Our Values and Ethics
Code of Conduct
October 26, 2015
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1 PURPOSE

Our Values and Ethics (“Code of Conduct”) is our company policy which sets out the standards which guide the conduct of our business and the behaviour of our employees. Wherever we work, we commit to operate to the same high standard of integrity and responsibility.

2 SCOPE

Our Values and Ethics policy applies to all employees of Capstone Mining Corp. (“Capstone” or “Capstone Mining”) and our subsidiaries.

Although the various matters dealt with in this Code of Conduct do not cover the full spectrum of employee activities, they are indicative of our commitment to the maintenance of high standards of conduct and are to be considered descriptive of the type of behaviour expected from our employees in all circumstances.

Policies relating to employment are available on SharePoint or can be obtained from your Human Resources department.

3 MISSION

Capstone Mining is focused on growing our production profile and operating in a safe and responsible manner, while enhancing our profitability.

4 VALUES

4.1 Always Accountable

We take ownership for ourselves, and our work. We “do the right thing” for the business and our stakeholders.

4.2 Execute with Excellence

We measure our performance and strive to excel at every level.

4.3 Deliver Results

We make decisions and are responsible for our outcomes. We work openly and effectively with each other, leveraging the strength of the team.

4.4 Work Responsibly

Safety is non-negotiable; it ensures the well-being of our people and our business.
5 PEOPLE

Capstone believes that the well-being and health of our employees are a condition for success and we should work proactively to eliminate health risks and to develop safe workplace environments.

5.1 Human Rights

Capstone supports and promotes a work environment in which individuals are treated with respect, provided with equal opportunity based on merit and kept free of all forms of discrimination.

We provide equal opportunities to people without regard to race, colour, gender, sexual orientation, nationality, religion, ethnic affiliation, family/friend relationships or any other characteristic protected by local law, as applicable.

Employees shall be treated with respect and dignity.

Employees have a right to work in an environment free from violence and threats. We prohibit all acts of unwelcomed conduct or comments, verbal or written, which detrimentally affect an employee’s work environment or lead to adverse job related consequences.
5.2 **Travel, Entertainment, Credit Card and Company Expenses**

All expenses must be ordinary, reasonable, necessary, and have a valid business purpose. We expect employees to use good judgment and recognize there may be times when “normal” expenses must be exceeded. Such occasions should be the exception to the rule and should be adequately explained on the expense report.

5.3 **Prohibited Substances**

Capstone has a “zero tolerance” policy for illegal drug use, consumption of alcohol or other substance abuse which affects performance while on the job. Substance abuse while on the job, including consumption of alcohol, and illegal drugs, is strictly prohibited. Any employee in the possession of alcohol or non-prescription, performance altering drugs, including any narcotic will be removed from site immediately and their employment will be terminated.
6 BUSINESS ETHICS

We shall deal fairly and lawfully with all customers, suppliers and independent contractors when purchasing or furnishing goods or services. In awarding contracts, we will consider factors such as the need for the services, total cost, quality and reliability. Where applicable, employees should also perform a cost benefit analysis.

6.1 Respect for the Law

Capstone and our employees, personally and on behalf of the Company, shall comply with the laws, policies and other regulations applicable to us and our business, respect the protection of internationally proclaimed human rights and recognize the responsibility to observe those rights.

Whenever you are in doubt about the application or interpretation of any legal or regulatory requirement, you should refer the matter to your superior who, if necessary, should seek the advice of Capstone’s legal counsel.

Accordingly, employees must diligently ensure that their conduct cannot be interpreted as being in contravention of laws and regulations governing Capstone’s affairs in any jurisdiction where it operates.
6.2 Confidentiality

Capstone’s records, reports, papers, devices, processes, plans, maps, methods and apparatus which are not in the public domain are considered by us to be secret and confidential, and employees are prohibited from revealing information concerning such matters without proper authorization.

Communicating with investors, shareholders, analysts, stock brokers, the media, or members of the public is the responsibility of Capstone spokespersons. Employees are prohibited from revealing information concerning confidential information to third party without proper authorization.

6.3 Conflict of Interest

A conflict of interest arises when an individual’s personal economic activity conflicts with Capstone’s best interests or when it adversely influences the proper discharge of their obligations, duties, and responsibilities to Capstone and our shareholders.

