

lundin mining

2012

MANAGEMENT INFORMATION CIRCULAR

April 1, 2012

lundin mining

MANAGEMENT INFORMATION CIRCULAR

(all information as at April 1, 2012 unless otherwise noted)

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APPENDIX A – LUNDIN MINING CORPORATION MANDATE OF THE BOARD OF DIRECTORS

GENERAL VOTING INFORMATION

SOLICITATION OF PROXIES

This Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies being undertaken by the management of Lundin Mining Corporation (“Corporation” or “Lundin Mining”) for use at the annual meeting of the Corporation’s shareholders to be held on Friday, May 11, 2012 (“Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders (“Notice”) or at any adjournment thereof. Management’s solicitation of proxies will primarily be by mail and may be supplemented by telephone or other means of communication to be made, without compensation other than their regular fees or salaries, by directors, officers and employees of the Corporation. The cost of solicitation by management will be borne by the Corporation.

It is anticipated that this Circular, together with the accompanying Notice and form of proxy will be mailed to shareholders of the Corporation on or about April 17, 2012.

Unless otherwise stated, the information contained in this Circular is as of April 1, 2012. All monetary amounts referred to herein are stated in United States currency, unless otherwise indicated.

VOTING OF PROXIES

Common shares of the Corporation represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the shares represented by such proxy will be voted accordingly. If no choice is specified, the person designated in the accompanying form of proxy will vote FOR all matters proposed by management at the Meeting.

APPOINTMENT OF PROXYHOLDER

The persons named as proxyholders in the enclosed form of proxy are directors and/or officers of the Corporation (“Management Proxyholders”). A registered shareholder (“Registered Shareholder”) has the right to appoint a person or company other than one of the Management Proxyholders to represent the Registered Shareholder at the Meeting by striking out the printed names and inserting that other person’s or company’s name in the blank space provided. A proxyholder need not be a shareholder. If a shareholder appoints one of the Management Proxyholders as a nominee and there is no direction by the Registered Shareholder, the Management Proxyholder shall vote the proxy FOR all proposals set out in the enclosed proxy form, including FOR the election of the directors and the appointment of the auditors.

The instrument appointing a proxyholder must be signed in writing by the Registered Shareholder, or such Registered Shareholder’s attorney authorized in writing. If the Registered Shareholder is a corporation, the instrument appointing a proxyholder must be in writing signed by an officer or attorney of the corporation duly authorized by resolution of the directors of such corporation, which resolution must accompany such instrument. An instrument of proxy will only be valid if it is duly completed, signed, dated and received at the office of the Corporation’s registrar and transfer agent, Computershare Investor Services Inc. (“Computershare”), Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 by 10:00 a.m. (Toronto, Ontario time) on Wednesday, May 9, 2012 (or not less than 48 hours, excluding Saturdays, Sundays and holidays before any adjournments of the Meeting at which the proxy is to be used), or it is deposited with the Secretary of the Corporation or the Chairman of the Meeting prior to the time of voting at the Meeting.

If you have any questions about the procedures to be followed to vote at the Meeting or about obtaining, completing and depositing the required form of proxy, you should contact Computershare by telephone (toll free) at 1-800-564-6253 or by e-mail at service@computershare.com.

REVOCAION OF PROXY

A Registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the Registered Shareholder or by his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of

the Corporation, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Secretary of the Corporation or the Chairman of the Meeting prior to the time of voting at the Meeting. Only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf.

EXERCISE OF DISCRETION

The enclosed proxy, when properly completed and delivered and not revoked, gives discretionary authority to the persons named therein with respect to any amendments or variations of matters identified in the Notice of Annual Meeting of Shareholders and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the person designated in the accompanying form of proxy to vote in accordance with their best judgment on such matters. As of the date of this Circular, management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting.

VOTING BY BENEFICIAL (NON-REGISTERED) SHAREHOLDERS

The information in this section is important to many shareholders as a substantial number of shareholders do not hold their shares in their own name.

Shareholders who hold common shares of the Corporation through their brokers, intermediaries, trustees, or other nominees (such shareholders being collectively called "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the share register of the Corporation may be recognized and acted upon at the Meeting. If common shares are shown on an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases the name of such Beneficial Shareholder will not appear on the share register of the Corporation. Such shares will most likely be registered in the name of the broker or an agent of the broker. In Canada, the vast majority of such shares will be registered in the name of "CDS & Co.", the registration name of The Canadian Depository for Securities Limited, which acts as a nominee for many brokerage firms. Such shares can only be voted by brokers, agents, or nominees and can only be voted by them in accordance with instructions received from Beneficial Shareholders. As a result, Beneficial Shareholders should carefully review the voting and instructions provided by their broker, agent or nominee with this Circular and ensure that they direct the voting of their shares in accordance with those instructions.

Applicable regulatory policies require brokers and intermediaries to seek voting instructions from Beneficial Shareholders in advance of a shareholders' meeting. Each broker or intermediary has its own mailing procedures and provides its own return instructions to clients. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by such shareholder's broker, agent or nominee is limited to instructing the registered holder on how to vote such shares on behalf of the Beneficial Shareholder. Most brokers in Canada now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (formerly ADP Independent Investor Communication Corporation) ("Broadridge"). Broadridge typically prepares voting instruction forms, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of such shares at the Meeting. A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote their shares at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure that such shares are voted.

Beneficial Shareholders should follow the instruction on the forms that they receive and contact their intermediaries promptly if they need assistance.

RECORD DATE

Shareholders registered as at March 30, 2012 ("Record Date") are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the proxy to attend and vote, deliver their proxies at the place and within the time set forth in the notes to the proxy.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation,

nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of common shares and one special share, of which 582,502,510 common shares are issued and outstanding as of March 28, 2012. Each common share is entitled to one vote on all matters to be acted upon at the Meeting.

The following table sets forth those persons who, to the knowledge of the directors and executive officers of the Corporation, beneficially own, control or direct, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all common shares of the Corporation:

Name of Shareholder	Number of Common Shares	Percentage of Common Shares
Lorito Holdings S.à.r.l. ("Lorito") ⁽¹⁾ Luxembourg	33,950,000	5.8%
Zebra Holdings and Investments S.à.r.l. ("Zebra") ⁽¹⁾ Luxembourg	36,264,854	6.2%

⁽¹⁾ Lorito and Zebra, who report their security holdings as joint actors, are private corporations owned by a trust whose settlor was the late Adolf H. Lundin.

BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended December 31, 2011 including the report of the auditor will be tabled at this Meeting and will be received by the shareholders. These audited consolidated financial statements of the Corporation for the year ended December 31, 2011 and the report of the auditor thereon have been provided to shareholders who have validly requested such statements separately and are available on SEDAR at www.sedar.com.

ELECTION OF DIRECTORS

The directors of the Corporation for the ensuing year will be elected at this Meeting.

NOMINEES

Directors are elected annually. The board of directors of the Corporation ("Board of Directors" or "Board") has accepted a recommendation of the Corporate Governance and Nominating Committee of the Corporation for a simplified corporate structure and has determined that the size of the Board should be 8 directors. The number of directors to be elected is 8. Unless authority to vote is withheld, the shares represented by the proxies hereby solicited will be voted by the persons named therein **FOR** the election of the nominees whose names are set forth below. All 8 nominees are presently members of the Board of Directors and the dates on which they were first elected or appointed are indicated below. Management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote **FOR** another nominee in their discretion, unless the shareholder has specified in the accompanying form of proxy that such shareholder's shares are to be withheld from voting on the election of directors.

Each of the following persons is nominated to hold office as a director until the next annual meeting or until his or her successor is duly elected or appointed.

Name, province, and country of residence and current position(s) held in the Company	Principal occupations for last five years	Served as director since	Number of voting securities beneficially owned or controlled or directed, directly or indirectly ⁽¹⁾
Lukas H. Lundin British Columbia, Canada Chairman	Chairman and a director of the Corporation; chairman, president and/or director of a number of publicly traded resource-based companies which include Denison Mines Corp., Fortress Minerals Corp., Lucara Diamond Corp., Lundin Petroleum AB, NGEx Resources Inc., Sirocco Mining Inc. and Vostok Nafta Investment Ltd.	September 9, 1994	2,271,449 common shares
Paul K. Conibear ⁽⁵⁾ British Columbia, Canada President & Chief Executive Officer	President and Chief Executive Officer of the Corporation since June 30, 2011, Senior Vice President, Corporate Development since October 2009; Senior Vice President, Projects, of the Company from July 3, 2007 to October 2009; President and Chief Executive Officer of Suramina Resources Inc. from June 11, 2007 – September 30, 2007; President and Chief Executive Officer of Tenke Mining Corporation from November 26, 2002 to July 13, 2007.	June 30, 2011	699,904 ⁽⁶⁾ common shares
Colin K. Benner ⁽⁵⁾ British Columbia, Canada Director	Interim President of Troon Ventures Ltd. and President of CKB Mining Inc. and a director of a number of publicly traded companies; Executive Chairman of Creston Moly Corp. from August 2009 to September 2011; Vice Chairman and Chief Executive Officer of Skye Resources Inc. from March to August 2008; Chairman of PBC Coals Inc. from August 2007 to October 2008; Vice Chairman and Chief Executive Officer of Lundin Mining Corporation from October 2006 to April 2007; Vice Chairman and Chief Executive Officer of EuroZinc Mining Corporation from December 2004 to October 2006 and prior to this President and Chief Executive Officer of Breakwater Resources Ltd.	October 31, 2006	40,000 common shares
Donald K. Charter ^{(2) (4)} Ontario, Canada Director	President & CEO, and director of Corsa Coal Corp. since August 2010; since January 2006, he has been the President of 3Cs Corporation, his private consulting and investment company, and a corporate director.	October 31, 2006	21,424 common shares
John H. Craig ⁽³⁾ Ontario, Canada Director	Lawyer, partner of Cassels Brock & Blackwell LLP.	June 11, 2003	213,849 common shares
Brian D. Edgar ^{(3) (5)} British Columbia, Canada Director	Chairman of Silver Bull Resources, Inc.; director of a number of publicly traded companies.	September 9, 1994	230,000 common shares
Dale C. Peniuk ^{(2) (3) (4)} British Columbia, Canada Director	Chartered Accountant; financial consultant to the mining industry; formerly an Assurance partner with KPMG LLP, Chartered Accountants; Director of a number of publicly traded companies.	October 31, 2006	17,600 common shares ⁽⁷⁾
William A. Rand ^{(2) (4)} British Columbia, Canada Director	President and Director of Rand Edgar Investment Corp.; Director of a number of publicly traded companies.	September 9, 1994	223,424 common shares

⁽¹⁾ The information as to common shares beneficially owned has been provided by the directors themselves.

⁽²⁾ Members of the Audit Committee.

⁽³⁾ Members of the Corporate Governance and Nominating Committee.

⁽⁴⁾ Members of the Human Resources/Compensation Committee.

⁽⁵⁾ Members of the Health, Safety, Environment and Community Committee.

⁽⁶⁾ Includes 80,850 common shares registered in the name of Mr. Conibear's spouse.

⁽⁷⁾ Includes 15,000 common shares registered in the name of Mr. Peniuk's spouse and 100 common shares registered in the name of Mr. Peniuk's child.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Except as noted below, no proposed director is, as of the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

- (a) Was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, "order") that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer; or
- (b) Was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

Messrs. Rand and Edgar were directors of New West Energy Services Inc. (NEW-TSX-V) when, on September 5, 2006, a cease trade order was issued against that company by the British Columbia Securities Commission for failure to file its financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

- (c) Except as noted below, no proposed director is, as of the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Benner was a director of Tahera Diamond Corporation (TAH-TSX) ("Tahera") which, on January 16, 2008, was granted creditor protection by the Ontario Superior Court of Justice under the Companies' Creditor Arrangement Act ("CCAA"). Mr. Benner resigned as a director of Tahera on September 29, 2008. Pursuant to a number of extensions, Tahera remained under CCAA protection and was sold to a third party.

