





The Performance Exchange

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The CN Tower

Customer Success Story – Capstone Mining Corp





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Introduction

- What is Capstone Mining Corp?
- What are we doing that might be relevant to you?
- What are the key lessons learned which could help?







Mid tier base metal mining company focused on copper in the Americas



Focus on value creation through operations and growth

- ➤ Portfolio of three operating assets
 - ▶90,000 tonnes of copper
 - ▶1,800 employees
 - ▶60 people in Vancouver
- ➤ Organic growth
 - ➤ Copper/Iron project in Chile
 - > Exploration program in Chile
- ➤ Longer term vision
 - ≥ 5 operating assets
 - ≥220,000 tonnes of production
 - Focus on copper and the

Americas

>Autonomous operating model

PRODUCTION

Three operating mines

Production assets located in stable geographies in the Americas producing 90 k tonnes¹ of copper in 2015

- Pinto Valley Arizona, US
- Cozamin Zacatecas State, Mexico
- Minto
 Yukon, Canada

DEVELOPMENT

Portfolio

Robust project offering optionality for significan organic growth

> Santo Domingo
Region III, Chile
CS 70%; KORES 30%

EXPLORATION

Portfolio

Early-stage base metals exploration properties

Chile

SQM - option to earn up to 70% of Project Providencia

Vision of growth organically and through acquisition



Very challenging market conditions

- Commodity prices have tumbled
- Share price has followed
- > Financing has dried up
- Focus is on:
 - Liquidity preservation
 - Reducing costs
 - Preparing for upturn

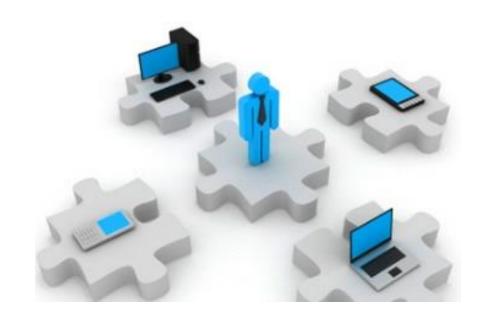


Need to create efficiencies, cost savings and management capacity



Levering technology is key

- Migrate to the cloud
- Use collaborative technologies
- > Take advantage of mobile devices
- Create alignment and transparency through dashboards and business intelligence
- Eliminate manual entry, spreadsheets wherever possible



System based consolidation was an essential step in this journey



Our roadmap was not exactly as planned

- Picked the right system
- Used the right project management tools
- Had the right people involved
- We did get, eventually, what we wanted, BUT.....
- We still ended up
 - Over budget
 - Much later than expected







Lessons learned exercise revealed a great deal



Picked the right system

- > Involved the right people
 - Users
 - > Technical
- Clear objectives
- Decision making criteria
- Aligned with a thorough RFP
- Organized process
- Interviews and hands-on assessment
- Reference checking



And devoted significant time and resources to the implementation



Used the right project management tools

- Adequate resources
- Classic structure
- Third party "expert" advisors
- Appropriate delegation/empowerment
- Regular meetings
- Measures and monitoring
- Communications
- Regular risk assessment



Hindsight suggests we went through the process and assumed the results would follow



Initially, we did not select the right partner

- > All indicators were green, until they were red
- > Warning signs we should have heeded
- ➤ Make sure your partner has
 - > Technical competence
 - ➤ Maturity and professionalism
- > Be careful about too much reliance
- ➤ Be demanding of third party technical advisors

And did not use the project management tools as effectively as we should have



We learned some valuable lessons

- Take due diligence to a different level
 - Ensure it extends to the individuals
 - Expand the reference checking on the system implementer and the advisor
- ► Be very clear on expectations and accountabilities
- Make sure that they have the details they need e.g.
 - **>** Systems
 - >IT environment and infrastructure
 - ➤ Long term direction of IT
- ➤ Hold implementation partner to account:
 - ➤ React immediately if there is any deviation (Panic early) to ensure these are not warning signs of bigger issues to come
- > React decisively, escalate quickly and communicate openly

That we were able to take into the next phase



We went where we should have gone initially......

- A real personal and professional commitment
- Open about the challenge we were facing
- Clear and unambiguous commitment
- Very close senior attention
- Initial step in a relationship, not just a transaction



But there were still things we will do better next time....



And it was mostly in the detail

- Be very realistic on timetable and resources. Ensure you plan for a delay.
- Define technical and project details clearly and early
- Think through the implications of decisions on things like:
 - Comparison of historical data developed using a different system
 - Changing your processes to fit the out of the box application or modifying the application
- Focus on data cleansing early
- ➤ Create an integrated plan that of the implementation partner and yours should be one plan





Conclusion

- Project management best practices are necessary, but not sufficient.....
- Excellent application is just as important
- Honest, open and reliable partner relationships are also critical
- No project goes completely as planned







The most important lessons are those we learn the hard way...but that should not stop you from trying





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