

CAPSTONE COPPER CORP. | SUMMARY OF INCENTIVE PLANS

1. Introduction

Capstone Copper Corp.'s (**Capstone**) Incentive Share Option and Bonus Share Plan (the **Option Plan**) and Treasury Share Unit Plan (the **Treasury Share Plan**) provide for the issuance of options or share units to a maximum of 10% of Capstone's fully paid, issued and outstanding common shares (**Shares**) (subject to standard anti-dilution adjustments) to employees or directors of Capstone. The Option Plan allows for the issuance of up to 500,000 Bonus Shares in any one calendar year to employees or directors of Capstone. In addition to the Treasury Share Plan, Capstone has a Share Unit Plan which provides for the grants of share units (either PSUs or RSUs) to an employee of Capstone or any Capstone entity (**Share Unit Plan**).

The Option Plan and Treasury Share Plan are considered "rolling" plans as the number of Shares available for issuance under these plans increase with the number of issued and outstanding Shares. The Option Plan and Treasury Share Plan are also considered "evergreen" plans because when: (a) an option or share unit is exercised or redeemed, additional Shares become available for subsequent grants under these plans because each exercise or redemption reduces the number of Shares that are currently covered by options or share units and increases the outstanding share capital of Capstone; and (b) an option or share unit expires or otherwise terminates for any reason without having been exercised or redeemed in full, the number of Shares reserved for issuance under that expired or terminated option or share unit again becomes available for the purposes of these plans. Any option or share unit outstanding when the Option Plan or Treasury Share Plan are terminated will remain in effect until they are exercised, expired or redeemed.

The plans are administered by the Board (or by a committee of the Board to which authority is delegated, currently the Human Resources and Compensation Committee (the **HR&C Committee**)).

1.1 Terms of Option Plan

Stock option grants and bonus shares under the Option Plan are used to attract and retain executives and to give them an incentive to participate in the long-term development of Capstone and increase shareholder value.

The following table sets out the key features of the Option Plan:

Feature	Description
Eligibility	The Option Plan provides that options (Plan Options) may be issued only to employees (being a person who works full time or on a continuing and regular basis providing services normally provided by an employee) and non-employee directors (Eligible Person).
Board discretion	The Option Plan provides that, generally, the exercise price, the expiry time, the extent to which an Option is exercisable and other terms and conditions relating to such Plan Option shall be determined by the Board or any committee to which such authority is delegated by the Board from time to time.
Non-employee director participation limit	At any given time, the number of Options and bonus shares granted to a non-employee director under the Option Plan, in combination with all other equity awards granted to the person, shall be limited to the lesser of: (i) a reserve, as a group, of equity awards entitling them to acquire up to 1% of the issued and outstanding Shares; and (ii) an annual equity award value of C\$150,000 per non-employee director, provided that the total value of Options issuable to any one non-employee director in any one year period will not exceed \$100,000.

Feature	Description
Limitation on grant	<p>In no case will:</p> <p>(i) Options to acquire more than 5% of the issued and outstanding Shares be granted to any one individual in any one year period;</p> <p>(ii) the maximum number of Shares issued to insiders (as defined in applicable securities legislation), together with the maximum number of Shares issuable to insiders pursuant to all other equity award arrangements, at any time exceed 10% of the issued and outstanding Shares; and</p> <p>(iii) the maximum number of Shares issued to insiders, together with the maximum number of Shares issuable to insiders pursuant to all other equity award arrangements, within a one year period, exceed 10% of the issued and outstanding Shares.</p>
Maximum term of Option	Plan Options granted under the Option Plan will be for a term not exceeding ten years from the date of grant.
No assignment	Plan Options may not be assigned or transferred.
Change of control	<p>The Option Plan contains a double-trigger change of control provision.</p> <p>If an eligible person, who is approved for participation by the Board in the Option Plan, has his or her employment terminated without cause by Capstone or a Capstone subsidiary within 12 months of a change of control, all unvested Options shall vest immediately and become exercisable.</p>
Exercise price	Plan Options granted under the terms of the Option Plan are exercisable at a price set at the date of the grant which is not less than the closing price of the Shares on the TSX immediately preceding the date of grant.
Full payment of Shares	Capstone will not issue Shares pursuant to Plan Options unless and until the Shares to be issued on exercise of the Plan Options have been fully paid for. Capstone will not provide financial assistance to an Option holder to assist them in exercising his or her Option.
No rights to Shares	Plan Options granted under the Option Plan do not grant the holder rights as a shareholder of Capstone with respect to any Shares issuable upon the exercise of any Option until such Option has been duly exercised and such Shares have been issued to the holder.
Termination of Option Plan	The Option Plan may be amended, modified or terminated by the Board without the approval of Capstone's shareholders.
Vesting	Plan Options granted under the Option Plan shall vest in accordance with any vesting schedule set by the Board at the time of the grant.
Amendments	Pursuant to the policies of the TSX, the Board may, at any time, without further approval by shareholders, amend the Option Plan or any option granted thereunder to: (i) amend typographical, clerical and grammatical errors; (ii) reflect changes to applicable securities laws; (iii) amend the vesting provisions of the Option Plan or any Plan Option; (iv) amend the early termination provision of the Option Plan or any Plan Option, provided the amendment does not entail an extension beyond the expiry date of the Plan Option; (v) and add any form of financial assistance by Capstone for the acquisition of Shares under the Option Plan, including by way of cashless exercise.

