entity, and any restriction(s) on the persons to whom such securities may be issued;
- whether the debt securities will be issued as global securities (defined below) and, if so, the identity of the depositary for the global securities;
- whether the debt securities will be issued as unregistered securities (with or without coupons), registered securities or both;
- the periods within which and the terms and conditions, if any, upon which the Company may redeem the debt securities prior to maturity and the price or prices of which, and the currency or currency units in which, the debt securities are payable;
- any events of default or covenants applicable to the debt securities;
- any terms under which debt securities may be defeased, whether at or prior to maturity;

- whether the holders of any series of debt securities have special rights if specified events occur;
- any mandatory or optional redemption or sinking fund or analogous provisions;
- the terms, if any, for any conversion or exchange of the debt securities for any other securities;
- rights, if any, on a change of control;
- provisions as to modification, amendment or variation of any rights or terms attaching to the debt securities;
- the Trustee under the Trust Indenture pursuant to which the debt securities are to be issued;
- whether the Company will undertake to list the debt securities of the series on any securities exchange or automated interdealer quotation system; and
- any other terms, conditions, rights and preferences (or limitations on such rights and preferences) including covenants and events of default which apply solely to a particular series of the debt securities being offered which do not apply generally to other debt securities, or any covenants or events of default generally applicable to the debt securities which do not apply to a particular series of the debt securities.

The Company reserves the right to include in a prospectus supplement specific terms pertaining to the debt securities which are not within the options and parameters set forth in this prospectus. In addition, to the extent that any particular terms of the debt securities described in a prospectus supplement differ from any of the terms described in this prospectus, the description of such terms set forth in this prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such prospectus supplement with respect to such debt securities.

Unless stated otherwise in the applicable prospectus supplement, no holder of debt securities will have the right to require the Company to repurchase the debt securities and there will be no increase in the interest rate if the Company becomes involved in a highly leveraged transaction or has a change of control.

The Company may issue debt securities bearing no interest or interest at a rate below the prevailing market rate at the time of issuance, and offer and sell these securities at a discount below their stated principal amount. The Company may also sell any of the debt securities for a foreign currency or currency unit, and payments on the debt securities may be payable in a foreign currency or currency unit. In any of these cases, the Company will describe certain Canadian federal income tax consequences and other special considerations in the applicable prospectus supplement.

Unless otherwise indicated in the applicable prospectus supplement, the Company may issue debt securities with terms different from those of debt securities previously issued and, without the consent of the holders thereof, reopen a previous issue of a series of debt securities and issue additional debt securities of such series.

Ranking and Other Indebtedness

Unless otherwise indicated in an applicable prospectus supplement, the debt securities will be direct unsecured obligations of the Company. The debt securities will be senior or subordinated indebtedness of the Company as described in the applicable prospectus supplement. If the debt securities are senior indebtedness, they will rank equally and ratably with all other unsecured indebtedness of the Company from time to time issued and outstanding which is not subordinated. If the debt securities are subordinated indebtedness, they will be subordinated to senior indebtedness of the Company as described in the applicable prospectus supplement, and they will rank equally and ratably with other subordinated indebtedness of the Company from time to time issued and outstanding as described in the applicable prospectus supplement. The Company reserves the right to specify in a prospectus supplement whether a particular series of subordinated debt securities is subordinated to any other series of subordinated debt securities.

The Board may establish the extent and manner, if any, to which payment on or in respect of a series of debt securities will be senior or will be subordinated to the prior payment of our other liabilities and obligations and whether the payment of principal, premium, if any, and interest, if any, will be guaranteed by any other person and the nature and priority of any security.

Registration of Debt Securities

Debt Securities in Book Entry Form

Unless otherwise indicated in an applicable prospectus supplement, debt securities of any series may be issued in whole or in part in the form of one or more global securities ("**Global Securities**") registered in the name of a designated clearing agency (a "**Depositary**") or its nominee and held by or on behalf of the Depositary in accordance with the terms of the applicable Trust Indenture. The specific terms of the depositary arrangement with respect to any portion of a series of debt securities to be represented by a Global Security will, to the extent not described herein, be described in the prospectus supplement relating to such series. The Company anticipates that the provisions described in this section will apply to all depositary arrangements.

