TERMS OF REFERENCE FOR THE TECHNICAL COMMITTEE

1. PURPOSE

The overall purpose of the Technical Committee of Capstone Mining Corp. (“Capstone”) is to review and monitor:

A. The compliance with securities regulations of the TSX and of the BC Securities Commission of activities of Capstone as they relate to the management and reporting of resources and reserves of Capstone and its subsidiaries.

B. The policies and activities of Capstone as they relate to major capital projects and mine development.

C. The policies and activities of Capstone as they relate to technical due diligence activities in connection with mergers and acquisitions.

As Capstone is principally a holding company, the Technical Committee shall not be responsible for compliance with this policy by Capstone’s subsidiaries or for review or monitoring of such activities, but will be responsible to ensure that the directors and officers of its subsidiaries have copies of this policy and any amendments to it for local monitoring by the directors and officers of the subsidiaries directly.

2. COMPOSITION

A. The Technical Committee shall consist of at least three independent members of the Board, the majority of whom shall qualify as independent directors pursuant to applicable securities requirements.

B. The Board, at its annual organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Technical Committee for the ensuing year. The Board may at any time remove or replace any member of the Technical Committee and may fill any vacancy in the Technical Committee.

C. The Board shall have appointed the chair of the Technical Committee on an annual basis.

D. The secretary of the Technical Committee shall be designated from time to time from one of the members of the Technical Committee or, failing that, shall be the Corporate Secretary, unless otherwise determined by the Technical Committee.

E. The quorum for meetings shall be a majority of the members of the Technical Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

3. CORE RESPONSIBILITIES
A. The duties and responsibilities of the Technical Committee shall be to recommend actions for developing policies, programs and procedures to ensure that the principles set out in this mandate for the Technical Committee are adhered to. In order to fulfill this mandate, the Technical Committee may request management to conduct investigations into, or conduct or authorize investigations into any matter that the Technical Committee believes is within its mandate. The Technical Committee may contract advisors to assist in any investigation at the expense of Capstone.

B. The Technical Committee shall report its findings and recommendations to the board following each meeting and at additional times as the Technical Committee Chair sees fit.

4. RESPONSIBILITIES OF THE COMMITTEE CHAIR

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

A. Working with the Chairman of the Board, the Chief Executive Officer and the Secretary to establish the frequency of the Technical Committee meetings

B. Providing leadership to the Technical Committee and presiding over Technical Committee meetings

C. Facilitating the flow of information to and from the Technical Committee and fostering an environment in which Technical Committee members may ask questions and express their viewpoints

D. Reporting to the Board with respect to the significant activities of the Technical Committee and any recommendations of the Technical Committee

E. Leading the Technical Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate

F. Taking such other steps as are reasonably required to ensure that the Technical Committee carries out its mandate

5. AUTHORITY

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

A. The Technical Committee Chair has the responsibility to make periodic reports to the Board, as requested, on governance and human resource matters relative to Capstone.

B. The Technical Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

7. MEETINGS

Meetings of the Technical Committee shall be conducted as follows:

A. The Technical Committee shall meet on such dates and at such locations as the Chair of the Technical Committee shall determine, but at least once per calendar year and may also meet at any other time or times on the call of the Chair of the Technical Committee, any two of the other members, or at the request of the Chief Executive Officer or Chief Operating Officer of Capstone.

B. Agendas for meetings of the Technical Committee shall be developed by the Chair of the Committee in consultation with management and the Corporate Secretary, and should be circulated to Technical Committee members one week prior to Committee meetings.

C. A member of the Committee may be designated as the liaison member to report on the deliberations of the Technical Committee to the Board.

D. All meetings shall include an in-camera session of independent directors without management present.