1.2 Terms of the Treasury Share Plan

(a) Overview

Capstone has a treasury share unit plan pursuant to which the HR&C Committee may award grants of share units (either performance share units (**PSUs**) or restricted share units (**RSUs**)) up to a maximum of 3.5% of Capstone's issued and outstanding Shares (subject to standard anti-dilution adjustments) to an individual employed by Capstone or any Capstone entity (**Treasury Share Plan**). The Shares delivered under the Treasury Share Plan upon vesting of share units are from treasury stock.

The objectives of the Treasury Share Plan are to:

- promote further alignment of interests between officers, employees and other eligible service providers and the shareholders of Capstone;
- associate a portion of the compensation payable to officers, employees and other eligible service providers with the returns achieved by shareholders of Capstone; and
- attract and retain officers, employees and other eligible service providers with the knowledge, experience and expertise required by Capstone.

(b) PSUs

A PSU is a right granted to an eligible person to receive a Share that may become vested subject to the attainment of certain performance conditions determined by the HR&C Committee.

(c) RSUs

A RSU is a right granted to an eligible person to receive a Share that may become vested following a period of continuous employment with Capstone or a Capstone entity.

(d) Key terms

The following table sets out the key features of the Treasury Share Plan:

Feature	Description
Eligibility	The HR&C Committee may award grants of PSUs and/or RSUs to individuals employed by Capstone or a Capstone entity.
HR&C Committee Discretion	The HR&C Committee has absolute discretion to administer the Treasury Share Plan, which includes, without limitation, the ability to determine the date of awards, eligible persons, the grant value and the terms and conditions of grants.
Limitation on grant	<p>The maximum number of share units that may be issued, together with all other equity award arrangements, may not exceed 10% of the issued and outstanding Shares, provided that the maximum number of Shares that may be issued under the Treasury Share Plan may not exceed 3.5% of the issued and outstanding Shares.</p> <p>The maximum number of Shares: (i) issued to insiders (as defined in the Treasury Share Plan) within any one year period, and (ii) issuable to insiders, at any time under the Treasury Share Plan or when combined with all Capstone's other equity award arrangements, shall not exceed 10% of issued and outstanding common shares.</p>
Evergreen	<p>Shares subject to any grant that are forfeited, surrendered, cancelled or otherwise terminated prior to the issuance of such Shares shall again be available for grant under the Treasury Share Plan.</p> <p>Following the exercise or settlement of any grant under the Treasury Share Plan, a number of Shares underlying such grant so exercised or settled will immediately and automatically become available for issuance under the Treasury Share Plan.</p>
No assignment	Except upon the death of a participant and the designation of a beneficiary under the Treasury Share Plan, PSUs and RSUs may not be transferred or assigned.

Feature	Description
Market value	The market value with respect to any particular date is calculated as the volume weighted average trading price per Share on the TSX during the immediately preceding five days on which the Shares were actually traded or the value established by the HR&C Committee on the Board acting in good faith.
Maximum term	PSUs and RSUs granted under the Treasury Share Plan will be for a term that is the lesser of ten years after the date on which the PSU or RSU (as applicable) is granted or the latest date permitted under the applicable rules and regulations of all regulatory authorities to which Capstone is subject, including the TSX.
Redemption	Except if the award specifies that redemption will occur automatically, vested PSUs and RSUs may be redeemed by submitting a redemption notice. PSUs and RSUs vest when the applicable performance conditions and any other conditions for payment or other settlement have been met, waived or deemed to be met.
No rights to Shares	PSUs and RSUs granted under the Treasury Share Plan do not entitle the holder to any shareholder rights, including (without limitation), voting rights, dividend entitlement or rights on liquidation.
Dividend-equivalents and adjustments	<p>On any payment date for dividends paid on Shares prior to the settlement date, an eligible participant shall be credited with dividend equivalents in respect of PSUs and/or RSUs granted under the Treasury Share Plan and converted into additional RSUs or PSUs on the date which the dividends are paid.</p> <p>The additional RSUs and PSUs granted shall be subject to the same terms and conditions (including vesting and settlement), as the corresponding RSUs or PSUs.</p> <p>A proportional adjustment to the number of PSUs and RSUs (as applicable) outstanding under the Treasury Share Plan will be made in the event of any stock dividend, stock split, combination or exchange of shares, capital reorganisation, consolidation, spin-off, dividend (other than cash dividends in the ordinary course) or other distribution of the Company's assets to shareholders, or other similar changes affecting Capstone's shares.</p>
Change of Control	Following a change of control, the HR&C Committee may determine: (i) that for any PSU there shall be a substituted entitlement to receive cash or such securities into which Shares are changed; or (ii) that the total number of share units shall be the greater of the number of PSUs as specified in the grant agreement without giving effect to any potential increase or decrease as a result of the change of control, or the number of PSUs specified in the grant agreement giving effect to any increase or decrease as a result of the change of control.
Amendments	The Treasury Share Plan may be amended, modified or terminated by the Board without approval of shareholders of Capstone, provided that no amendment to the Treasury Share Plan (or grants thereunder) may be made without the consent of a participant if it adversely alters or impairs the rights of the participant in respect of any grant previously granted, except for purposes of compliance with applicable law. For greater certainty, the following amendments require shareholder approval: (i) increase in the maximum number of common shares issuable; (ii) increase or removal of the Insider participation limits; (iii) extending the maximum term of a grant, except in case of an extension due to a black-out period; (iv) assignment provisions; (v) including other types of equity compensation involving the issuance of common shares; and (vi) provisions to grant additional powers to the Board to amend the Treasury Share Plan without shareholder approval. For greater certainty and without limiting the foregoing, shareholder approval shall not be required for the following amendments and the Board may make such changes without shareholder approval, subject to TSX approval: (i) amendments of a "housekeeping" nature; (ii) a change to the vesting provisions of any grants; (iii) a change to the termination provisions of any grant that does not entail an