Upon the issuance of a Global Security, the Depositary or its nominee will credit, in its book-entry and registration system, the respective principal amounts of the debt securities represented by the Global Security to the accounts of such participants that have accounts with the Depositary or its nominee ("**Participants**"). Such accounts are typically designated by the underwriters, dealers or agents participating in the distribution of the debt securities or by the Company if such debt securities are offered and sold directly by the Company. Ownership of beneficial interests in a Global Security will be limited to Participants or persons that may hold beneficial interests through Participants. With respect to the interests of Participants, ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through records maintained by the Depositary or its nominee. With respect to the interests of persons other than Participants, ownership of beneficial interests in a Global Security will be shown on, and the transfer of that ownership will be effected only through records maintained by Participants or persons that hold through Participants.

So long as the Depositary for a Global Security, or its nominee, is the registered owner of such Global Security, such Depositary or such nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by such Global Security for all purposes under the applicable Trust Indenture and payments of principal, premium, if any, and interest, if any, on the debt securities represented by a Global Security will be made by the Company to the Depositary or its nominee. The Company expects that the Depositary or its nominee, upon receipt of any payment of principal, premium, if any, or interest, if any, will credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Security as shown on the records of such Depositary or its nominee. The Company also expects that payments by Participants to owners of beneficial interests in a Global Security held through such Participants will be governed by standing instructions and customary practices and will be the responsibility of such Participants.

Conveyance of notices and other communications by the Depositary to direct Participants, by direct Participants to indirect Participants and by direct and indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of debt securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the debt securities, such as redemptions, tenders, defaults and proposed amendments to the Trust Indenture.

Owners of beneficial interests in a Global Security will not be entitled to have the debt securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of such debt securities in certificated non-book-entry form, and will not be considered the owners or holders thereof under the applicable Trust Indenture, and the ability of a holder to pledge a debt security or otherwise take action with respect to such holder's interest in a debt security (other than through a Participant) may be limited due to the lack of a physical certificate.

No Global Security may be exchanged in whole or in part for debt securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the Depositary for such Global Security or any nominee of such Depositary unless: (i) the Depositary is no longer willing or able to discharge properly its responsibilities as depositary and the Company is unable to locate a qualified successor; (ii) the Company at its option elects, or is required by law, to terminate the book-entry system through the Depositary or the book-entry system ceases to exist; or (iii) if provided for in the Trust Indenture, after the occurrence of an event of default thereunder (provided the Trustee has not waived the event of default in accordance with the terms of the Trust

Indenture), Participants acting on behalf of beneficial holders representing, in aggregate, a threshold percentage of the aggregate principal amount of the debt securities then outstanding advise the Depositary in writing that the continuation of a book-entry system through the Depositary is no longer in their best interest.

If one of the foregoing events occurs, such Global Security shall be exchanged for certificated non-book-entry debt securities of the same series in an aggregate principal amount equal to the principal amount of such Global Security and registered in such names and denominations as the Depositary may direct.

The Company, any underwriters, dealers or agents and any Trustee identified in an accompanying prospectus supplement, as applicable, will not have any liability or responsibility for (i) records maintained by the Depositary relating to beneficial ownership interests in the debt securities held by the Depositary or the book-entry accounts maintained by the Depositary, (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interests, or (iii) any advice or representation made by or with respect to the Depositary and contained in this prospectus or in any prospectus supplement or Trust Indenture with respect to the rules and regulations of the Depositary or at the direction of Depositary Participants.

Unless otherwise stated in the applicable prospectus supplement, CDS Clearing and Depository Services Inc. or its successor will act as Depositary for any debt securities represented by a Global Security.

Debt Securities in Certificated Form

A series of the debt securities may be issued in definitive form, solely as registered securities, solely as unregistered securities or as both registered securities and unregistered securities. Unless otherwise indicated in the applicable prospectus supplement, unregistered securities will have interest coupons attached.

In the event that the debt securities are issued in certificated non-book-entry form, and unless otherwise indicated in the applicable prospectus supplement, payment of principal, premium, if any, and interest, if any, on the debt securities (other than a Global Security) will be made at the office or agency of the Trustee or, at the option of the Company, by the Company by way of cheque mailed or delivered to the address of the person entitled at the address appearing in the security register of the Trustee or electronic funds wire or other transmission to an account of the person entitled to receive such payments. Unless otherwise indicated in the applicable prospectus supplement, payment of interest, if any, will be made to the persons in whose name the debt securities are registered at the close of business on the day or days specified by the Company.