Employees should avoid acquiring any interest or participating in any activities that would:

a. deprive Capstone of the time or attention required to perform their duties properly;

b. create an obligation or distraction which would affect their judgment or ability to act solely in Capstone’s best interest;

c. conflict with the economic interest of Capstone; or

d. violate any provision of the Canadian Charter of Rights and Freedoms.

Employees are required to disclose to their supervisors in writing, or as may be otherwise authorized, all business, commercial or financial interests or activities which might reasonably be regarded as creating an actual or potential conflict with their duties of employment.

6.4 Secondary Employment

Under circumstances where secondary employment is desired by an employee, they shall disclose the interest to their supervisor who may grant specific approval in writing, provided that conflict of interest or interference with the performance of their present duties does not exist.

6.5 Outside Directorships

Capstone employees may not serve as directors of any outside business organization unless such service is specifically approved by senior management.

No employee shall accept any appointment to membership of any outside organization without prior approval of the President and CEO whether or not a possible conflict of interest might result from the acceptance of any such appointment; provided, however, that all employees shall at all
times have and enjoy all rights accorded to them by the Canadian Bill of Rights and any similar governmental legislation existing in the area in which the employees respectively reside.

6.6 Dealing with Public Officials, Anti-Bribery and Political Contributions

Accepting or offering bribes is a crime in Canada and in many other countries. An unlawful payment can be in the form of cash or any other item of value, or can be any other type of benefit, such as unnecessary or lavish travel or entertainment. In addition to causing Capstone and its officers, directors and employees exposure to potential criminal liability, such unlawful conduct can also expose Capstone to government investigation, bad publicity, loss of business opportunities and litigation.

Canadian anti-bribery law is not limited to actions within Canada. It also prohibits Capstone and its officers, directors, employees, or sales agents and representatives, from paying, authorizing, offering to pay or giving anything of value to any government official outside of Canada in countries which Capstone operates, including Mexico and Chile, to obtain or retain business, direct business to any person or gain any other improper business advantage. In addition to officials working at the national, regional or local level, government officials also include individuals working for companies that are owned or controlled by the government.

Canadian anti-bribery law covers payments made directly by Capstone or its personnel and any payment made indirectly through an intermediary, such as a sales agent or representative. Because Capstone can be held liable for the actions of sales agents or representatives, take care and seek appropriate guidance when selecting such agents or representatives to ensure that they
are reputable, honest and qualified, and monitor their activity. Officers, directors and employees also must take care to get appropriate guidance when entering into consulting or agency agreements in foreign countries where the duties and scope of the agreement are ill-defined. Be wary and seek guidance if a party to a proposed agreement or transaction seeks large fees for “introductions” to government officials or for “consulting” where the value of the contract is not clear. When seeking to do business with companies, be diligent in efforts to determine whether such company is affiliated with a government entity.

Any officer, director, employee, sales agent, representative or shareholder of Capstone convicted of violating Canadian anti-bribery law can be subject to severe criminal penalties and fines. There is no time limit for Canadian authorities to investigate alleged unlawful payments and there is no exception to criminal liability because the unlawful payments were small. Under Canadian anti-bribery law, any fine imposed on any officer, director, employee, sales agent or representative must be paid by that person without any reimbursement from Capstone.

Accordingly, we will make no illegal payments of any kind, directly or indirectly, from corporate funds or assets. Even the appearance of impropriety in dealing with public officials is improper and unacceptable. Any participation, whether directly or indirectly, in any bribes, kickbacks, indirect contributions or similar payments is expressly forbidden, whether or not they might
further Capstone’s business interests. The use of Capstone’s funds or assets for any unlawful or improper purpose is strictly prohibited and those responsible for the accounting and record-keeping functions are expected to be vigilant in ensuring enforcement of this prohibition. Because of the seriousness of violating Canadian anti-bribery laws if you have any concerns or questions about the application of such law to Capstone’s business affairs, you should speak immediately to your supervisor.

In addition, Capstone encourages everyone to participate in political activities on their own time and at their own expense. Capstone will engage governments responsibly with respect to policy matters that are relevant to its business. However, because laws in certain jurisdictions prohibit or regulate corporate donations to political parties, politicians, or a candidate for public office, Capstone’s policy is that all contributions to political parties, politicians, or a candidate for public office must be approved in advance by Capstone’s Chief Executive Officer, or a Senior Vice President.