INDIVIDUAL BANKRUPTCIES

No proposed director of the Corporation has, within the 10 years prior to the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

PENALTIES OR SANCTIONS

No proposed director of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for the proposed director.

APPOINTMENT AND REMUNERATION OF AUDITORS

The auditors for the Corporation will be appointed at this Meeting. The directors of the Corporation recommend the re-appointment of PricewaterhouseCoopers LLP ("PwC"), Chartered Accountants, located in Toronto, Ontario, as auditors of the Corporation to hold office until the termination of the next annual meeting of the shareholders of the Corporation. PwC was first appointed as the auditors of the Corporation on October 19, 2006. It is also proposed that the remuneration to be paid to the auditors be determined by the directors of the Corporation.

The disclosure required by Form 52-110F1 of National Instrument 52-110, Audit Committees, including the text of the Audit Committee's charter and the fees paid to the Corporation's external auditor, can be found in the Corporation's Annual Information Form dated March 28, 2012 as filed on SEDAR at www.sedar.com.

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

In the following pages we describe the Corporation's policies and practices with respect to the compensation of senior executives, the role and structure of the Human Resources/Compensation Committee ("HRCC") in this process, and the detailed disclosure of the remuneration of the Named Executive Officers ("NEOs"), namely the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the three other most highly compensated executives in the Corporation.

- **Paul Conibear** President and Chief Executive Officer
- **Philip Wright** Former President and Chief Executive Officer
- **Marie Inkster** Senior Vice President and Chief Financial Officer
- **Joao Carrelo** Executive Vice President and Chief Operating Officer
- **Neil O'Brien** Senior Vice President, Exploration & Business Development
- **Mikael Schauman** Vice President, Marketing

Paul Conibear was Senior Vice President, Corporate Development, from October 2009 to June 2011. On June 30, 2011, Mr. Conibear was appointed to the position of President and Chief Executive Officer. Philip Wright served as President and Chief Executive Officer until June 30, 2011.

Overview of Compensation Philosophy

The Corporation's aim is to provide market competitive remuneration to attract, retain and motivate the Corporation's executives to achieve the Corporation's business objectives. In 2011, the Corporation's management team was strengthened considerably and the Corporation was satisfied with its ability to attract and retain high calibre individuals capable of working within, and contributing to, the management team. The total reward package is designed to pay on the basis of an individual's personal effectiveness and contributions to corporate performance. An underlying principle of the remuneration package is that good performance will be recognized, and poor performance will not be tolerated or rewarded. A key aspect of remuneration is to align the interests of the executives with those of shareholders by tying compensation to corporate performance.

Compensation is set to be competitive with other companies in the mining and mineral exploration markets and consistent with geographic norms. Executive remuneration packages are determined on a Total Employment Cost ("TEC") basis. The TEC approach strives to achieve total compensation that is market competitive and an appropriate balance of base salary, benefits and at-risk remuneration in the form of both short-term and long-term incentives. Base pay is broadly targeted at a median level of industry competitors, compensation data is used only as a guidepost and salaries are not benchmarked to a specific peer group of companies.

The HRCC, with the input of the President and Chief Executive Officer, determines short-term and long-term incentive awards for senior management based on the individual's personal effectiveness in meeting key strategic deliverables and selected management behaviours that are designed to enhance overall company performance, improve financial strength and grow the business. To align management's interests with those of shareholders, the short-term incentive plan "pays for performance" in the form of annual cash payments. These payments are based on individual targets, which are a subset of the Corporation's targets, and provide above-median remuneration for individuals who demonstrate effectiveness in their roles and in achieving their objectives. Long-term incentive awards, in the form of stock option grants, give executives an opportunity to build ownership in the business and align their interests with those of shareholders. The long-term incentive plan represents a potentially significant portion of an executive's total remuneration and provides reward that is subject to the same external market conditions as the Corporation's shareholders.

2011 Approach and 2012 Changes

The Corporation ended the year with a strong quarter, achieving record tonnages of ore mined and milled, a healthy balance sheet and a strong net cash position. In 2011, the Corporation had the best annual safety record in the Corporation's history and successful environmental performance with no significant incidents during the year, attesting to improvements made in operations company-wide. However, 2011 was a year of significant corporate activity since the Corporation considered a merger and was the subject of a hostile takeover bid. To maintain consistency through these unexpected events, the HRCC did not make any significant changes to the structure of the remuneration package in 2011. Because this year was not typical for the Corporation, the HRCC exercised significant discretion in

determining short-term and long-term award levels to ensure they were consistent with executive and company performance during these unanticipated developments. The Corporation will be undertaking a thorough review of certain aspects of the remuneration program in 2012 with the assistance of a compensation consultant.

Elements of Compensation

Total compensation of the Corporation's NEOs for the fiscal year ended December 31, 2011 was made up of the following components which together constitute the TEC: base salary, short-term incentive (cash award), long-term incentive (stock option grants), retirement benefits and other executive benefits. The Company's reporting currency is United States dollars (reference herein of \$ is to United States dollars, reference of C\$ is to Canadian dollars, reference to SEK is to Swedish krona and € refers to the Euro).

These elements are now described in greater detail.

1. Base Salary

Base salaries for NEOs are set at a level that is required to attract and retain candidates with the necessary levels of expertise and experience while taking into account competitive rates for the relevant position and location. In 2010, the Corporation engaged Coopers Consulting to prepare a one-off, focused and customized 'Executive and Senior Staff Remuneration Report', particularly focused on base pay and target bonus against a group of similar mining companies. The study aided in aligning senior staff better against that competitive market. The HRCC believes that the salary paid to the CEO, CFO and each executive officer during the last fiscal year was consistent with the requirements of the position and the incumbent's experience, when considering the salary component as part of TEC. The HRCC used judgement in considering, among other things, the industry in which the Corporation operates, the competitive landscape for hiring executives within this industry, the public nature and the market capitalization of the Corporation, and the responsibilities of the particular executive officer.

Given the multiple jurisdictions in which the senior management team of the Corporation operates, and the breadth of the mining and resources sectors in which we compete for talent, the HRCC did not elect to use a fixed comparator group in 2011 for the purposes of salary comparison. The HRCC referred to independent market data from a number of service providers, including Coopers Consulting (the "Coopers Mining Survey") and Hay Management Consultants as it pertains to the mining industry. These surveys provide comparisons with companies of comparable size and complexity in the mining industry and are one source of relevant external market data which helps to inform the HRCC's judgment in setting base salaries. Base salary is broadly targeted at a median level of industry competitors, considering survey data, but compensation data is used only as a guidepost and salaries are not benchmarked to a specific peer group of companies.

In January 2011, an increase in base salaries was granted to the executive and management groups. Higher adjustments were made for a limited number of individuals based on special reasons including to recognize promotion or to address misalignment within the market. Mr. Conibear received a significant but temporary salary increase at the time of his appointment as the interim President and Chief Executive Officer on June 30, 2011 since that position did not include additional short-term or long-term compensation opportunities. His salary was later decreased upon his appointment as permanent President and Chief Executive Officer on October 31, 2011.

The base salaries of the Corporation's NEOs as at December 31, 2011, and adjustments thereto, are shown in the table below:

Name	Title	2011 Base Salary (\$) ⁽¹⁾	Increase to base salary in 2011
Philip Wright	President and Chief Executive Officer (Jan 1 – Jun 30)	\$290,768	n/a
Paul Conibear	President and Chief Executive Officer (Jun 30 – Dec 31) ⁽²⁾	\$918,659	n/a
Marie Inkster	Senior Vice President and Chief Financial Officer	\$364,104	12.5%
Joao Carrelo	Executive Vice President and Chief Operating Officer	\$556,680	17.8%
Neil O'Brien	Senior Vice President, Exploration and Business Development	\$343,876	11.1%
Mikael Schauman	Vice President, Marketing	\$255,808	3.5%

⁽¹⁾ NEOs were paid in C\$, except Mr. Carrelo who was paid in € and Mr. Schauman who was paid in SEK. Average 2011 exchange rates were used in this and the following tables (US\$ 1.0114: C\$1.00; US\$1.3760:€1.00; USD\$1.6036:UK£1.00; US\$ 0.1541:SEK1.00).

⁽²⁾ Mr. Conibear was appointed President and CEO on June 30, 2011, initially on an interim basis, with a final agreement in place on October 31, 2011. Prior to June 30, 2011, Mr. Conibear served as Senior Vice President, Corporate Development.

2. Short-Term Incentive Plan

The Corporation's Short-Term Incentive Plan ("STIP") delivers an "at risk" annual cash payment based on a targeted level of incentive for each position and an assessment of an individual's personal effectiveness. Potential award amounts are capped. The STIP payment is one of the outcomes of a holistic process that links business planning with an evaluation of the personal effectiveness of senior executives and managers, using the tools described below:

- One Page Plans ("OPPs") are plans established for all executives and managers, and, in aggregate, they encompass the overall goals and targets of the Corporation. The OPPs contain linked strategic initiatives and intermediate targets covering operational matters, health, safety, environment and community, business growth and development, and the identification, development and attainment of better practices. They are not rigid documents but are modified as circumstances dictate.
- Job Results Descriptors ("JRDs") set out the results to be achieved in each role, and weight the results taking into account the deliverables for the position.
- Personal Effectiveness Reviews ("PERs") are individual performance management processes that provide a single, holistic methodology for reviewing individual performance in a disciplined, fair and consistent manner. The following two factors form the basis of measuring each executive's and each manager's overall personal effectiveness and determining factors in the payment of short-term incentives, overall reward and retention in his or her position:
 - Personal effectiveness – This factor is measured by achievement of financial and budgetary results, and the assessment of performance against the objectives set out in the individual's OPP (75% weighting).
 - Management behaviours – This factor is measured by an evaluation of 24 selected management behaviours covering business skills including planning abilities, leadership and management, problem solving and decision making, teamwork and personal behaviours and abilities including integrity (25% weighting). The selected behaviours are those that are broadly deemed to be of greatest value and influence in driving superior performance in the organization.

In previous years, the PER process had been a key factor which assisted in measuring individual contribution to determine STIP awards. In 2011, however, the NEOs faced an unusual situation regarding their targets for the year. The OPPs were generated in November or December of 2010, but with the onset of the proposed Symterra merger at that time, the Company's agenda and priorities changed beyond recognition, and continued to change further after the non-completion of that merger. Considerable effort was focused by the NEOs in responding to a hostile takeover bid. For this year, the OPPs and JRDs alone were not adequate in providing a complete picture of individual performance. During this challenging year, each NEO demonstrated an exceptional level of commitment, dedication, effort and performance which was recognized and rewarded accordingly.

Mr. Conibear was key in the merger negotiations during 2011 and was also very important to the Corporation's response to a hostile takeover bid. Mr. Conibear also assumed the CEO role and led a refocus on business optimization and improvement.

Ms. Inkster led the financial due diligence in merger negotiations and aided in the take-over response. Ms. Inkster's contribution to the performance for the year was judged to have been material enough to warrant a STIP award above her 100% target award.

Mr. Carrelo excelled in supporting all of the Corporation's initiatives. The Neves-Corvo mine and the Zinkgruvan mine moved near record tonnages through their respective plants. It was particularly notable that the Corporation's safety record was improved overall across operations, with the lowest accident rate figures yet. Good strides were made in modernizing the Corporation's mine planning processes through selection of industry standard mine planning software.

Mr. O'Brien's contribution to the year's performance was judged to have been material enough to warrant a STIP award above his 100% target award. During a year of considerable challenge and uncertainty, Mr. O'Brien ensured that his Exploration and Business Development teams were highly focused and productive. Exploration had excellent results in 2011, particularly with exciting prospects in Portugal and Ireland. Semblana development drilling in Portugal was performed efficiently and a maiden National Instrument 43-101 resource was announced. The novel 3D seismic program produced 18 new targets at the Neves-Corvo mine. Drilling in Ireland produced a new discovery and the Belmore Resources position was acquired at very low cost.