At the option of the holder of debt securities, registered securities of any series will be exchangeable for other registered securities of the same series, of any authorized denomination and of a like aggregate principal amount and tenor. If, but only if, provided in an applicable prospectus supplement, unregistered securities (with all unmatured coupons, except as provided below, and all matured coupons in default) of any series may be exchanged for registered securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. In such event, unregistered securities surrendered in a permitted exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest shall be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable on such date for payment of interest in respect of the registered security issued in exchange for such unregistered security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Trust Indenture. Unless otherwise specified in an applicable prospectus supplement, unregistered securities will not be issued in exchange for registered securities.

The applicable prospectus supplement may indicate the places to register a transfer of the debt securities in definitive form. Except for certain restrictions to be set forth in the Trust Indenture, no service charge will be payable by the holder for any registration of transfer or exchange of the debt securities in definitive form, but the Company may, in certain instances, require a sum sufficient to cover any tax or other governmental charges payable in connection with these transactions.

DESCRIPTION OF WARRANTS

General

This section describes the general terms that will apply to any warrants for the purchase of Common Shares (the "**Equity Warrants**"), or for the purchase of debt securities ("**Debt Warrants**").

We may issue warrants independently or together with other securities, and warrants sold with other securities may be attached to or separate from the other securities. Warrants will be issued under one or more warrant agency agreements to be entered into by us and one or more banks or trust companies acting as warrant agent.

The Company will deliver an undertaking to the securities regulatory authority in each of the provinces and territories of Canada that it will not distribute warrants that, according to their terms as described in the applicable prospectus supplement, are "novel" specified derivatives within the meaning of Canadian securities legislation, separately to any member of the public in Canada, unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless such prospectus supplement containing the specific terms of the warrants to be distributed separately is first approved by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Canada where the warrants will be distributed.

This summary of some of the provisions of the warrants is not complete. The statements made in this prospectus relating to any warrant agreement and warrants to be issued under this prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement. You should refer to the warrant indenture or warrant agency agreement relating to the specific warrants being offered for the complete terms of the warrants. A copy of any warrant indenture or warrant agency agreement relating to an offering or warrants will be filed by the Company with the securities regulatory authorities in the applicable Canadian offering jurisdictions after we have entered into it, and will be available electronically on SEDAR at www.sedar.com.

The applicable prospectus supplement relating to any warrants that we offer will describe the particular terms of those warrants and include specific terms relating to the offering.

Original purchasers of warrants (if offered separately) will have a contractual right of rescission against us in respect of the exercise of such warrant. The contractual right of rescission will entitle such original purchasers to receive, upon surrender of the underlying securities acquired upon exercise of the warrant, the total of the amount paid on original purchase of the warrant and the amount paid upon exercise, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the exercise takes place within 180 days of the date of the purchase of the warrant under the applicable prospectus supplement; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the warrant under the applicable prospectus supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

In an offering of warrants, or other convertible securities, original purchasers are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the warrants, or other convertible securities, are offered to the public under the prospectus offering. This means that, under the securities legislation of each of the provinces and territories, if the purchaser pays additional amounts upon conversion, exchange or exercise of such securities, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces or territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights, or consult with a legal advisor.

Equity Warrants

The particular terms of each issue of Equity Warrants will be described in the applicable prospectus supplement. This description will include, where applicable:

(i) the designation and aggregate number of Equity Warrants;
(ii) the price at which the Equity Warrants will be offered;
(iii) the currency or currencies in which the Equity Warrants will be offered;
(iv) the date on which the right to exercise the Equity Warrants will commence and the date on which the right will expire;
(v) the number of Common Shares that may be purchased upon exercise of each Equity Warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each Equity Warrant;
(vi) the terms of any provisions allowing or providing for adjustments in (a) the number and/or class of shares that may be purchased, (b) the exercise price per share or (c) the expiry of the Equity Warrants;
(vii) whether we will issue fractional shares;
(viii) whether we have applied to list the Equity Warrants or the underlying shares on a stock exchange;
(ix) the designation and terms of any securities with which the Equity Warrants will be offered, if any, and the number of the Equity Warrants that will be offered with each security;
(x) the date or dates, if any, on or after which the Equity Warrants and the related securities will be transferable separately;
(xi) whether the Equity Warrants will be subject to redemption or call and, if so, the terms of such redemption or call provisions;
(xii) material Canadian federal income tax consequences of owning the Equity Warrants;
(xiii) any terms, procedures and limitations relating to the transferability, exchange or exercise of the Equity Warrants; and
(xiv) any other material terms or conditions of the Equity Warrants.

