

lundin mining

2019

NOTICE OF ANNUAL MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
WITH RESPECT TO THE
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON
MAY 10, 2019

MARCH 22, 2019

lundin mining

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that an annual meeting of the shareholders of **LUNDIN MINING CORPORATION** (the "Corporation") will be held at Vantage Venues, 150 King Street West, 27th Floor (King Street West/University Avenue) Toronto, Ontario, on Friday, May 10, 2019 at 10:00 a.m. ET ("Meeting"), for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2018 and the report of the auditors thereon;
2. To elect the directors for the ensuing year; **(Resolution 1)**
3. To appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants as auditors of the Corporation for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditors; **(Resolution 2)**
4. To provide shareholders with an advisory vote on Executive Compensation; **(Resolution 3)**
5. To consider and if deemed appropriate, passing with or without amendment, an ordinary resolution to approve an amendment to the 2014 Share Unit Plan of the Corporation to increase the number of Common Shares reserved for issuance thereunder by 8,000,000 Common Shares to 14,000,000 Common Shares; and **(Resolution 4)**
6. To transact such further and other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

This Notice is accompanied by a management information circular (the "Circular") and form of proxy. The nature of the business to be transacted at the Meeting is described in further detail in the Circular.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. Registered shareholders who are unable to attend the Meeting are requested to complete, date, sign and deliver the enclosed form of proxy to Computershare Investor Services Inc. ("Computershare"), 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department. If a shareholder does not deliver a proxy to Computershare by 10:00 a.m. ET on Wednesday, May 8, 2019 (or not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, before any adjournments or postponements of the Meeting at which the proxy is to be used), then the shareholder will not be entitled to vote at the Meeting by proxy. The above time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his or her discretion without notice.

As provided in the *Canada Business Corporations Act*, the directors have fixed a record date of March 22, 2019. Accordingly, shareholders registered on the books of the Corporation at the close of business on March 22, 2019 are entitled to receive notice of the Meeting and to vote at the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder and receive these materials through your broker or other intermediary, please complete and return the voting instruction form or other authorization in accordance with the instructions provided to you by your broker or intermediary.

Dated at Toronto, Ontario this 22nd day of March 2019.

BY ORDER OF THE BOARD OF DIRECTORS

Annie Laurensen
Corporate Secretary

lundin mining

MANAGEMENT INFORMATION CIRCULAR

(all information as at March 22, 2019 unless otherwise noted)

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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 (the “Corporation” or “Lundin Mining”) for use at the annual meeting of the Corporation’s shareholders to be held on Friday, May 10, 2019 (the “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 or postponement 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 15, 2019.

Unless otherwise stated, the information contained in this Circular is as of March 22, 2019.

CURRENCY

The Corporation’s reporting currency is United States Dollars. References in this Circular to US\$ or \$ is to United States Dollars, references to C\$ is to Canadian Dollars, and reference to GBP is to British Pounds. The Corporation has used the following annual average exchange rate for each year for all currency conversions throughout this Circular, unless indicated otherwise:

2018:	US\$0.7719 to C\$1.00	US\$1.00 to GBP 1.3358
2017:	US\$0.7712 to C\$1.00	US\$1.00 to GBP 1.2882
2016:	US\$0.7524 to C\$1.00	US\$1.00 to GBP 1.3400

VOTING OF PROXIES

Common shares of the Corporation (“Common Shares”) represented by properly executed and deposited 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 (as defined below) on any ballot that may be called for and, if the Registered Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common 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 of the Corporation. A Registered Shareholder appointing a proxy holder may indicate the manner in which the appointed proxy holder is to vote regarding any specific item by checking the space opposite the item on the proxy. If the Registered Shareholder giving the proxy wishes to confer discretionary authority regarding any item of business, the space opposite the item should be left blank. The Common Shares represented by the proxy submitted by a Registered Shareholder will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and that, if the Registered Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. If a Registered Shareholder appoints one of the Management Proxyholders as a nominee and there is no direction by the Registered Shareholder, the Management Proxyholder will vote the proxy **FOR** the election of the directors, **FOR** the appointment of the auditors, and **FOR** the advisory vote on Executive Compensation, and **FOR** the amendments to the Corporation’s 2014 Share Unit Plan.

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, 8th Floor, Toronto, Ontario, M5J 2Y1 by 10:00 a.m. ET on Wednesday, May 8, 2019 (or not less than 48 hours, excluding Saturdays, Sundays and holidays before any adjournments or postponements of the Meeting at which the proxy is to be used). The above time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his or her discretion without notice.

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.