Mr. Schauman successfully negotiated the first copper off-take contracts for commencement of copper production at the Zinkgruvan mine. He also renegotiated existing agreements for zinc, lead and copper. Mr. Schauman advanced succession planning and staff development in the commercial departments and contributed marketing expertise to due diligence exercises and other corporate initiatives.

The key strategic initiatives included operational improvement, health and safety performance, process standardization and improvement, financial management, investor relations, increases in resources and reserves, and business growth and development initiatives. These, along with the key budgetary deliverables, were designed to enhance overall performance, improve financial strength and grow the business of the Corporation.

STIP awards were not based on a limited number of objective, identifiable measures but on a multitude of individual and corporate strategic, financial and operational initiatives, the disclosure of which would seriously prejudice the Corporation. The disclosure of performance goals related to the Corporation's operational and strategic objectives would give our competitors insight into our key business strategies and put the Corporation at a competitive disadvantage.

2011 Performance

In 2011, the Board exercised discretion in determining STIP payout levels, taking into account several significant performance achievements of the Corporation and the role each NEO played in these accomplishments. In 2011, the Corporation achieved record tonnages of ore mined and milled at both the Neves-Corvo and Zinkgruvan mines and did so while achieving the best annual safety record in the Corporation's history. Metal prices, on average, remained strong throughout the year, though did drop considerably in the fourth quarter. The Company generated net earnings of \$183.8 million, \$122.5 million lower than the \$306.3 million reported in 2010, with the decline primarily a result of suspension of operations at the Aguablanca mine, lower net finance income and a \$35.7 million impairment on goodwill related to the Aguablanca mine. Copper, zinc and lead production were essentially in line with expectations. During the year, significant progress was made in re-establishing the pit ramp and restarting nickel/copper mining at the Aguablanca mine. The Neves-Corvo mine zinc expansion project was completed on budget and on schedule, and the Lombador Phase 1 Feasibility Study was completed and released.

Overall, the Board decided that the performance of the Corporation's leadership merited an average payment of approximately 95% of the relevant individual target STIP levels after a comprehensive review of both corporate and personal performance. STIP target levels are a guideline, and individual incentive award decisions are made taking full account of individual performance and behavioural factors (as described in detail above), corporate performance including extraordinary events in the year and the competitive environment in which the Corporation is operating. In 2011, STIP awards made to individuals ranged from 70% to more than 100% of that employee's personal target. In particular, the HRCC judged that the personal contribution of the NEOs to 2011's overall corporate performance was both exceptional and material, and so it warranted STIP awards on this occasion that were commensurate with that level of exceptional performance.

The following table records the STIP target for each NEO in 2011 as a percentage of base salary as well as their awards for that performance year:

Name	2011 Target STIP as a Percentage of Base Salary	2011 STIP paid (\$)⁽¹⁾	2011 STIP Paid as a Percentage of Base Salary or as a Fixed Amount
Paul Conibear	n/a	\$487,415 ⁽²⁾	\$487,415
Philip Wright	n/a	n/a	n/a
Marie Inkster	50%	\$197,382	56%
Joao Carrelo	60%	\$247,773	48%
Neil O'Brien	50%	\$197,382	59%
Mikael Schauman	40%	\$99,541	40%

⁽¹⁾ Average exchange rates used for month in which STIP was paid.

⁽²⁾ STIP for 2011 only was of fixed value (C\$500,000) paid upon signing employment agreement.

3. Long-Term Incentive Plan

The Corporation provides long-term incentives primarily through grants of stock options made pursuant to the Incentive Stock Option Plan ("ISOP"). The Corporation chose to grant stock options as its long-term awards because they give executives an opportunity to build ownership in the business and align their interests with those of shareholders. The recipients of these awards achieve an increase in value only to the extent the Corporation's shareholders benefit from the increase in the Corporation's stock price. Stock option grants vest over three years from the date of grant and have a five-year term. The recipients of these awards can achieve an increase in value to the extent that the Corporation's shareholders will benefit from the increase in the Lundin Mining stock price.

Past stock option grants were considered in granting the 2011 awards and will be considered in awarding future grants.

2011 Option Grants

The following incentive stock options were granted during the most recently completed financial year to each NEO:

Name of Executive Officers	Securities Under Options Granted (#)	% of Total Options Granted to All Employees in the Financial Year ⁽¹⁾	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Date of Grant	Expiration Date
Paul Conibear	-	-	n/a	n/a	n/a	n/a
Philip Wright	-	-	n/a	n/a	n/a	n/a
Marie Inkster	300,000	5.2%	\$3.89	\$3.89	Dec 12, 2011	Dec 11, 2016
Joao Carrelo	300,000	5.2%	\$3.89	\$3.89	Dec 12, 2011	Dec 11, 2016
Neil O'Brien	300,000	5.2%	\$3.89	\$3.89	Dec 12, 2011	Dec 11, 2016
Mikael Schauman	270,000	4.6%	\$3.89	\$3.89	Dec 12, 2011	Dec 11, 2016

⁽¹⁾ A total of 5,814,999 stock options were granted during the calendar year.

Phantom Share Appreciation Rights

In 2011, Mr. Conibear was granted a long-term incentive award in the form of phantom share appreciation rights ("PSAR") on 500,000 shares of Lundin Mining stock. The grant was made in connection with his employment agreement as President and Chief Executive Officer to increase the alignment of his interests with those of shareholders. Under the award, Mr. Conibear will receive cash equal to the increase, if any, in the value of the Corporation's stock during the 18-month period following the date the employment agreement was signed. Future annual PSAR grants will have a 12-month term and will be based on 250,000 shares of the Corporation's common stock.

4. Retirement Benefits

In the year ended December 31, 2011, the Corporation provided retirement or pension benefits for executive officers in a manner which was appropriate to their personal contractual arrangements in the country in which they were based for employment purposes. These amounts are included in the Summary Compensation Table on page 15.

A retirement savings plan is in place in Canada, to which the Corporation contributes 6% of base salary up to a maximum of C\$22,450 per annum (or \$22,706). Four of the NEOs, Messrs. Wright, Conibear and O'Brien, and Ms. Inkster, were included in that plan.

Mr. Carrelo, who is employed in the United Kingdom, has a potential matched contribution of 10% to the contributory savings scheme offered in the UK.

Mr. Schauman, who is employed in Sweden, also receives retirement benefits, made as contributions to his personal plan in accordance with Swedish law.

5. Other Executive Benefits

Other benefits do not form a significant part of the remuneration package of any of the NEOs. In most cases, health care and life insurance are provided in a manner which is appropriate to the country of employment and are generally offered to all employees in those countries.

Compensation Risk Management

As part of its annual compensation review, the HRCC evaluated the potential risks related to the Corporation's compensation policies and practices. The HRCC considered the following policies and practices it uses to mitigate compensation risk. The annual incentive program awards are capped and the amount of any cash incentive bonus received by any employee is subject to the discretion of the CEO, the HRCC and the Board. Stock option grants vest over three years from the date of grant and have a five-year term. The recipients of these stock option awards can achieve an increase in value to the extent the Corporation's shareholders will benefit from the increase in the Lundin Mining stock price.

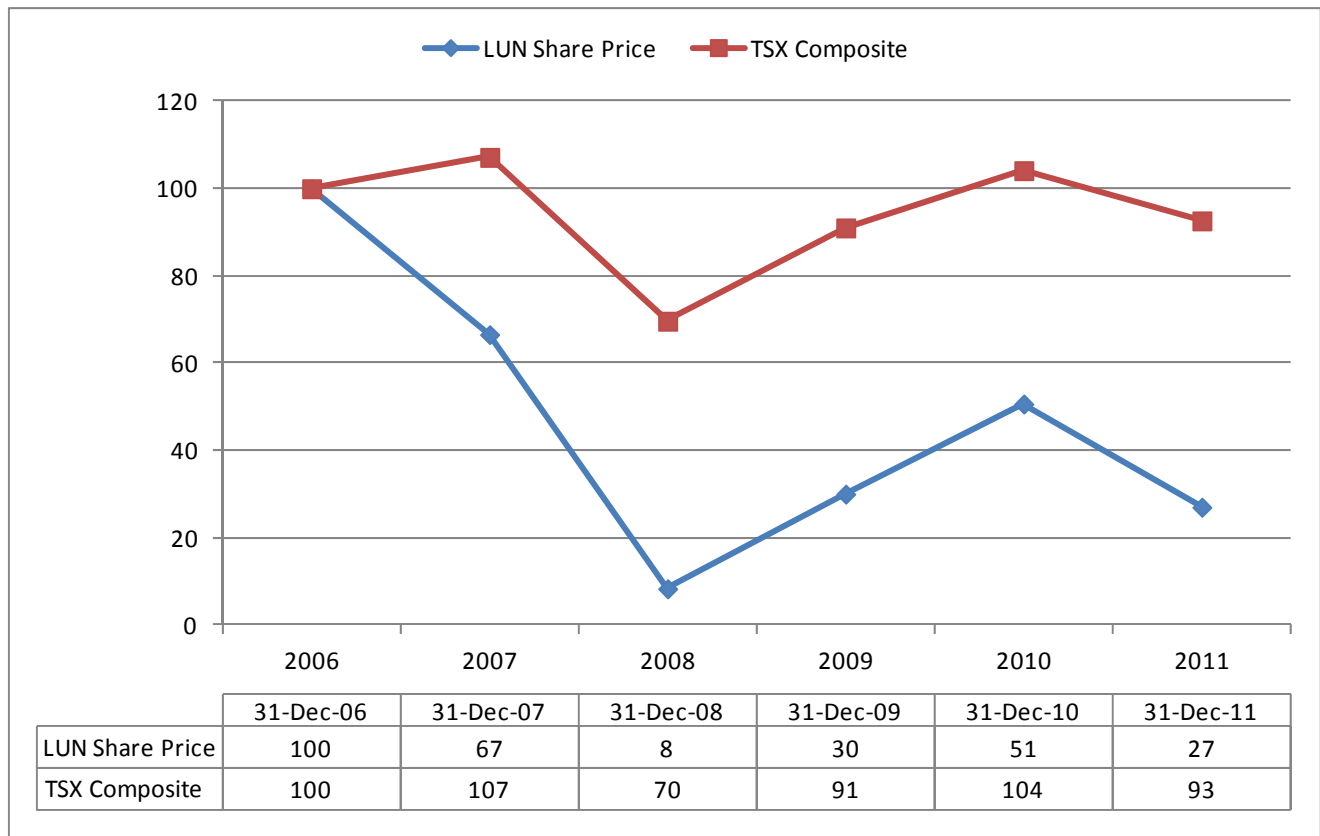
The HRCC determined that there are no risks arising from the Corporation's compensation policies and practices that are likely to have a material adverse effect on the Corporation.

Hedging

The Corporation has a policy prohibiting any NEO or director from purchasing financial instruments designed to hedge against a decrease in the market value of equity securities granted as compensation or held directly or indirectly by the NEO or the director.

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Toronto Stock Exchange (“TSX”) for C\$100 invested in common shares of the Corporation on December 31, 2006 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Corporation.



Following the trend in the Corporation’s stock price performance as noted in the graph, average total NEO compensation decreased following a decrease in stock price from 2007 to 2008 and increased along with an increase in stock price from 2009 to 2010. This demonstrates significant correlation between company stock price performance and average total NEO pay levels over this five year period. Increases were made in 2011 to acknowledge exceptional performance during a year of significant corporate challenges.