Debt Warrants

The particular terms of each issue of Debt Warrants will be described in the related prospectus supplement. This description will include, where applicable:

(i) the designation and aggregate number of Debt Warrants;
(ii) the price at which the Debt Warrants will be offered;
(iii) the currency or currencies in which the Debt Warrants will be offered;
(iv) the designation and terms of any securities with which the Debt Warrants are being offered, if any, and the number of the Debt Warrants that will be offered with each security;
(v) the date or dates, if any, on or after which the Debt Warrants and the related securities will be transferable separately;
(vi) the principal amount and designation of debt securities that may be purchased upon exercise of each Debt Warrant and the price at which and currency or currencies in which that principal amount of debt securities may be purchased upon exercise of each Debt Warrant;
(vii) the date on which the right to exercise the Debt Warrants will commence and the date on which the right will expire;
(viii) the minimum or maximum amount of Debt Warrants that may be exercised at any one time;
(ix) whether the Debt Warrants will be subject to redemption or call, and, if so, the terms of such redemption or call provisions;
(x) material Canadian federal income tax consequences of owning the Debt Warrants;
(xi) whether we have applied to list the Debt Warrants or the underlying debt securities on an exchange;
(xii) any terms, procedures and limitations relating to the transferability, exchange or exercise of the Debt Warrants; and
(xiii) any other material terms or conditions of the Debt Warrants.

Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities subject to the warrants.

DESCRIPTION OF UNITS

Capstone may issue units, which may consist of one or more of Common Shares, warrants or any other security specified in the relevant prospectus supplement. Each unit will be issued so that the holder of the unit is also the holder of each of the securities included in the unit. In addition, the relevant prospectus supplement relating to an offering of units will describe all material terms of any units offered, including, as applicable:

(i) the designation and aggregate number of units being offered;
(ii) the price at which the units will be offered;
(iii) the designation, number and terms of the securities comprising the units and any agreement governing the units;
(iv) the date or dates, if any, on or after which the securities comprising the units will be transferable separately;
(v) whether we will apply to list the units or any of the individual securities comprising the units on any exchange;
(vi) material Canadian income tax consequences of owning the units, including, how the purchase price paid for the units will be allocated among the securities comprising the units; and
(vii) any other material terms or conditions of the units.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

We may issue subscription receipts separately or in combination with one or more other securities, which will entitle holders thereof to receive, upon satisfaction of certain release conditions (the "**Release Conditions**") and for no additional consideration, Common Shares, warrants, debt securities or any combination thereof. Subscription receipts will be issued pursuant to one or more subscription receipt agreements (each, a "**Subscription Receipt Agreement**"), the material terms of which will be described in the applicable prospectus supplement, each to be entered into between the Company and an escrow agent (the "**Escrow Agent**") that will be named in the relevant prospectus supplement. Each Escrow Agent will be a financial institution organized under the laws of Canada or a province thereof and authorized to carry on business as a trustee. If underwriters or agents are used in the sale of any subscription receipts, one or more of such underwriters or agents may also be a party to the Subscription Receipt Agreement governing the subscription receipts sold to or through such underwriter or agent.

The following description sets forth certain general terms and provisions of subscription receipts that may be issued hereunder and is not intended to be complete. The statements made in this prospectus relating to any Subscription Receipt Agreement and subscription receipts to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Subscription Receipt Agreement. Prospective investors should refer to the Subscription Receipt Agreement relating to the specific subscription receipts being offered for the complete terms of the subscription receipts. We will file a copy of any Subscription Receipt Agreement relating to an offering of subscription receipts with the applicable securities regulatory authorities in Canada after it has been entered into it.

