

### **PURPOSE**

The purpose of this policy is to enhance director accountability by providing shareholders with a mechanism to elect directors by a majority of votes cast.

### **SCOPE**

This policy applies to all members of the Board of Directors (the “Board”) of Capstone Mining Corp. (“Capstone”).

The Corporate Governance and Nominating Committee of the Board is responsible for overseeing the implementation and continued application of this policy.

### **MAJORITY VOTE**

If any nominee for election as a director of Capstone receives a greater number of votes “withheld” than votes “for” in an uncontested election of directors at a meeting of the shareholders of Capstone:

1. The director will tender his or her resignation to the Chairman of the Board forthwith following the shareholders’ meeting.
2. The Chairman of the Board will refer the resignation to the Corporate Governance and Nominating Committee for consideration.
3. The Corporate Governance and Nominating Committee will consider the offer of resignation and all factors deemed relevant by members of such Committee in considering whether or not to recommend acceptance of the resignation.
4. On completion of consideration, the Corporate Governance and Nominating Committee will make a recommendation to the Board on whether to accept the resignation.
5. The Corporate Governance and Nominating Committee will be expected to recommend acceptance of the resignation except in situations where the considerations would warrant the applicable director continuing to serve on the Board.
6. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board or the Corporate Governance and Nominating Committee at which the resignation is considered.
7. The Board will make its final decision and announce it in a press release within 90 days following the shareholders’ meeting and provide a copy of the news release with the Board’s decision to the TSX.
8. Subject to any corporate law restrictions, where the Board accepts the offer of resignation of a director and that director resigns, the Board may exercise its discretion with respect to any resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual general meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to elect a new nominee to fill the vacant position.

## **ADOPTION AND CORPORATE GOVERNANCE AND NOMINATING COMMITTEE OVERSIGHT**

Following adoption of this policy by the Board, (a) each existing director shall sign an undertaking in a form approved by the Corporate Governance and Nominating Committee from time to time pursuant to which he agrees to be bound by the terms of this policy and (b) each individual nominated for election to the Board, who is not an existing director at the date of adoption of this policy by the Board, shall, prior to his or her election as a director, sign an undertaking in a form approved by the Corporate Governance and Nominating Committee from time to time pursuant to which he or she agrees to be bound by the terms of this policy.

**Issue Date:** August 12, 2011  
**Review:** Annually  
**Revised Date:** October 26, 2017

**Authorized By:**  
Board of Directors