COMPENSATION GOVERNANCE

Policies and Practices

Towards the end of each fiscal year, or as appropriate, the HRCC reviews the performance of the officers and certain senior executives of the Corporation. The HRCC considers a variety of factors when determining compensation policies and individual compensation levels. These factors include the long-term interests of the Corporation and its shareholders, the performance of the Corporation, each officer's and senior executive's personal effectiveness in his or her role, each officer's or senior executive's contractual terms, and external market conditions and movements.

Human Resources/Compensation Committee

The HRCC currently consists of three directors, Mr. Donald K. Charter (chair), Mr. Dale C. Peniuk and Mr. William A. Rand, all of whom are independent directors. The HRCC met seven times in 2011.

All of the members of the HRCC have the skills and experience required by the board and the HRCC mandate to carry out the responsibilities of the HRCC.

Mr. Charter is currently the CEO of a public producing coal mining company. Mr. Charter is a member or former member of the compensation committees of several Canadian publicly traded companies including IAMGOLD Corporation, Great Plains Exploration Inc., Hudbay Minerals Inc. and Baffinland Iron Mines Corporation. He was also Chief Executive Officer of Dundee Securities and, as such, was directly involved with the compensation matters for more than one thousand employees. As a member of these committees and his executive positions, Mr. Charter has developed the requisite experience in reviewing and approving compensation programs, policies and guidelines in the mining industry for the CEO level, other executive officers and senior management, to ensure that such compensation programs are relevant to the human resource goals of the Corporation. He has read extensively on the subject of executive compensation and worked with human resource specialists to develop such programs, policies and guidelines.

Mr. Peniuk is a member or former member of the compensation committees of several Canadian publicly-traded companies involved in the mining industry. As a member of these committees, Mr. Peniuk has developed the requisite experience in reviewing and approving compensation programs, policies and guidelines in the mining industry for the CEO level, other executive officers and senior management, to ensure that such compensation programs are relevant to the human resource goals of the Corporation. He has read extensively on the subject of executive compensation and worked with human resource specialists to develop such programs, policies and guidelines. Mr. Peniuk has also participated in various training and information sessions from Equilar, a US-based executive compensation group.

Mr. Rand is a member of the compensation committees of several Canadian and Swedish publicly-traded companies including Denison Mines Corp., Lundin Petroleum AB, New West Energy Services Inc. and NGEx Resources Inc. As a member of these committees, Mr. Rand has the requisite experience in reviewing and approving compensation programs, policies and guidelines in the mining industry for the CEO level, other executive officers and senior management, to ensure that such compensation programs are relevant to the human resource goals of the Corporation. He has read extensively on the subject of executive compensation and worked with human resource specialists to develop such programs, policies and guidelines.

Responsibilities, Powers and Operation of the HRCC

The HRCC is responsible for recommending to the Board the annual salary, bonus and other benefits, direct and indirect, of the CEO, approving the compensation of the Corporation's other executive officers after considering the recommendations of the CEO, approving other human resources and compensation policies and guidelines and ensuring management compensation is competitive to enable the Corporation to continue to attract individuals of the highest calibre. The HRCC is also responsible for recommending the adequacy and form of director compensation to the Board.

The HRCC used judgement in considering, among other things, the industry in which the Corporation operates, the competitive landscape for hiring executives within this industry, the public nature of the Corporation, the market capitalization of the Corporation and the responsibilities of each particular executive officer. Given the multiple jurisdictions in which the senior management team of the Corporation operates and the breadth of the mining and resources sectors in which we compete for talent, the HRCC did not elect to use a fixed comparator group in 2011 for the purposes of salary comparison.

Please review the section in this Circular titled "Statement of Corporate Governance Practices" for further information about the duties and responsibilities of the HRCC.

Role of Management in Determining Compensation

The accountability for decisions on executive remuneration is within the mandate of the Board with recommendations from the HRCC. Management plays an important role in supporting the HRCC as required by the HRCC. The CEO and other senior members of his leadership team assist with the provision of both external data and analysis. They also provide, when required, the results of performance evaluations for the management team to assist the HRCC in their consideration of changes in the remuneration of individual executives.

The CEO is not a member of the HRCC. He provides input on the performance of senior executives and managers. Discussions affecting the CEO's remuneration package, either directly or indirectly, are held in camera without management present.

Compensation Consultants

During 2011, the HRCC referred, as required, to independent market data from a number of service providers, including Coopers Consulting, the Coopers Mining Survey and Hay Management Consultants as their survey pertains to the mining industry.

SUMMARY COMPENSATION TABLE

This table provides information regarding compensation received in or in respect of the financial year ended December 31, 2011 by each of the Corporation's NEOs, who are: (i) the President and Chief Executive Officer, (ii) the Senior Vice President and Chief Financial Officer, (iii) each of the Corporation's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers during the fiscal year ended December 31, 2011 and whose total compensation exceeded C\$150,000 and (iv) any additional individuals for whom disclosure would have been provided under but for the fact that the individual was not serving as an executive officer of the Corporation as at December 31, 2011.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$) ⁽⁴⁾	Total compensation (\$)
					Annual incentive plans ⁽³⁾	Long-term incentive plans			
Paul Conibear, ⁽⁵⁾ President and Chief Executive Officer (Jun 30 – Dec 31)	2011	\$918,659	\$545,573	-	\$487,415	n/a	n/a	\$31,952	\$1,985,599
	2010	\$373,835	-	-	\$291,300	n/a	n/a	\$48,074	\$713,209
	2009	\$329,418	-	\$102,151	\$143,825	n/a	n/a	\$27,343	\$602,737
Philip Wright, President and Chief Executive Officer (Jan 1 – Jun 30)	2011	\$290,768	-	-	-	n/a	n/a	\$1,245,043 ⁽⁶⁾	\$1,535,811
	2010	\$558,325	-	-	-	n/a	n/a	\$1,751,468 ⁽⁷⁾	\$2,309,793
	2009	\$505,917	-	-	-	n/a	n/a	\$1,539,559	\$2,045,476
Marie Inkster, ⁽⁸⁾ Senior Vice President and Chief Financial Officer	2011	\$364,092	-	\$623,265	\$197,382	n/a	n/a	\$31,439	\$1,216,178
	2010	\$310,720	-	\$105,873	\$291,300	n/a	n/a	\$40,715	\$748,608
	2009	\$249,293	-	\$134,618	\$143,825	n/a	n/a	\$21,354	\$549,090
Joao Carrelo, Executive Vice President and Chief Operating Officer	2011	\$550,418	-	\$623,265	\$247,773	n/a	n/a	\$85,070	\$1,506,526
	2010	\$450,584	-	-	\$464,520	n/a	n/a	\$253,375	\$1,168,479
	2009	\$463,707	-	\$113,501	\$285,442	n/a	n/a	\$39,776	\$902,426
Neil O'Brien, Senior Vice President, Exploration & Business Development	2011	\$343,865	-	\$623,265	\$197,382	n/a	n/a	\$20,632	\$1,185,144
	2010	\$297,126	-	-	\$291,300	n/a	n/a	\$30,061	\$618,487
	2009	\$263,957	-	\$102,151	\$115,060	n/a	n/a	\$25,286	\$506,454
Mikael Schauman, Vice President, Marketing	2011	\$255,808	-	\$578,294	\$99,541	n/a	n/a	\$67,358	\$1,001,001
	2010	\$227,375	-	-	\$74,324	n/a	n/a	\$55,348	\$357,047
	2009	\$210,698	-	\$77,411	\$40,195	n/a	n/a	\$49,788	\$378,092

⁽¹⁾ This amount represents the fair value, on the date of grant, calculated using the Black Scholes model according to IFRS2 Share-based payment of IFRS since it is used consistently by comparable companies. The key assumptions and estimates used for the calculation of the grant date fair value under this model include the risk-free interest rate, expected stock price volatility, expected life and expected dividend yield. Fair values were calculated in C\$ and translated into US\$.

⁽²⁾ This amount represents the fair value, on the date of grant, of awards made under the Corporation's stock option plan. The grant date fair value has been calculated using the Black-Scholes model according to IFRS2 Share-based payment of IFRS since it is used consistently by comparable companies. The key assumptions and estimates used for the calculation of the grant date fair value under this model include the risk-free interest rate, expected stock price volatility, expected life and expected dividend yield. Option fair values were calculated in C\$ and translated into US\$. Reference is made to the disclosure regarding the Corporation's stock option plan in Note 19 in the consolidated audited financial statements for the year ended December 31, 2011 available on the SEDAR website at www.sedar.com.

⁽³⁾ Represents incentive awards in respect of the corresponding year's performance but are paid the following year.

⁽⁴⁾ Except as described below, amounts in this column typically consist of, but are not limited to, benefits such as retirement savings benefits and parking/car allowance. There are no defined-benefit or actuarial plans in place. In 2010 a retroactive contribution was made to Mr. Carrelo's pension.

⁽⁵⁾ Paul Conibear was Senior Vice President, Corporate Development, from October 2009 to June 2011. On June 30, 2011, Mr. Conibear was appointed to the position of President and Chief Executive Officer on an interim basis and was permanently appointed on October 31, 2011.

⁽⁶⁾ This total includes \$625,000 net (plus tax of C\$200,000 paid by the Corporation which was an additional payment entitlement under Mr. Wright's employment contract.) Also included is a consulting fee for July and August 2011 of C\$386,414 and standard benefits.

⁽⁷⁾ This total includes C\$1,500,000 net (plus tax of C\$280,142 paid by the Corporation which was Mr Wright's additional payment entitlement under his employment contract), plus standard benefits.

⁽⁸⁾ Ms. Inkster joined the Corporation as Vice President, Finance in September 2008 and was appointed to Chief Financial Officer of the Corporation on May 1, 2009. On June 30, 2011, Ms. Inkster was appointed to Senior Vice President and Chief Financial Officer.

In summary, significant factors included in this summary compensation table include Mr. Conibear's PSAR award. The initial grant of PSARs to Mr. Conibear on 500,000 common shares of Lundin Mining stock were made when he entered into his employment agreement as President and Chief Executive Officer effective October 31, 2011 and have an 18-month term. Future annual PSAR grants will have a 12-month term and will be on 250,000 shares of the Corporation's stock. At the end of the PSAR term, Mr. Conibear will receive cash

equal to the increase, if any, in the value of the common shares of the Corporation from the date of grant to the maturity date. The value of the award will be equal to the positive difference between the closing price of the Corporation's common shares on the TSX on each PSAR maturity date minus the closing price on the related PSAR pricing date. If Mr. Conibear resigns, or his employment is terminated for just cause before the payout of any grant, the grant will lapse immediately. If his employment is terminated by the Corporation without just cause before the payout of any grant, the grant will be valued and paid out as of the employment termination date.

INCENTIVE PLAN AWARDS

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table provides information regarding the equity incentive plan awards for each NEO outstanding as of December 31, 2011:

Name	Option-based Awards					Share-based Awards		
	Grant Date	Number of securities underlying unexercised options (#)	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (C\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market payout value of share-based awards that have not vested (C\$)	Market payout value of share-based awards not paid out or distributed (C\$)
Paul Conibear	Oct 31/11	n/a	n/a	n/a	n/a	500,000	-	-
	Sept 4/08	90,000	\$4.42	Dec 31/12	-			
	Sept 4/08	90,000	\$4.42	Dec 31/13	-			
Marie Inkster	May 20/09	50,000	\$2.67	May 19/12	\$60,000	n/a	n/a	n/a
	Sept 23/09	50,000	\$3.77	Sept 22/12	\$5,000			
	Sept 17/10	50,000	\$4.47	Sept 16/13	-			
	Dec 12/11	300,000	\$3.89	Dec 11/16	-			
Joao Carrelo	Nov 14/07	100,000	\$10.58	Nov 13/12	-	n/a	n/a	n/a
	Dec 6/07	200,000	\$9.63	Dec 5/12	-			
	Sept 4/08	100,000	\$4.42	Dec 31/12	-			
	Sept 4/08	100,000	\$4.42	Dec 31/13	-			
	May 20/09	100,000	\$2.67	May 19/12	\$120,000			
	Dec 12/11	300,000	\$3.89	Dec 11/16	-			
Neil O'Brien	Sept 24/07	240,000	\$12.74	Sept 24/12	-	n/a	n/a	n/a
	Sept 4/08	27,777	\$4.42	Dec 31/12	-			
	Sept 4/08	55,556	\$4.42	Dec 31/13	-			
	May 20/09	60,000	\$2.67	May 19/12	\$72,000			
	Dec 12/11	300,000	\$3.89	Dec 11/16	-			
Mikael Schauman	Sept 4/08	50,000	\$4.42	Dec 31/12	-	n/a	n/a	n/a
	Sept 4/08	50,000	\$4.42	Dec 31/13	-			
	May 20/09	60,000	\$2.67	May 19/12	\$72,000			
	Dec 12/11	270,000	\$3.89	Dec 11/16	-			

⁽¹⁾ Based on closing pricing on December 31, 2011 of C\$3.87.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED IN 2011

The following table provides information regarding the value on vesting of incentive plan awards for the financial year ended December 31, 2011, plus a summary of cash awards made under the STIP for 2011 performance.