General

The prospectus supplement and the Subscription Receipt Agreement for any subscription receipts that we may offer will describe the specific terms of the subscription receipts offered. This description may include, but may not be limited to, any of the following, if applicable:

(i) the designation and aggregate number of subscription receipts being offered;
(ii) the price at which the subscription receipts will be offered;
(iii) the designation, number and terms of the Common Shares, warrants and/or debt securities to be received by the holders of subscription receipts upon satisfaction of the Release Conditions, and any procedures that will result in the adjustment of those numbers;

(iv) the Release Conditions that must be met in order for holders of subscription receipts to receive, for no additional consideration, the Common Shares, warrants and/or debt securities;

(v) the procedures for the issuance and delivery of the Common Shares, warrants and/or debt securities to holders of subscription receipts upon satisfaction of the Release Conditions;

(vi) whether any payments will be made to holders of subscription receipts upon delivery of the Common Shares, warrants and/or debt securities upon satisfaction of the Release Conditions;

(vii) the identity of the Escrow Agent;

(viii) the terms and conditions under which the Escrow Agent will hold all or a portion of the gross proceeds from the sale of subscription receipts, together with interest and income earned thereon (collectively, the "**Escrowed Funds**"), pending satisfaction of the Release Conditions;

(ix) the terms and conditions pursuant to which the Escrow Agent will hold the Common Shares, warrants and/or debt securities pending satisfaction of the Release Conditions;

(x) the terms and conditions under which the Escrow Agent will release all or a portion of the Escrowed Funds to the Company upon satisfaction of the Release Conditions;

(xi) if the subscription receipts are sold to or through underwriters or agents, the terms and conditions under which the Escrow Agent will release a portion of the Escrowed Funds to such underwriters or agents in payment of all or a portion of their fees or commissions in connection with the sale of the subscription receipts;

(xii) procedures for the refund by the Escrow Agent to holders of subscription receipts of all or a portion of the subscription price of their subscription receipts, plus any pro rata entitlement to interest earned or income generated on such amount, if the Release Conditions are not satisfied;

(xiii) any contractual right of rescission to be granted to initial purchasers of subscription receipts in the event that this prospectus, the prospectus supplement under which such subscription receipts are issued or any amendment hereto or thereto contains a misrepresentation;

(xiv) any entitlement of Capstone to purchase the subscription receipts in the open market by private agreement or otherwise;

(xv) whether we will issue the subscription receipts as global securities and, if so, the identity of the depository for the global securities;

(xvi) whether we will issue the subscription receipts as unregistered bearer securities, as registered securities or both;

(xvii) provisions as to modification, amendment or variation of the Subscription Receipt Agreement or any rights or terms of the subscription receipts, including upon any subdivision, consolidation, reclassification or other material change of the Common Shares, warrants or other Capstone securities, any other reorganization, amalgamation, merger or sale of all or substantially all of the Company's assets or any distribution of property or rights to all or substantially all of the holders of Common Shares;

(xviii) whether we will apply to list the subscription receipts on any exchange;

(xix) material Canadian federal income tax consequences of owning the subscription receipts; and

(xx) any other material terms or conditions of the subscription receipts.

Original purchasers of subscription receipts will have a contractual right of rescission against us in respect of the conversion of the subscription receipts. The contractual right of rescission will entitle such original purchasers to receive the total of the amount paid on original purchase of the subscription receipts and the amount paid upon conversion of the subscription receipts (if any) upon surrender of the underlying securities gained thereby, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion takes place within 180 days of the date of the purchase of the subscription receipts under this prospectus; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the subscription receipts under this prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

Rights of Holders of Subscription Receipts Prior to Satisfaction of Release Conditions

The holders of subscription receipts will not be, and will not have the rights of, shareholders of Capstone. Holders of subscription receipts are entitled only to receive Common Shares, warrants and/or debt securities on exchange of their subscription receipts, plus any cash payments, if any, all as provided for under the Subscription Receipt Agreement and only once the Release Conditions have been satisfied. If the Release Conditions are not satisfied, holders of subscription receipts shall be entitled to a refund of all or a portion of the subscription price therefor and their pro rata share of interest earned or income generated thereon, if provided for in the Subscription Receipt Agreement, all as provided in the Subscription Receipt Agreement.

Escrow

The Subscription Receipt Agreement will provide that the Escrowed Funds will be held in escrow by the Escrow Agent, and such Escrowed Funds will be released to the Company (and, if the subscription receipts are sold to or through underwriters or agents, a portion of the Escrowed Funds may be released to such underwriters or agents in payment of all or a portion of their fees in connection with the sale of the subscription receipts) at the time and under the terms specified by the Subscription Receipt Agreement. If the Release Conditions are not satisfied, holders of subscription receipts will receive a refund of all or a portion of the subscription price for their subscription receipts, plus their pro-rata entitlement to interest earned or income generated on such amount, if provided for in the Subscription Receipt Agreement, in accordance with the terms of the Subscription Receipt Agreement. Common Shares, warrants and or debt securities may be held in escrow by the Escrow Agent and will be released to the holders of subscription receipts following satisfaction of the Release Conditions at the time and under the terms specified in the Subscription Receipt Agreement.