As a result, directors, officers and employees will:

a. Never contribute funds or authorize the contribution of funds by or in the name of Capstone to any political party, politician, or candidate for public office at any level of government (local, regional, or national) in any country, without the prior approval of Capstone’s Chief Executive Officer, or a Senior Vice President. In making any such contributions, Capstone will endeavor to avoid circumstances in which Capstone appears to be publicly supporting a particular candidate or political party (e.g., use of Capstone’s name or logo in promotional material or event signage). This policy also applies to payments to charities, lobbying firms, research institutes, or other organizations which represent or direct funds to a political party, politician, or candidate for public office.

b. Always seek approval of Capstone’s Chief Executive Officer, or a Senior Vice President before purchasing for or in the name of Capstone admission to or seats at a conference, breakfast, lunch, dinner, or any other event organized by or on behalf of a political party, politician, or candidate for public office for which a fee is paid or contribution required.
Capstone will participate in such events only where justified by a legitimate business purpose.

c. Never do anything at work that would interfere with a person’s right to choose to volunteer for political causes or contribute to political parties in their personal capacity.

d. Always make it very clear when participating in political activities, especially when speaking to the media or other community members that you are acting in a strictly personal capacity and not on Capstone’s behalf.

e. Never use Capstone’s materials, for example stationery, email, facilities or funds, when engaged in personal political activities.

f. Always ensure that your participation in and financial support of political activities is fully compliant with the Foreign Corrupt Practices Act of the United States of America and the Corruption of Foreign Public Officials Act of Canada.

All dealings between our employees and public officials or other persons will be conducted in a manner that will not compromise the integrity or negatively impact the reputation of any public official, Capstone or our affiliates.

6.7 Gifts and Entertainment

Employees shall not furnish, directly or indirectly, on behalf of Capstone, expensive gifts or provide excessive entertainment or benefits to other persons.

Employees, whose duties permit them to do so, may furnish modest gifts, favours and entertainment where legally permitted and in accordance with local business practices, to persons or entities doing business or seeking to do business with us, other than public officials, provided all of the following are met:

a. no gift or entertainment should be of such value as to constitute a real personal enrichment of the recipient or to be perceived as such;

b. they are not in cash, bonds or negotiable securities and are of limited value so as not to be liable of being interpreted as a bribe, payoff or other improper payment;

c. they are made as a matter of general and accepted business practice;

d. they do not contravene any laws and are made in accordance with generally accepted ethical practices; and if subsequently disclosed to the public, their provision would not in any way embarrass Capstone or their recipients.
6.8 Fraud Reporting and Investigation “Whistle Blower”
All employees are encouraged to submit in good faith concerns and complaints in respect of the accuracy and integrity of Capstone’s accounting, auditing and financial reporting, without fear of retaliation of any kind. If you have any concerns about accounting, audit, internal controls or financial reporting matters which are considered to be questionable, incorrect, misleading or fraudulent, you are urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the complaint or concern.
7  FINANCIAL ETHICS

Capstone’s books, records, accounts and financial statements will appropriately reflect our transactions and arrangements, and will conform both to applicable legal and accounting requirements and to our system of internal controls. Accurate and reliable, fact-based information is important in our decision-making process and in our ability to properly discharge our financial, legal and reporting obligations. We will not tolerate any false, artificial or misleading entries, or any unrecorded or ”off-the-books” funds, transactions, assets or liabilities.

7.1  Insider Trading
As an employee of a company whose shares are publicly traded, employees should be aware that there are statutory prohibitions and penalties for buying or selling shares when the employee knows material information about Capstone’s affairs of which have not yet been made public. Employees shall not use for their own financial gain or disclose for the use of others, inside information, obtained as a result of their employment with us.

Capstone also requires its directors, officers, and employees to treat all information about Capstone in confidence and with care. Information that could reasonably be expected to affect the market price or value of Capstone’s shares is considered to be “material information.” Securities laws ban using material information that has not been disclosed to the public when buying or selling shares (“insider trading”) and passing on this information to others for their use when buying or selling shares (“tipping”).

It is also illegal to disclose material information before it has been made public or to suggest that it is a good time to buy or sell Capstone’s stock when you have knowledge of material undisclosed information, unless the disclosure is approved by the Disclosure Committee, in accordance with Capstone’s Insider Trading Policy. For example, giving confidential information to a relative or friend, who then buys or sells shares of Capstone based on the information, is illegal on the part of both parties.