Incentive Plan Awards Vested or Earned in 2011

Name	Option-based awards – value vested during the year (\$) ⁽¹⁾	Share-based awards – value vested during year (\$)	Non-equity incentive plan compensation – value earned during year (\$) ⁽²⁾
Paul Conibear	\$396,344	-	\$487,415
Philip Wright	-	-	-
Marie Inkster	\$76,786	-	\$197,382
Joao Carrelo	\$516,283	-	\$247,773
Neil O'Brien	\$441,750	-	\$197,382
Mikael Schauman	\$235,570	-	\$99,541

⁽¹⁾ Represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the closing price of the common shares of Corporation as traded on the TSX on the vesting date and the exercise price of the options.

⁽²⁾ This column represents only the cash STIP plan payments referred to earlier in the report.

PENSION PLAN BENEFITS

The Corporation does not have any defined benefit or actuarial plans for the NEOs.

TERMINATION AND CHANGE OF CONTROL BENEFITS

INTRODUCTION

Each of the Corporation's NEOs as of December 31, 2011 is a party to an indefinite term employment agreement with the Corporation that sets forth certain instances where payments and other obligations arise on the termination of their employment or in the situation of a change of control of the Corporation. The former President and Chief Executive Officer, Mr. Philip Wright, was not entitled to any additional payments as a result of voluntary termination, involuntary termination or change of control.

TERMINATION WITHOUT CAUSE

The employment agreements for each of Ms. Inkster and Messrs. Carrelo, Conibear, O'Brien, and Schauman contain specific terms and conditions describing the Corporation's obligations if any of these NEOs had their employment terminated without cause. If those agreements are terminated by Lundin Mining without cause, or if the agreement is terminated by certain of these executive officers for good reason then payment of salary and, in some cases, short-term incentives, long-term incentives and benefits will be due for the appropriate notice period as provided in their respective contracts.

Following the termination of his employment by the Corporation of Mr. Conibear without cause, the Corporation will be required to pay this NEO on termination 24 months base salary, plus two times the average of the bonus received by this NEO in the previous two years. Mr. Conibear will also be entitled to be paid the long-term incentive bonus for the year in which the termination occurs with the PSAR valuation determined on the termination date as the increase, if any, of the value of those shares on the termination date compared to the pricing date. The NEO shall also continue to participate in the Corporation's health and medical benefits for 24 months following the termination date.

Following the termination of her employment by the Corporation of Ms. Inkster without cause, the Corporation will be required to pay this NEO at termination 12 months' base salary. In the case of a termination of her employment in the event of redundancy, the Corporation will also provide 12 months' bonus calculated as the average over the last two performance years and 12 months' benefits.

Following the termination of their employment by the Corporation of Messrs. Carrelo and O'Brien without cause, the Corporation will be required to pay these NEOs at termination 24 months base salary, plus two times the average of the cash bonuses paid to them for the two completed fiscal years preceding the year in which the termination occurred. These NEOs shall also be entitled to have their benefits maintained for 24 months following the termination date. Any stock options that would have vested during the 24-month period following the termination date shall vest and remain open for exercise until the earlier of their ordinary expiration date and 24 months following the termination date.

Following a decision by the Corporation to terminate the employment of Mr. Schauman without cause, the Corporation will be required to provide this NEO with 9 months' notice of termination. In the event of termination by redundancy, the Corporation will also provide an additional 3 months base salary plus bonus averaged over the last two performance years and 12 months' benefits.

For certain of the NEOs, the Corporation may elect to terminate their employment for disability in which case additional payments may be required.

Other than as set forth above, the Corporation has no compensatory plan, contract or arrangement where an NEO is entitled to receive compensation in the event of resignation, retirement or other termination of the NEO's employment with the Corporation.

The following table provides details regarding the estimated incremental payments from the Corporation to the NEOs assuming termination of employment without cause on December 31, 2011.

Name	Base Salary (\$) ⁽¹⁾	STIP (\$) ⁽²⁾	Value of Benefits (\$) ⁽³⁾	Equity (\$) ⁽⁴⁾	Total (\$)
Paul Conibear	\$1,517,051	\$789,019	\$98,291	-	\$2,404,361
Marie Inkster ⁽⁵⁾	\$364,092	-	-	\$66,105	\$430,197
Joao Carrelo	\$1,100,836	\$715,447	\$159,907	\$122,040	\$2,098,230
Neil O'Brien	\$687,730	\$498,986	\$77,673	\$73,224	\$1,337,613
Mikael Schauman ⁽⁶⁾	\$191,856	-	-	\$73,224	\$265,080

⁽¹⁾ Based on 9-24 months' salary, as set out in the individual employment contract, using average 2011 exchange rates (see page 8).

⁽²⁾ Based on 2 times the average STIP paid over the 2 preceding fiscal years.

⁽³⁾ Assumes benefits paid at the average 2011 exchange rates for the duration of the severance period.

⁽⁴⁾ Based on the closing exchange rate of US\$ 1.0170:C\$1.00 on Dec 31, 2011.

⁽⁵⁾ In the case of termination by redundancy, Ms. Inkster will also receive 12 months' bonus calculated as the average over the last two performance years and 12 months' benefits.

⁽⁶⁾ In a case of termination by redundancy, Mr. Schauman will receive 3 months' additional base salary plus bonus averaged over the last two performance years and 12 months' benefits.

CHANGE OF CONTROL

In the majority of the employment agreements of the NEOs and in the case of change of control of the Corporation, certain of the NEOs have a commitment that they may not terminate their employment until the expiry of a 6 month period following the change of control, except in the case of a reduction in the NEO's compensation (other than any year-over-year change in their awards under incentive compensation plans) or a material change in the NEO's place of employment. During the period 6 to 12 months following a change of control, the NEO may terminate his or her employment with the Corporation, in which case the termination payments below would apply.

Within 12 months of a change of control of the Corporation, if Mr. Conibear is terminated without cause or if a triggering event, such as a significant diminution of this NEO's duties or responsibilities, occurs and the NEO elects to terminate his employment, this NEO will be entitled to receive the termination provisions of his employment agreement for termination without cause as set out above.

Within 6 to 12 months following a change of control of the Corporation, and upon the occurrence of an event of good reason, such as a material reduction in their duties or functions, which occurred during the 6 month period that followed the change of control of the Corporation, Messrs. Carrelo and O'Brien may terminate their employment with the Corporation and will be entitled to receive the termination provisions of their employment agreements for termination without cause as set out above.

After the expiration of the 6-month period following a change of control of the Corporation, Ms. Inkster may terminate her employment with the Corporation and will be entitled to a termination payment of 12 months' base salary. If this election is not made within 12 months of the date of the change of control then this right will lapse.

The following table provides details regarding the estimated incremental payments from the Corporation to the NEOs assuming change of control on December 31, 2011.

Name	Severance: Base Salary (\$) ⁽¹⁾	Severance: STIP (\$) ⁽²⁾	Severance: Value of Benefits (\$) ⁽³⁾	Equity (\$) ⁽⁴⁾	Total (\$)
Paul Conibear	\$1,517,051	\$789,019	\$96,236	-	\$2,404,361
Marie Inkster	\$364,092	-	-	\$66,105	\$430,197
Joao Carrelo	\$1,100,836	\$715,447	\$59,907	\$122,040	\$2,098,230
Neil O'Brien	\$687,730	\$498,986	\$77,673	\$73,224	\$1,337,613
Mikael Schauman	-	-	-	\$73,224	\$73,224

⁽¹⁾ Based on 12-24 months' salary, as set out in the individual employment contract, using average 2011 exchange rates (see page 8).

⁽²⁾ Based on 2 times the average STIP paid over the 2 preceding fiscal years.

⁽³⁾ Assumes benefits paid at the 2011 exchange rates for the duration of the severance period.

⁽⁴⁾ Based on the closing exchange rate of US\$ 1.0170:C\$1.00 on Dec 31, 2011.

DIRECTOR COMPENSATION

DIRECTOR COMPENSATION TABLE

The following table provides information regarding compensation paid to the Corporation's non-executive directors during the financial year ended December 31, 2011:

Name	Fees earned (\$)	Share-based awards (\$)	Option- based awards (\$)	Non-equity incentive plan compensati on (\$)	Pension value (\$)	All other Compensation (\$)	Total (\$)
Lukas H. Lundin	\$232,615	-	-	n/a	-	-	\$232,615
Colin K. Benner	\$131,478	-	-	n/a	-	-	\$131,478
Donald K. Charter	\$217,444	-	-	n/a	-	-	\$217,444
John H. Craig	\$126,421	-	-	n/a	-	-	\$126,421
Brian D. Edgar	\$136,535	-	-	n/a	-	-	\$136,535
Dale C. Peniuk	\$212,387	-	-	n/a	-	-	\$212,387
William A. Rand	\$232,615	-	-	n/a	-	-	\$232,615

The CEO, Mr. Conibear, who also acts as a director of the Corporation, does not receive any compensation for services as a director.

For the year ended December 31, 2011, the chairman of the Board received annual remuneration in the amount of C\$200,000. Each non-executive director received annual base remuneration of C\$90,000. The chair of the Audit Committee received annual remuneration of C\$25,000 and each committee member received annual remuneration of C\$15,000. The chair of the HRCC received annual remuneration of C\$20,000 and each committee member received annual remuneration of C\$10,000. The chair of each of the other Board committees received annual remuneration of C\$10,000 and each committee member received annual remuneration of C\$5,000. The lead director received annual remuneration of C\$25,000. All of these amounts were paid in monthly installments. Notwithstanding the foregoing and in acknowledgement of the inordinate number of additional Board meetings held during the year 2011, it was decided to increase, on a one-time basis, the base retainer of the chairman and each non-executive director of the Corporation by C\$30,000 for the year 2011 so that the chairman of the Board received an annual remuneration in the amount of C\$230,000 during 2011 and each non-executive director received annual base remuneration in the amount of C\$120,000 during 2011.

Non-executive directors do not receive any stock options or short-term incentives.

It was decided that the chair and the deputy chair of the special committee, created in conjunction with a proposed merger transaction and hostile takeover response, would each receive two payments totaling C\$60,000 and each member would receive two payments totaling C\$50,000.

Namdo Management Services Ltd. ("Namdo"), a private corporation owned by Mr. Lukas H. Lundin, chairman and a director of the Corporation, was paid or accrued the amount of approximately \$267,000 for services rendered during the fiscal year ended December 31, 2011, plus reimbursement of out-of-pocket expenses at cost. Namdo has approximately 15 employees and provides administrative, investor and public relations and, in some cases, financial services to a number of public companies. Mr. Lundin is paid compensation by

Namdo. However, there is no basis for allocating the amounts paid by Namdo to Mr. Lundin as he is not receiving such compensation primarily in respect of his personal services provided to the Corporation.