Modifications

The Subscription Receipt Agreement will specify the terms upon which modifications and alterations to the subscription receipts issued thereunder may be made by way of a resolution of holders of subscription receipts at a meeting of such holders or consent in writing from such holders. The number of holders of subscription receipts required to pass such a resolution or execute such a written consent will be specified in the Subscription Receipt Agreement.

The Subscription Receipt Agreement will also specify that we may amend any Subscription Receipt Agreement and the subscription receipts without the consent of the holders of the subscription receipts to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision or in any other manner that will not materially and adversely affect the interests of the holders of outstanding subscription receipts or as otherwise specified in the Subscription Receipt Agreement.

DESCRIPTION OF SHARE PURCHASE CONTRACTS

We may issue share purchase contracts, representing contracts obligating holders to purchase from or sell to us, and obligating us to purchase from or sell to the holders, a specified number of Common Shares, as applicable, at a future date or dates, and including by way of instalment.

The price per Common Share and the number of Common Shares, as applicable, may be fixed at the time the share purchase contracts are issued or may be determined by reference to a specific formula or method set forth in the share purchase contracts. We may issue share purchase contracts in accordance with applicable laws and in such amounts and in as many distinct series as we may determine.

The share purchase contracts may be issued separately or as part of units consisting of a share purchase contract and beneficial interests in debt securities, or debt obligations of third parties, including U.S. treasury securities or obligations of our subsidiaries, securing the holders' obligations to purchase the Common Shares under the share purchase contracts, which we refer to in this prospectus as share purchase units. The share purchase contracts may require the Company to make periodic payments to the holders of the share purchase units or vice versa, and these payments may be unsecured or refunded and may be paid on a current or on a deferred basis. The share purchase contracts may require holders to secure their obligations under those contracts in a specified manner.

Holders of share purchase contracts are not shareholders of Capstone. The particular terms and provisions of share purchase contracts offered by any prospectus supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the prospectus supplement filed in respect of such share purchase contracts.

This description will include, where applicable:

(i) whether the share purchase contracts obligate the holder to purchase or sell, or both purchase and sell, Common Shares, as applicable, and the nature and amount of those securities, or the method of determining those amounts;
(ii) whether the share purchase contracts are to be prepaid or paid in instalments;
(iii) any conditions upon which the purchase or sale will be contingent and the consequences if such conditions are not satisfied;
(iv) whether the share purchase contracts are to be settled by delivery, or by reference or linkage to the value or performance of Common Shares;
(v) any acceleration, cancellation, termination or other provisions relating to the settlement of the share purchase contracts;
(vi) the date or dates on which the sale or purchase must be made, if any;
(vii) whether the share purchase contracts will be issued in fully registered or global form;
(viii) the material income tax consequences of owning the share purchase contracts; and
(ix) any other material terms and conditions of the share purchase contracts including, without limitation, transferability and adjustment terms and whether the share purchase contracts will be listed on a stock exchange.

Original purchasers of share purchase contracts will be granted a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such share purchase contract. The contractual right of rescission will entitle such original purchasers to receive the total of the amount paid on original purchase of the share purchase contracts and the amount paid upon conversion, exchange or exercise of the share purchase contracts, upon surrender of the underlying securities gained thereby, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

SELLING SECURITYHOLDERS

Our Common Shares may be sold under this prospectus by way of a secondary offering by or for the account of certain of our securityholders. The prospectus supplement that we will file in connection with any offering of our Common Shares by selling securityholders will include the following information:

- the names of the selling securityholders, and where the selling securityholder is not an individual, the name of the principal securityholder of such selling securityholder to the extent known;
- the number or amount of our Common Shares owned, controlled or directed by each selling securityholder;
- the number or amount of our Common Shares being distributed for the account of each selling securityholder;
- the number or amount of securities to be owned by the selling securityholders after the distribution and the percentage that number or amount represents of the total number of our outstanding securities; and
- whether our Common Shares are owned by the selling securityholders both of record and beneficially, of record only or beneficially only.