Feature	Description
	extension beyond the original term of the grant; or (iv) amendments to the provisions relating to a change of control.

1.3 Terms of the Share Unit Plan

(a) Overview

Capstone has a Share Unit Plan pursuant to which the HR&C Committee may award grants of share units (either PSUs or RSUs) to an individual employed by Capstone or any Capstone entity (**Share Unit Plan**).

PSUs granted to executives vest after three years and are subject to a performance measure of 0% to 200%. RSUs granted to executives and employees vest 1/3 per year starting on the first anniversary of the grant date.

The objectives of the Share Unit Plan are similar to the objectives of the Treasury Share Plan (see above).

(b) Key terms

The following table sets out the key features of the Share Unit Plan:

Feature	Description
Eligibility	The HR&C Committee may award grants of PSUs and/or RSUs to individuals employed by Capstone or a Capstone entity.
HR&C Committee Discretion	The HR&C Committee has absolute discretion to administer the Share Unit Plan, which includes, without limitation, the ability to determine the date of awards, eligible persons, the grant value and the terms and conditions of grants.
Limitation on grant	There are no limitations on the number of share units that may be granted under the Share Unit Plan.
No assignment	Except upon the death of a participant and the designation of a beneficiary under the Share Unit Plan, PSUs and RSUs may not be transferred or assigned.
Market value	The market value with respect to any particular date is calculated as the volume weighted average trading price per Share on the TSX during the immediately preceding five days on which the Shares were actually traded or the value established by the HR&C Committee on the Board acting in good faith.
Vesting and settlement	RSUs and PSUs granted under the Share Unit Plan, are settled by a distribution to the participant, subject to payment or other satisfaction of all related withholding obligations, in cash (at the Market Value of a Share) or Shares delivered from a Share Purchase Trust (as defined in the Share Unit Plan), or a combination thereof as determined by the HR&C Committee. The Shares delivered from the Share Purchase Trust in connection with the settlement and exercise of RSUs and PSUs granted under the Share Unit Plan shall be purchased through the TSX or other stock exchange on which the Shares are listed by the Trustee acting through a broker.
No rights to Shares	PSUs and RSUs granted under the Share Unit Plan do not entitle the holder to any shareholder rights, including (without limitation), voting rights, dividend entitlement or rights on liquidation.
Dividend-equivalents and adjustments	On any payment date for dividends paid on Shares prior to the settlement date, an eligible participant shall be credited with dividend equivalents in respect of PSUs and/or RSUs granted under the Share Unit Plan and converted into additional RSUs or PSUs on the date which the dividends are paid.

Feature	Description
	<p>The additional RSUs and PSUs granted shall be subject to the same terms and conditions (including vesting and settlement), as the corresponding RSUs or PSUs.</p> <p>A proportional adjustment to the number of PSUs and RSUs (as applicable) outstanding under the Share Unit Plan will be made in the event of any stock dividend, stock split, combination or exchange of shares, capital reorganisation, consolidation, spin-off, dividend (other than cash dividends in the ordinary course) or other distribution of the Company's assets to shareholders, or other similar changes affecting Capstone's shares.</p>
Change of Control	<p>Following a change of control, the HR&C Committee may determine: (i) that for any PSU there shall be a substituted entitlement to receive cash or such securities into which Shares are changed; or (ii) that the total number of share units shall be the greater of the number of PSUs as specified in the grant agreement without giving effect to any potential increase or decrease as a result of the change of control, or the number of PSUs specified in the grant agreement giving effect to any increase or decrease as a result of the change of control.</p>
Amendments	<p>The Share Unit Plan may be amended, modified or terminated by the Board without approval of shareholders of Capstone, provided that no amendment to the Share Unit Plan (or grants thereunder) may be made without the consent of a participant if it adversely alters or impairs the rights of the participant in respect of any grant previously granted, except for purposes of compliance with applicable law.</p>

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