During the most recently completed financial year, an amount of approximately \$2.4 million was paid or accrued to the law firm of Cassels Brock & Blackwell LLP, of which Mr. John H. Craig, a director of the Corporation, is a partner, for legal services rendered to the Corporation.

No other director was compensated either directly or indirectly by the Corporation and its subsidiaries during the most recently completed financial year for services as consultants or experts.

DIRECTOR OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

No share-based or option-based awards were outstanding for directors at December 31, 2011.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Corporation, proposed nominees for directors, or associates or affiliates of said persons, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The Corporation's Incentive Stock Option Plan, as described below, provides for the grant of non-transferable stock options to permit the purchase of the common shares of the Corporation by the participants of the ISOP.

Equity Compensation Plan Information as of December 31, 2011

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options (C\$)	Number of securities remaining available for future issuance under the plan
Equity Compensation Plans approved by security holders	9,084,472	\$5.39	11,915,528
Equity Compensation Plans not approved by security holders	-	-	-
Total	9,084,472	\$5.39	11,915,528

The Corporation's Incentive Stock Option Plan

The ISOP is currently the only equity-based compensation arrangement pursuant to which securities may be issued from treasury of the Corporation. The major features of the ISOP are as follows:

The Board, or a committee appointed for such purposes, may, from time to time, grant to directors, officers, eligible employees or consultants to, the Corporation or its subsidiaries, or to employees of management companies providing services to the Corporation (collectively, the "Eligible Personnel"), options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board or such committee.

The purpose of the ISOP is to advance the interests of the Corporation by providing Eligible Personnel with a financial incentive for the continued improvement of the Corporation's performance and encouragement to stay with the Corporation. The Corporation's current policy is to not grant directors of the Corporation stock options.

The Board has the authority under the ISOP to establish the option price at the time each share option is granted but, in any event, it shall not be lower than the market price of the common shares of the Corporation on the date of grant of the options. The market price shall be calculated as the closing market price on the TSX of the Corporation's common shares on the date of the grant, or, if the date of grant is not a trading day, the closing price of the Corporation's common shares on the last trading day prior to the date of grant.

The Board has the authority to set the periods within which options may be exercised and the number of options which may be exercised in any such period. This shall be determined by the Board at the time of granting the options provided, however, all options must be exercisable during a period not extending beyond ten years from the date of the option grant unless otherwise permitted by the TSX.

The Board has the authority to determine the vesting terms of the options at the date of the option grant and as indicated in any option commitment related thereto. Notwithstanding the foregoing, options granted to consultants providing investor relations services shall vest in stages over a 12-month period with a maximum of one-quarter of the options vesting in any 3 month period.

The aggregate number of common shares reserved for issuance for all purposes under the ISOP and all other share-based compensation arrangements is 21,000,000. In addition, the ISOP contains the following restrictions on the issuance of options:

- The aggregate number of common shares reserved for issuance pursuant to the ISOP or any other share based compensation arrangement (pre-existing or otherwise) to any one participant shall not exceed 5% of the Corporation's common shares outstanding from time to time, to any consultant within any one-year period shall not exceed 2% of the common shares of the Corporation outstanding at the time of the grant, to any employee conducting investor relations activities within any one-year period shall not exceed 2% of the common shares of the Corporation outstanding at the time of the grant, and to insiders shall not exceed 10% of the common shares of the Corporation outstanding at any time unless the Corporation obtains disinterested shareholder approval to do so.
- The aggregate number of common shares issued and options granted pursuant to the ISOP or any other share based compensation arrangement (pre-existing or otherwise) to insiders within any one-year period shall not exceed 10% of the common shares of the Corporation outstanding unless the Corporation has obtained disinterested shareholder approval to do so, and to any one insider and such insider's associates within any one-year period shall not exceed 5% of the common shares of the Corporation outstanding from time to time unless the Corporation has obtained disinterested shareholder approval to do so.

Any common shares subject to a share option which for any reason is cancelled or terminated without having been exercised will again be available for grant under the ISOP.

Options are not transferable other than by will or the laws of dissent and distribution. Typically, if an optionee ceases to be an Eligible Person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable 60 days following the termination date (being the date on which such optionee ceases to be an Eligible Personnel). If an optionee dies, the legal representative of the optionee may exercise the optionee's options within one year after the date of the optionee's death but only up to and including the original option expiry date.

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the TSX or any other regulatory body having authority over the Corporation or the ISOP or, if required by the rules and policies of the TSX, the shareholders of the Corporation, suspend, terminate or discontinue the ISOP at any time, or amend or revise the terms of the ISOP or of any option granted under the ISOP and the option commitment relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an optionee under the ISOP without the consent of that optionee.

It must be noted that current vesting provisions do not permit any immediate vesting of stock options upon the date of grant. The grants now stipulate that stock options will vest one third, one third and one third of the total number of stock options granted on the first, second and third anniversary dates of the grant of the stock options.

The Corporation provides no financial assistance to facilitate the purchase of common shares by Eligible Personnel who hold options granted under the ISOP.

As at December 31, 2011, there were 9,084,472 options outstanding exercisable for 9,084,472 common shares, representing approximately 1.5% of the Corporation's common shares currently outstanding. In addition, 11,915,528 options remain available for future issuances pursuant to the Incentive Stock Option Plan, representing approximately 2.1% of the Corporation's current outstanding common shares.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During 2011, the Corporation maintained liability insurance for its directors and officers acting in their respective capacities in an aggregate amount of C\$60,000,000 against liabilities incurred by such persons as directors and officers of the Corporation and its subsidiaries, except where the liability relates to such person's failure to act honestly and in good faith with a view to the best interests of the Corporation. The annual premium paid in 2011 by the Corporation for this insurance in respect of the directors and officers as a group was C\$294,216. No premium for this insurance was paid by the individual directors and officers. The insurance contract underlying this insurance does not expose the Corporation to any liability in addition to the payment of the required premium.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

This statement of corporate governance practices is made with reference to National Instrument 58-101, *Disclosure of Corporate Governance Practices* and to National Policy 58-201, *Corporate Governance Guidelines* ("Governance Guidelines") which are initiatives of the Canadian Securities Administrators. In accordance with the Governance Guidelines, the Corporation has chosen to disclose its system of corporate governance in this Circular. The following text sets forth the steps taken by the Corporation in order to comply with the Governance Guidelines and its system of corporate governance currently in force.

BOARD OF DIRECTORS

The Board has considered the relationship and status of each director. As of the date hereof, the Board currently consists of 8 directors, a majority of whom are independent.

The independent directors are Colin K. Benner, Donald K. Charter, Brian D. Edgar, Dale C. Peniuk and William A. Rand. Each of these directors do not have any material business relationships with the Corporation and are therefore considered independent under the Governance Guidelines and otherwise independent under National Instrument 52-110, *Audit Committees* ("NI 52-110") for the purposes of sitting on the Corporation's Audit Committee. John H. Craig is also considered independent. While Mr. Craig's law firm provides legal services for the Corporation, the amount of the fees charged by Mr. Craig's law firm for such legal services are considered insignificant relative to the overall fee income of his law practice. Mr. Craig is, however, not eligible to be a member of the Audit Committee because he is a partner of a law firm that provides legal services to the Corporation and is therefore deemed not to be independent pursuant to NI 52-110.

The non-independent directors of the Board are Paul K. Conibear and Lukas H. Lundin. Mr. Conibear is not independent because of his current role as President and Chief Executive Officer of the Corporation. Mr. Lundin, chairman of the Board, is not considered independent due to his direct involvement with management of the Corporation.

The Board regularly sets aside a portion of each Board meeting to meet without management and non-independent directors present. In addition, the mandates of the Board and the Corporate Governance and Nominating Committee require that procedures be implemented at such times as are desirable or necessary to enable the Board to function independently of management and to facilitate open and candid discussion among its independent directors.

The Board has appointed William A. Rand, an independent director, as lead director to act as effective leader of the Board, to ensure that the Board's agenda will enable it to successfully carry out its duties and to provide leadership for the Board's independent directors. As lead director, Mr. Rand, among other things, presides at meetings of the Board and of the Corporation's shareholders, ensures that the Board is alert to its obligations and responsibilities and that it fully discharges its duties, communicates with the Board to keep the Board up to date on all major developments, and acts as a liaison between the Board and management of the Corporation.

Directors Attendance Record at Board and Board Committee Meetings

Below is the attendance record of each director for all Board and Board committee meetings held during the period from January 1, 2011 to December 31, 2011:

Directors	Board Committees											
	Board		Audit		Human Resources/ Compensation		Corporate Governance/ Nominating		Health, Safety, Environment and Community		Special Committee	
	# of meetings attended	Total # of meetings ⁽¹⁾	# of meetings attended	Total # of meetings ⁽¹⁾	# of meetings attended	Total # of meetings ⁽¹⁾	# of meetings attended	Total # of meetings ⁽¹⁾	# of meetings attended	Total # of meetings ⁽¹⁾	# of meetings attended	Total # of meetings ⁽¹⁾
Colin K. Benner	19	19	-	-	-	-	-	-	4	4	-	-
Donald K. Charter	19	19	6	6	7	7	-	-	-	-	15	15
Paul K. Conibear	5	5							1	1		
John H. Craig	19	19	-	-	-	-	1	1	-	-	-	-
Brian D. Edgar	19	19	-	-	-	-	1	1	4	4	-	-
Lukas H. Lundin	19	19	-	-	-	-	-	-	-	-	-	-
Dale C. Peniuk	19	19	6	6	7	7	1	1	-	-	15	15
William A. Rand	19	19	6	6	7	7	-	-	-	-	15	15
Philip J. Wright	14	14	-	-	-	-	-	-	2	2	-	-

⁽¹⁾ Represents number of meetings the Director was eligible to attend.

Directors' Other Board Memberships

Several of the directors of the Corporation serve as directors of other reporting issuers. Currently, the following directors serve on the boards of directors of other publically traded companies as listed below:

Director	Public Company Board Membership
Colin K. Benner	Adriana Resources Inc. (TSX-V), AuRico Gold Inc. (TSX-NYSE), Corsa Coal Corp. (TSX-V), Dalradian Resources Inc. (TSX), Mercator Minerals Ltd. (TSX), Redzone Resources Ltd. (TSX), Troon Ventures Ltd. (TSX-V)
Donald K. Charter	Adriana Resources Inc. (TSX-V), Corsa Coal Corp. (TSX-V) ⁽¹⁾ , Dundee Real Estate Investment Trust (TSX), IAMGOLD Corporation (TSX)
Paul K. Conibear	Lucara Diamond Corp. (TSX-V), NGEx Resources Inc. (TSX), Sirocco Mining Inc. (TSX-V)
John H. Craig	Africa Oil Corp. (TSX-V), Black Pearl Resources Inc. (TSX), Consolidated HCI Holdings Corp. (TSX), Corsa Coal Corp. (TSX-V), Denison Mines Corp. (TSX/AMEX), Etrion Corporation (TSX), Sirocco Mining Inc. (TSX-V)
Brian D. Edgar	Black Pearl Resources Inc. (TSX), Denison Mines Corp. (TSX/AMEX), Lucara Diamond Corp. (TSX-V), ShaMaran Petroleum Ltd. (TSX-V), Silver Bull Resources, Inc. (TSX/AMEX)
Lukas H. Lundin	Denison Mines Corp. (TSX/AMEX), Fortress Minerals Corp. (TSX), Lucara Diamond Corp. (TSX), Lundin Petroleum AB (OMX-Nordic), NGEx Resources Inc. (TSX), Sirocco Mining Inc. (TSX-V), Vostok Nafta Investment Ltd. (OMX-Nordic)
Dale C. Peniuk	Argonaut Gold Inc. (TSX), Capstone Mining Corp. (TSX), Rainy River Resources Ltd. (TSX), Sprott Resource Lending Corp. (TSX/NYSEamex)
William A. Rand	Denison Mines Corp. (TSX/AMEX); Lundin Petroleum AB (OMX-Nordic/TSX) New West Energy Services Inc. (TSX-V), NGEx Resources Inc. (TSX), Vostok Nafta Investment Ltd. (OMX-Nordic)

⁽¹⁾ Mr. Charter's principal occupation is President and Chief Executive Officer of Corsa Coal Corp. and he sits on the board of directors of this company in connection with his employment.