PLAN OF DISTRIBUTION

New Issue

The Company may sell securities offered by this prospectus for cash or other consideration (i) to or through underwriters, dealers, placement agents or other intermediaries, (ii) directly to one or more purchasers or (iii) in connection with acquisitions of assets or shares or another entity or company. The consideration for an acquisition of assets or shares of another entity or company may consist of any of the securities covered hereby separately, a combination of such securities, or any combination of, among other things, securities, cash or the assumption of liabilities.

Each prospectus supplement with respect to our securities being offered will set forth the terms of the offering, including:

(i) the name or names of any underwriters, dealers or other placement agents;
(ii) the number and the purchase price of, and form of consideration for, our securities;
(iii) any proceeds to the Company from such sale; and
(iv) any commissions, fees, discounts and other items constituting underwriters', dealers' or agents' compensation.

Our securities may be sold, from time to time, in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market price or at negotiated prices, including sales in transactions that are deemed to be ATM Distributions, including sales made directly on the TSX or other existing trading markets for the securities. The prices at which the securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of securities at a fixed price or prices, the underwriters have made a *bona fide* effort to sell all of the securities at the initial offering price fixed in the applicable prospectus supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial offering price fixed in such prospectus supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriters to the Company.

Only underwriters named in the prospectus supplement are deemed to be underwriters in connection with our securities offered by that prospectus supplement.

Under agreements which may be entered into by the Company, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by the Company against certain liabilities, including liabilities under applicable Canadian securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. The underwriters, dealers and agents with whom we enter into agreements may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

No underwriter or dealer involved in an ATM Distribution, no affiliate of such underwriter or dealer and no person acting jointly or in concert with such underwriter or dealer has over-allotted, or will over allot, our securities in connection with an ATM Distribution of our securities or effect any other transactions that are intended to stabilize the market price of our securities during an ATM Distribution. In connection with any offering of our securities other than in an ATM Distribution, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of our securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Secondary Offering

This prospectus may also, from time to time, relate to the offering of our Common Shares by certain selling securityholders.

The selling securityholders may sell all or a portion of our Common Shares beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If our Common Shares are sold through underwriters or broker-dealers, the selling securityholders will be responsible for underwriting discounts or commissions or agent's commissions. Our Common Shares may be sold by the selling securityholders in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions, as follows:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- broker-dealers may agree with the selling securityholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

If the selling securityholders effect such transactions by selling our Common Shares to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling securityholders or commissions from purchasers of our Common Shares for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of our Common Shares or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of our Common Shares in the course of hedging in positions they assume. The selling securityholders may also sell our Common Shares short and deliver our Common Shares covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling securityholders may also loan or pledge our Common Shares to broker-dealers that in turn may sell such shares.

At the time a particular offering of our Common Shares is made by any selling securityholders, a prospectus supplement will be distributed which will identify the selling securityholders and provide the other information set forth under "Selling Securityholders" of such prospectus supplement, including the aggregate amount of our Common Shares being offered and the terms of the offering, including the name or names of any underwriters, broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling securityholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers.

There can be no assurance that any securityholder will sell any or all of our Common Shares registered pursuant to this prospectus.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable prospectus supplement may describe certain Canadian federal income tax consequences to an investor who is a non-resident of Canada or to an investor who is a resident of Canada of acquiring, owning and disposing of any of our securities offered thereunder. Investors should read the tax discussion in any prospectus supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

LEGAL MATTERS

Certain legal matters related to any offering of Securities may be passed upon on our behalf by Blake, Cassels & Graydon LLP. In addition, certain legal matters in connection with any offering of Securities may be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such underwriters, dealers or agents, as the case may be.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of Capstone is Deloitte LLP ("**Deloitte**") Chartered Professional Accountants located at 410 West Georgia Street, Vancouver, British Columbia, V6B 0S7. Deloitte is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia. Further information about the auditor of Old Capstone can be found in the AIF under the heading "*Interests of Experts*".

Computershare Investor Services Inc., at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, is the transfer agent and registrar of our Common Shares.

SCIENTIFIC AND TECHNICAL INFORMATION

The technical disclosure relating to the Company's mineral properties included or incorporated by reference in this prospectus has been included or incorporated by reference in reliance on the report, valuation, statement or opinion of the persons described below.