Capstone has a policy with respect to insider trading and reporting (the “Policy”). Pursuant to the Policy, Directors, officers and employees of Capstone will:

a) Always maintain the confidentiality of all material undisclosed information about Capstone.
b) Never trade in Capstone’s securities when aware of material undisclosed information about Capstone.
c) Always review the Policy as required by this Code.
d) Always comply with the rules and procedures set out in this Code, the Policy and all securities laws and regulations.
8 HEALTH, SAFETY AND ENVIRONMENT

Health and safety is fundamental to business operations and Capstone is committed to the identification, elimination or control of workplace hazards for the protection of all our employees.

Safety in our workplace is an uncompromised condition and a mutual and shared responsibility for all our employees.

Our employees are expected to improve operations to avoid injury, sickness or death, or damage to property or to the environment by giving due regard to all applicable safety standards and regulatory requirements. Any problems or concerns about environmental or safety matters should be reported.

Capstone is committed to maintain sound environmental practices in all of its activities and continuously improve the efficient use of resources, processes and materials. We intend to explore for minerals and extract metals in an environmentally responsible manner. No operation of Capstone is considered effective or complete without proper attention to safety and the environment.
9  FAILURE TO COMPLY

Compliance with Capstone’s policies protects all employees as well as the value of our assets and operations and our reputation for acting properly. Failure by any employee to comply with the laws or regulations governing our business, this Code of Conduct or any other company policy or requirement may result in disciplinary action including termination and, if warranted, legal proceedings. All employees are required to cooperate in any internal investigations of misconduct.

9.1  Policy Violations

All employees are expected to maintain and enhance Capstone’s standing as a vigorous and ethical member of the business community, and are therefore accountable for compliance with this policy.

Although the various matters dealt with in this policy do not cover the full spectrum of employee activities, they are indicative of our commitment to the maintenance of high standards of conduct and are a description of the type of behaviour expected from our employees in all circumstances. Breaches of this policy are grounds for summary dismissal for just cause without notice or payment in lieu of notice.

To ensure a proper understanding of the policy, any questions you may have as to its application to your area of responsibility and jurisdiction will be explained fully by your superior.

9.2  Reporting Violations

If you believe a violation of this policy has occurred or is occurring, you may make a report in person or anonymously by following the procedures in the following Complaints Procedure or by
using the whistleblower process outlined in the “Fraud Reporting and Investigation (“Whistle Blower”) Policy”.

9.3 Complaints Procedure
Employees have a duty to report violations of Capstone’s policies and standard. Any employee making such a report is to be free from any concern about retaliatory consequences. Reprisals or intimidation of employees who draw attention to problems or violations will not be tolerated. You can report your concerns to your supervisor or directly to:
  Wendy King, Vice President Legal: (604)-674-9040, wking@capstonemining.com
Or mail confidentially and anonymously to:
  Chairman of the Audit Committee
c/o Capstone Mining Corp.
  Suite 2100 – 510 West Georgia Street
  Vancouver, BC  V6B 0M3

Envelopes should be marked “PRIVATE AND CONFIDENTIAL”.

9.4 No Retaliation
In no event will Capstone take or threaten any action against an employee as a reprisal or retaliation for making a complaint or disclosing or reporting information regarding Code of Conduct issues in good faith. However, if a reporting individual was involved in improper activity the individual may be appropriately disciplined even if they were the one who disclosed the matter to us. In these circumstances, we may consider the conduct of the reporting individual in raising the matter as a mitigating factor in any disciplinary decision.

Retaliation for reporting Code of Conduct issues in good faith is prohibited. Retaliation will result in discipline up to and including termination of employment.

We will also make known the process for reporting complaints or concerns on Code of Conduct issues on an anonymous and confidential basis.

9.5 Application to Directors and Officers
The principles of ethical conduct and values described in this policy shall also apply to the directors and officers of Capstone, as applicable and with such revisions as are necessary to facilitate such application.
9.6 Waivers of the Code of Conduct
Any change in or waiver of this Code of Conduct may be made only by the board or by a board committee and will be promptly disclosed as required by law or regulation.

10 FURTHER INFORMATION

Full policy documents are available for further information and clarification on the issues outlined in this Code of Conduct. They can be downloaded from the Global Policies site on CORE, Capstone’s employee intranet, or obtained from your local Human Resources department.

Supporting Policies:
Anti-Bribery Policy
Cyber Security Policy
Disclosure and Confidentiality Policy
Fraud Reporting and Investigation (Whistleblower) Policy
Incident Notification Policy
Insider Trading Policy
Integrated EHSS Policy