(Legend:

TSX = Toronto Stock Exchange
 TSX-V = Toronto Stock Exchange Venture Exchange
 NYSEamex = New York Stock Exchange Amex Equities
 OMX-Nordic = OMX Nordic Stock Exchange
 NYSE = New York Stock Exchange

BOARD MANDATE

The Board has adopted a mandate which acknowledges its responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management. Management is responsible for the day-to-day conduct of the business of the Corporation. The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. In performing its functions, the Board considers the legitimate interests that its other stakeholders, such as employees, customers and communities, may have in the Corporation. In overseeing the conduct of the business, the Board, through the President and Chief Executive Officer, sets the standards of conduct for the Corporation.

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its chairman and lead director, nominating candidates for election to the Board and constituting committees of the Board. Subject to the Articles and By-Laws of the Corporation and the *Canada Business Corporations Act*, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

Under its mandate, the Board is required to oversee the Corporation's communications policy. The Board has put structures in place to ensure effective communication between the Corporation, its shareholders and the public. The Corporation has established a Disclosure and Confidentiality Policy. The Board monitors the policies and procedures that are in place to provide for effective communication by the Corporation with its shareholders and with the public generally, including effective means to enable shareholders to communicate with senior management and the Board. The Board also monitors the policies and procedures that are in place to ensure a strong, cohesive, sustained and positive image of the Corporation with shareholders, governments and the public generally. Significant shareholder concerns are brought to the attention of management or the Board. Shareholders are informed of corporate developments by the issuance of timely press releases which are concurrently posted to the Corporation's website and are available on SEDAR at www.sedar.com.

The full text of the Board's mandate is attached hereto as Appendix A.

POSITION DESCRIPTIONS

The Board has adopted a written position description for each of the chairman, vice chairman, lead director, the chair of each Board committee, and the President and Chief Executive Officer.

Chairman, Vice Chairman and Lead Director

The chairman of the Board is currently Mr. Lundin and the lead director is currently Mr. Rand. The Board has established a written position description for the chairman, vice chairman and the lead director of the Board who are responsible for, among other things, presiding at meetings of the Board and shareholders, providing leadership to the Board, managing the Board, acting as liaison between the Board and management, and representing the Corporation to external groups including shareholders, local communities and governments.

Chairman of the Audit Committee

The chairman of the Audit Committee is currently Mr. Peniuk. The Board has established a written position description for the chairman of the Audit Committee, who is responsible for, among other things, acting as liaison between the Audit Committee, the Board and management, chairing all meetings of the Audit Committee, ensuring that meetings of the Audit Committee are held as required, coordinating the attendance of the Corporation's external auditors at meetings of the Audit Committee, and reporting regularly to the Board on all matters within the authority of the Audit Committee and in particular, the recommendations of the Audit Committee in respect of the Corporation's quarterly and annual financial statements.

Chairman of the Corporate Governance and Nominating Committee

The chairman of the Corporate Governance and Nominating committee is currently Mr. Edgar. The Board has established a written position description for the chairman of the Corporate Governance and Nominating Committee, who is responsible for, among other things, acting as liaison between the Corporate Governance and Nominating Committee and the Board, chairing all meetings of the Corporate Governance and Nominating Committee, proposing nominees for the Board and each committee of the Board, ensuring that the meetings of the Corporate Governance and Nominating Committee are held as required, monitoring the preparation of the

statement of corporate governance to be given to the shareholders of the Corporation each year, and reporting regularly to the Board on matters within the authority of the Corporate Governance and Nominating Committee.

Chairman of the Health, Safety, Environment and Community Committee

The chairman of the Health, Safety, Environment and Community Committee is currently Mr. Benner. The Board has established a written position description for the chairman of the Health, Safety, Environment and Community Committee, who is responsible for, among other things, acting as liaison between the Health, Safety, Environment and Community Committee, the Board and management, chairing all meetings of the Health, Safety, Environment and Community Committee, ensuring that the meetings of the Health, Safety, Environment and Community Committee are held as required, and reporting regularly to the Board on matters within the authority of the Health, Safety, Environment and Community Committee.

Chairman of the Human Resources/Compensation Committee

The chairman of the Human Resources/Compensation Committee is currently Mr. Charter. The Board has established a written position description for the chairman of the Human Resources/Compensation Committee, who is responsible for, among other things, acting as liaison between the Human Resources/Compensation Committee, the Board and the CEO, chairing all meetings of the Human Resources/Compensation Committee, ensuring that the meetings of the Human Resources/Compensation Committee are held as required, overseeing the process whereby annual salary, bonus and other benefits of the Corporation's executive officers are reviewed assessed and revised in accordance with the recommendations of the CEO, reviewing the directors' compensation and reporting regularly to the Board on matters within the authority of the Human Resources/Compensation Committee.

President and Chief Executive Officer

The President and Chief Executive Officer is currently Mr. Conibear. The Board has established a written position description for the President and Chief Executive Officer, who is responsible for, among other things, the day to day management of the business and the affairs of the Corporation. The President and Chief Executive Officer is also responsible for assisting the chairman of the Board, the lead director and the chairs of the Board committees to develop agendas for the Board and Board committee meetings to enable these entities to carry out their responsibilities, reporting to the Board in an accurate, timely and clear manner on all aspects of the business that are relevant so that the directors may carry out their responsibilities, making recommendations to the Board on those matters on which the Board is required to make decisions, ensuring that the financial statements and other financial information contained in regulatory filings and other public disclosure fairly present the financial condition of the Corporation, ensuring the integrity of the financial and other internal control and management information systems and risk management systems, the promoting of ethical conduct within the Corporation and its subsidiaries, recruiting of senior management as may be directed by the board, senior management development and succession, acting as the principal interface between the Board and senior management, promoting a work environment that is conducive to attracting, retaining and motivating a diverse group of high-quality employees, promoting continuous improvement in the timeliness, quality, value and results of the work of the employees of the corporation, and speaking for the Corporation in its communications to its shareholders and the public.

ORIENTATION AND EDUCATION

The Corporation provides new directors with an orientation package upon joining the Corporation that includes financial and technical information relevant to the Corporation's operations, and periodically arranges for project site visits to familiarize members of the Board with the Corporation's operations and to ensure that their knowledge and understanding of the Corporation's business remains current. During 2010, the directors visited the Tenke Fungurume mine, a mine in which of the Corporation holds a significant interest, located in the Democratic Republic of Congo, to view first hand this modern copper mining facility. Additional mine site visits are planned in 2012.

Board members are encouraged to communicate with management and others, to keep themselves current with industry trends and development, and to attend related industry seminars. Board members have full access to the Corporation's records and receive a Monthly Report discussing the operations, health and safety matters, sales of product, projects and investments, financial summary, exploration, human resources, and new business and corporate development. The Corporation's legal counsel also provides directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and to any other corporate governance matters. In addition, the Board will provide any further continuing education opportunities for all directors, where required, so that individual directors may maintain or enhance their skills and abilities as directors.

It must be noted that the Corporation through its legal counsel has commenced a series of seminars and webcasts on topics of relevance to the directors. The first topic was an in-depth review of the insider trading rules as it pertains to directors and other insiders which was attended widely by both directors and executives of the Corporation.

ETHICAL BUSINESS CONDUCT

The Board has adopted a formal written Code of Conduct and Ethical Values Policy (“Code of Conduct”) for its directors, officers and employees of Lundin Mining and its subsidiaries.

Individuals governed by the Code of Conduct are required to disclose in writing all business, commercial or financial interests or activities which might reasonably be regarded as creating an actual or potential conflict with their duties. Individuals must avoid all situations in which their personal interests conflict or may conflict with their duties to the Corporation or with the economic interest of the Corporation. All business transactions with individuals, corporations or other entities that could potentially, directly or indirectly, be considered to be a related party, must be approved by the Board of Directors regardless of the amount involved.

Directors, officers and employees are encouraged to report violations of the Code of Conduct on a confidential and, if preferred, anonymous basis to senior management, the Board or the Audit Committee chairman, in accordance with the complaints procedure set out in the Code of Conduct. If the Audit Committee becomes involved with the matter, the Audit Committee may request special treatment for any complaint, including the involvement of the Corporation’s external auditors, legal counsel or other advisors. All complaints are required to be documented in writing by the person(s) designated to investigate the complaint, who shall report forthwith to the chairman of the Audit Committee. On an annual basis, or otherwise upon request from the Board of Directors, the Code of Conduct requires the chairman of the Audit Committee to prepare a written report to the Board summarizing all complaints received during the previous year, all outstanding unresolved complaints, how such complaints are being handled, the results of any investigations and any corrective actions taken.

The Code of Conduct is available on the Corporation’s website and has been filed and is accessible through SEDAR on the Corporation’s profile at www.sedar.com.

The Audit Committee has also established a Fraud Reporting and Investigation (Whistleblower) Policy to encourage employees, officers and directors to raise concerns regarding questionable accounting, internal controls, auditing or other fraudulent matters, on a confidential basis free from discrimination, retaliation or harassment.

NOMINATION OF DIRECTORS

The Board has established a Corporate Governance and Nominating Committee composed of independent directors which is responsible for the recommendation of director nominees that will best serve the Corporation based upon the competencies and skills necessary for the Board as a whole to possess, the competencies and skills necessary for each individual director to possess, and whether the proposed nominee to the Board will be able to devote sufficient time and resources to the Corporation. To encourage an objective nomination process, the independent directors conduct a discussion of the nominees among themselves. The Corporate Governance and Nominating Committee will also review, on a regular basis, the size of the Board and will consider the number of directors required to carry out the Board’s duties effectively.

The Corporation recognizes that improving diversity on the Board of Directors and among its senior executives presents the Corporation with an opportunity to develop a competitive advantage by ensuring that the Corporation appeals to potential employees from the broadest possible talent pool. To that end, while the focus always has been, and will continue to be, to recruit and appoint the most qualified individuals, the Corporation proposes to make a greater effort to locate qualified women as candidates for nomination to the Board. Women are well represented in senior executive positions within the Corporation and its subsidiary corporations.

COMPENSATION OF DIRECTORS AND OFFICERS

The extent and level of directors’ and officers’ compensation is determined by the Board after considering the recommendations of the Human Resources/Compensation Committee which is composed entirely of independent directors. The Human Resources/Compensation Committee has been mandated to review the adequacy and form of the compensation of directors and officers to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director or officer in the Corporation and the mining industry. In making recommendations to the Board in respect of compensation to directors, this committee considers the time commitment, risks and responsibilities involved in being a director with the Corporation as well as market data pertinent to the compensation paid to directors of peer group companies.

Please review the section in this Circular titled “Statement of Executive Compensation” for further information concerning director compensation.

BOARD COMMITTEES

To assist the Board in its responsibilities, the Board has established four standing committees including the Audit Committee, the Corporate Governance and Nominating Committee, the Health, Safety, Environment and Community Committee and the Human Resources/Compensation Committee. Each committee has a written mandate and reviews its mandate annually.

AUDIT COMMITTEE

The Audit Committee (“AC”) is comprised of 3 directors. The current members of the AC are Dale C. Peniuk (chair), Donald K. Charter and William A. Rand, all of whom are independent and financially literate for the purposes of NI 52-110.