The following persons, each a "qualified person" as defined in NI 43-101, are named as having prepared or certified a report under NI 43-101 referenced in this prospectus, either directly or in a document incorporated by reference: (i) Chris Martin, CEng MIMMM; (ii) Gregg Bush, P.Eng.; (iii) Leslie Correia, Pr. Eng.; (iv) Jenna Hardy, P.Geo., FGC; (v) Humberto Preciado, PhD, P.E.; (vi) Darren Kennard, P.Eng.; (vii) Tucker Jensen, P.Eng.; (viii) Vivienne McLennan, P.Geo.; (ix) Josh Moncrieff, P.Geo.; (x) Garth Kirkham, P.Geo., FGC; (xi) Clay Craig, P.Eng.; (xii) Klaus Triebel, CPG; (xiii) Tony J. Freiman, PE; (xiv) J. Todd Harvey, SME-RM; (xv) Colleen Roche, P.Eng., SME-RM; (xvi) Edward C. Wellman, PE, PG, CEG; (xvii) Carlos Guzmán, CMC, FAusIMM; (xviii) David W. Rennie, P.Eng.; (xix) Joyce Maycock, P.Eng.; (xx) Dr. Antonio Luraschi, CMC; (xxi) Marcial Mendoza, CMC; (xxii) Dr. Mario Bianchin, P. Geo.; (xxiii) Roy Betinol, P.Eng.; (xxiv) Roger Amelunxen, P. Eng.; (xxv) Lyn Jones, P.Eng.; (xxvi) Michael J. Gingles, QP MMSA; (xxvii) Tom Kerr, P.Eng.; (xxviii) Cashel Meagher, P.Geo.; (xxix) Gustavo Tapia, RM CMC; and (xxx) Ronald Turner MAusIMM CP(Geo).

INTEREST OF EXPERTS

Except as set out herein, none of the experts named in the foregoing section, when or after they prepared the statement, report or valuation, has received or holds any registered or beneficial interests, direct or indirect, in any securities or other property of Capstone or of one of Capstone's associates or affiliates (based on information provided to us by the experts) or is expected to be elected, appointed or employed as a director, officer or employee of Capstone or of any of our associates or affiliates.

Josh Moncrieff, Clay Craig, Tucker Jensen, Vivienne McLennan, Colleen Roche, Klaus Triebel and Gregg Bush beneficially own, directly or indirectly, less than one percent of the outstanding common shares of the Company.

Tucker Jensen and Klaus Triebel are employees of Pinto Valley Mining Corp. and Colleen Roche is a former employee of Pinto Valley Mining Corp. Josh Moncrieff, Clay Craig and Vivienne McLennan are employees of Capstone and Gregg Bush is a former consultant to Capstone. Cashel Meagher is our President and Chief Operating Officer.

EXEMPTION FROM NI 44-101

Pursuant to a decision of the Autorité des marchés financiers ("**AMF**") dated January 5, 2023, the Company was granted exemptive relief from the requirement that this prospectus as well as the documents incorporated by reference herein and any applicable prospectus supplement and the documents incorporated by reference therein to be filed in relation to an “at-the-market distribution” be filed with the AMF in the French language. This exemptive relief is granted on the condition that this prospectus, any applicable prospectus supplement (other than in relation to an “at-the-market distribution”) and the documents incorporated by reference herein and therein be filed with the AMF in the French language if the Company offers securities to Quebec purchasers in connection with an offering other than in relation to an “at-the-market distribution”.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of securities distributed under an ATM Distribution by Capstone do not have the right to withdraw from an agreement to purchase the securities and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, prospectus supplement, and any amendment relating to the securities purchased by such purchaser because the prospectus, prospectus supplement, and any amendment relating to the securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of National Instrument 44-102 – *Shelf Distributions*.

Securities legislation in some provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of securities distributed under an ATM Distribution by Capstone may have against Capstone or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

In an offering of warrants, or other convertible, exchangeable or exercisable securities, investors are cautioned that the statutory right of action for damages under Canadian securities laws for a misrepresentation contained in the prospectus or a prospectus supplement (or any amendment thereto) is limited, in certain provincial securities legislation, to the price at which the warrants, or other convertible, exchangeable or exercisable securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon conversion, exchange or exercise of such securities, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: March 1, 2023

This short form base shelf prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form base shelf prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(signed) *John MacKenzie*	(signed) *Raman S. Randhawa*
Chief Executive Officer	Chief Financial Officer

On behalf of the Board of Directors:

(signed) *Alison Baker*	(signed) *Darren M. Pylot*
Director	Director