The AC oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation, on behalf of the Board, and has general responsibility for oversight of internal controls, and accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation’s auditors are pre-approved by the AC. The AC reviews, on a continuous basis, any reports prepared by the Corporation’s external auditors relating to the Corporation’s accounting policies and procedures, as well as internal control procedures and systems. The AC is also responsible for reviewing all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The AC also oversees the annual audit process, the quarterly review engagements, the Corporation’s internal accounting controls, the Corporation’s Fraud Reporting and Investigation (Whistleblower) Policy, any complaints and concerns regarding accounting, internal control or audit matters, and the resolution of issues identified by the Corporation’s external auditors. The AC recommends to the Board annually the firm of independent auditors to be nominated for appointment by the shareholders at the shareholders annual meeting.

The Board appoints the members of the AC for the ensuing year at its organizational meeting held in conjunction with each annual general meeting of the shareholders of the Corporation. The Board may at any time remove or replace any member of the AC and may fill any vacancy in the AC.

The AC meets a minimum of 4 times a year. The AC has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

Additional information relating to the Audit Committee, including a copy of the Audit Committee’s mandate, is provided in the Corporation’s Annual Information Form for the year ended December 31, 2011, a copy of which is available on the SEDAR website at www.sedar.com.

HUMAN RESOURCES/COMPENSATION COMMITTEE

The HRCC consists of 3 directors, all of whom are independent within the meaning of the Governance Guidelines. The current members of the HRCC are Donald K. Charter (chair), Dale C. Peniuk and William A. Rand.

The principal purpose of the HRCC is to implement and oversee human resources and compensation policies approved by the Board of the Corporation. The duties and responsibilities of the HRCC include recommending to the Board the annual salary, bonus and other benefits, direct and indirect, for the CEO, after considering the recommendations of the CEO approving the compensation for the Corporation’s other executive officers, approving other human resources and compensation policies and guidelines, ensuring management compensation is competitive to enable the Corporation to continue to attract individuals of the highest calibre, and recommending the adequacy and form of director compensation to the Board.

The Board appoints the members of the HRCC for the ensuing year at its organizational meeting held in conjunction with each annual general meeting of the shareholders of the Corporation. The Board may at any time remove or replace any member of the HRCC and may fill any vacancy in the HRCC.

The HRCC meets regularly each year on such dates and at such locations as the chairman of the HRCC determines. The HRCC has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel or advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The Corporate Governance and Nominating Committee (“CGNC”) consists of 3 directors, all of whom are independent within the meaning of the Governance Guidelines. The current members of the CGNC are Brian D. Edgar (chair), John H. Craig and Dale C. Peniuk.

The principal purpose of the CGNC is to provide a focus on corporate governance that will enhance the Corporation’s performance, and to ensure, on behalf of the Board of Directors and shareholders that the Corporation’s corporate governance system is effective in the discharge of its obligations to the Corporation’s stakeholders. The duties and responsibilities of the CGNC include the development and monitoring of the Corporation’s overall approach to corporate governance issues and, subject to approval by the Board, implementation and administration of a system of corporate governance which reflects superior standards of corporate governance practices, recommendation to the Board a slate of nominees for election as directors of the Corporation at the Annual Meeting of Shareholders, reporting annually to the Corporation’s shareholders, through the Corporation’s annual management information circular or annual report to shareholders, on the Corporation’s system of corporate governance and the operation of its system of governance, analyzing and reporting annually to the Board the relationship of each director to the Corporation as to whether such director is an independent director or not an independent director, and advising the Board or any of the committees of the Board of any corporate governance issues which the CGNC determines ought to be considered by the Board or any such committee.

The Board appoints the members of the CGNC for the ensuing year at its organizational meeting held in conjunction with each annual general meeting of the shareholders of the Corporation. The Board may at any time remove or replace any member of the CGNC and may fill any vacancy in the CGNC.

The CGNC meets regularly each year on such dates and at such locations as the chair of the CGNC determines. The CGNC has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMMITTEE

The Health, Safety, Environment and Community Committee (“HSEC”) consists of 3 directors. The current members of the HSEC Committee are Colin K. Benner (chair), Paul K. Conibear and Brian D. Edgar.

The principal purpose of the HSEC is to assist the Board in its oversight of health, safety, environment and community risks, compliance with applicable legal and regulatory requirements associated with health, safety, environmental and community matters, performance in relation to health, safety, environmental and community matters, the performance and leadership of the health, safety, environment and community function in the Corporation, and external annual reporting in relation to health, safety, environmental and community matters.

The Board appoints the members of the HSEC for the ensuing year at its organizational meeting held in conjunction with each annual general meeting of the shareholders of the Corporation. The Board may at any time remove or replace any member of the HSEC and may fill any vacancy in the HSEC.

The HSEC meets a minimum of 4 times a year. The HSEC has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

SPECIAL COMMITTEE

The Special Committee (“SC”) consists of 3 directors. The current members of the SC are Donald K. Charter (co-chair), William A. Rand (co-chair) and Dale C. Peniuk.

The principal purpose of the SC is to assist the Board in the review of proposed transactions. The Board appointed the members of the SC as a special purpose committee of the Board.

The SC meets during the year on an as-required basis.

ASSESSMENTS OF THE BOARD

In accordance with the Board's mandate, the Board, through the CGNC, undertakes formal Board evaluations of itself, its committees and also of each individual director's effectiveness and contribution on an annual basis.

The CGNC prepares and delivers an annual Board Effectiveness Assessment questionnaire to each member of the Board. The questionnaire is divided into four parts dealing with: (i) Board Responsibility; (ii) Board Operations; (iii) Board Effectiveness; and (iv) Individual Assessments. Each director must complete the entire questionnaire including the ranking of each director and also complete a personal assessment. The CGNC reviews and considers the responses received and makes a final report, with recommendations, if any, to the Board of Directors. This process occurs prior to the consideration by the CGNC of nominations for director elections at the Corporation's annual meeting of shareholders each year.

MANAGEMENT CONTRACTS

Management functions of the Corporation are performed by directors, executive officers or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the best of the Corporation's knowledge, no informed person of the Corporation, proposed directors or any associate or affiliate of any of them, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction since the commencement of the Corporation's most recently completed financial year which has materially affected or will materially affect the Corporation or any of its subsidiaries.

OTHER BUSINESS

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the common shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website under the Corporation's profile at www.sedar.com. Financial information related to the Corporation is contained in the Corporation's financial statements and related management's discussion and analysis. Copies of the Corporation's consolidated audited financial statements and Annual Information Form prepared for its fiscal year ended December 31, 2011 may be obtained free of charge by writing to the Corporate Secretary of the Corporation at Suite 1500, 150 King Street West, P.O. Box 38, Toronto, Ontario, Canada, M5H 1J9 or may be accessed on the Corporation's website at www.lundinmining.com or under the Corporation's profile on the SEDAR website at www.sedar.com.

CERTIFICATE OF APPROVAL

The contents and the distribution of this Circular have been approved by the Board.

DATED at Toronto, Ontario this 1st day of April, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

Paul K. Conibear

Paul K. Conibear,
President, Chief Executive Officer and Director

APPENDIX A
LUNDIN MINING CORPORATION MANDATE OF THE BOARD OF DIRECTORS

A. INTRODUCTION

The Board of Directors (hereinafter also referred to as the “Board”) has the responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management. Management is responsible for the day-to-day conduct of the business. The Board’s fundamental objectives are to enhance and preserve long-term shareholder value, and to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests that its other stakeholders, such as employees, customers and communities, may have in the Corporation. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the Corporation.

B. PROCEDURES AND ORGANIZATION

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, lead director, nominating candidates for election to the Board and constituting committees of the Board. Subject to the Articles and By-Laws of the Corporation and the Canada Business Corporations Act (hereinafter also referred to as the “Act”), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

C. DUTIES AND RESPONSIBILITIES

The Board’s principal duties and responsibilities fall into a number of categories which are outlined below.

1. Legal Requirements

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) The Board has the statutory responsibility to:
 - (i) manage or, to the extent it is entitled to delegate such power, to supervise the management of the business and affairs of the Corporation by the senior officers of the Corporation;
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation;
 - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with its obligations contained in the Act and the regulations thereto, the Corporation’s Articles and By-laws, securities legislation of each province and territory of Canada, and other relevant legislation and regulations.

2. Independence

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management, including endeavouring to have a majority of independent directors as well as an independent Chair or an independent Lead Director, as the term “independent” is defined in National Instrument 58-101 “Disclosure of Corporate Governance Practices”.

3. Strategy Determination

The Board has the responsibility to ensure that there are long-term goals and a strategic planning process in place for the Corporation and to participate with management directly or through its committees in developing and approving the mission of the business of the Corporation and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Corporation’s business.

4. **Managing Risk**

The Board has the responsibility to identify and understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

5. **Division of Responsibilities**

The Board has the responsibility to:

- (a) appoint and delegate responsibilities to committees where appropriate to do so; and
- (b) develop position descriptions for:
 - (i) the Board;
 - (ii) the Chairman, Vice-Chairman and Lead Director of the Board;
 - (iii) the Chair of each Board Committee;
 - (iv) the President and Chief Executive Officer;
 - (v) the Chief Financial Officer; and
 - (vi) the Chief Operating Officer.
- (c) ensure that the directors of the Corporation's subsidiaries are qualified and appropriate in keeping with the Corporation's guidelines and that they are provided with copies of the Corporation's policies for implementation by the subsidiaries.

To assist it in exercising its responsibilities, the Board hereby establishes four standing committees of the Board: the Audit Committee, the Corporate Governance and Nominating Committee, the Health, Safety, Environment and Community Committee and the Human Resources/Compensation Committee. The Board may also establish other standing committees from time to time.

Each committee shall have a written mandate that clearly establishes its purpose, responsibilities, members, structure and functions. Each mandate shall be reviewed by the Board regularly. The Board is responsible for appointing committee members.

6. **Appointment, Training and Monitoring Senior Management**

The Board has the responsibility:

- (a) to appoint the Chief Executive Officer, to monitor and assess the Chief Executive Officer's performance, to satisfy itself as to the integrity of the Chief Executive Officer, and to provide advice and counsel in the execution of the Chief Executive Officer's duties;
- (b) to develop or approve the corporate goals or objectives that the Chief Executive Officer is responsible for;
- (c) to approve the appointment of all senior corporate officers, acting upon the advice of the Chief Executive Officer and to satisfy itself as to the integrity of such corporate officers;
- (d) to ensure that adequate provision has been made to train, develop and compensate management and for the orderly succession of management and to ensure that all new directors receive a comprehensive orientation, fully understand the role of the Board and its committees, the nature and operation of the Corporation's business and the contribution that individual directors are required to make;
- (e) to create a culture of integrity throughout the Corporation;
- (f) to ensure that management is aware of the Board's expectations of management;
- (g) to provide for succession of management; and
- (h) to set out expectations and responsibilities of directors including attendance at meetings and review of meeting materials.

7. **Policies, Procedures and Compliance**

The Board has the responsibility:

- (a) to ensure that the Corporation operates at all times within applicable laws, regulations and ethical standards; and
- (b) to approve and monitor compliance with significant policies and procedures by which the Corporation is operated.

8. **Reporting and Communication**

The Board has the responsibility:

- (a) to ensure the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (b) to ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (c) to ensure the timely reporting of developments that have a significant and material impact on the value of the Corporation;
- (d) to report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year;
- (e) to develop appropriate measures for receiving shareholder feedback; and
- (f) to develop the Corporation's approach to corporate governance and to develop a set of corporate governance principles and guidelines.

9. **Monitoring and Acting**

The Board has the responsibility:

- (a) to monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (b) to take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- (c) to ensure that the Corporation has implemented adequate control and information systems which ensure the effective discharge of its responsibilities; and
- (d) to make regular assessments of itself, its committees and each individual director's effectiveness and contribution.