REVOCATION 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, provided that if such proxy is delivered following the proxy cut-off time, while it will revoke a previous proxy it may not be a valid proxy, at the discretion of the Chairman of the Meeting), 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 or postponement 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 (as defined below) who wish to change their vote must arrange for their respective Intermediaries (as defined below) to revoke the proxy on their behalf.

EXERCISE OF DISCRETION

The enclosed form of 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 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 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 his or her 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. Most shareholders of Lundin Mining are “non-registered” shareholders (“Beneficial Shareholders”) because the Common Shares they own are not registered in their names. Common Shares beneficially owned by a Beneficial Shareholder are registered either: (i) in the name of an intermediary (“Intermediary”) that the Non-Registered Shareholder deals with in respect of the Common Shares of Lundin Mining (Intermediaries include, among others, banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or The Depository Trust & Clearing Corporation) of which the Intermediary is a participant.

This Circular and related Meeting materials are being sent to both Registered Shareholders and Beneficial Shareholders.

The Corporation or its agent has mailed the Meeting materials directly to ‘non-objecting beneficial owners’ (as that term is defined in National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”)) as permitted under NI 54-101. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable security regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to non-objecting beneficial owners directly, the Corporation (and not the Intermediary (as defined below) holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions you received as part of the Meeting materials.

With respect to Beneficial Shareholders other than non-objecting beneficial owners In accordance with applicable securities law requirements, Lundin Mining has distributed copies of the Notice, the Circular and the form of proxy (which includes a place to request to receive copies of annual and/or interim financial statements and MD&A or to waive the receipt of such documents) to the Intermediaries and clearing agencies for distribution to Beneficial Shareholders. Intermediaries are required to forward the materials to Beneficial Shareholders.

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 an Intermediary, then in almost all cases the name of such Beneficial Shareholder will not appear on the share register of the Corporation. Such shares can only be voted by Intermediaries 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 instructions provided by their Intermediary with this Circular and ensure that they direct the voting of their shares in accordance with those instructions.

Applicable regulatory policies require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of a shareholders' meeting. Each 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 Intermediary is limited to instructing the registered holder on how to vote their shares on behalf of the Beneficial Shareholder. Most Intermediaries in Canada now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("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 with respect to the voting of shares at the Meeting. A Beneficial Shareholder who receives 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 22, 2019 (the "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 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 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 736,314,859 Common Shares and no special shares were issued and outstanding as of the Record Date. 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:

Name of Shareholder	Number of Common Shares	Percentage of Common Shares
Nemesia S.a.r.l. ("Nemesia") ⁽¹⁾ Luxembourg	92,822,698	Approximately 12.61%

⁽¹⁾ Lorito Holdings S.a.r.l. ("Lorito") and Zebra Holdings and Investments S.a.r.l. ("Zebra"), two private companies controlled by a trust settled by the late Adolf H. Lundin, together hold 100% of the outstanding Class C shares of Nemesia and control Nemesia.

BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended December 31, 2018, including the report of the auditors thereon, will be tabled at the Meeting and will be received by the shareholders. These audited consolidated financial statements of the Corporation for the year ended December 31, 2018 and the report of the auditors thereon and the related management's discussion and analysis have been provided to shareholders who have validly requested such statements separately and are available on under the Corporation's profile on SEDAR at www.sedar.com.

ELECTION OF DIRECTORS AND INFORMATION REGARDING PROPOSED DIRECTORS

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

The board of directors of the Corporation (the "Board") has accepted a recommendation of the Corporate Governance and Nominating Committee (the "CGNC") of the Corporation and has determined that the size of the Board should be eight directors. The number of directors to be elected is eight. All eight nominees are presently members of the Board and the dates on which they were first elected

or appointed are indicated below. Each director nominee elected will hold office until their successor is elected at the next annual meeting of shareholders, or any postponement(s) or adjournment(s) thereof, or until their successor is otherwise elected or appointed.

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 each of the eight nominees as directors. 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. Please see the summary below on our Majority Voting Policy.

Advance Notice

The Corporation's By-Law No. 1 includes an advance notice requirement for nominations of directors by shareholders in certain circumstances. This advance notice bylaw was approved by the shareholders of the Corporation on May 10, 2013. Among other things, the advance notice by-law fixes a deadline by which holders of record of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation. In the case of an annual meeting of shareholders, notice to the Corporation must be provided not less than 30 days nor more than 65 days prior to the date of the annual meeting. Please see "Shareholder Proposals" for additional information.

As at the date of this Circular, the Corporation has not received notice of any director nominations in connection with the Meeting.

APPOINTMENT AND REMUNERATION OF AUDITORS

The auditors for the Corporation will be appointed at this Meeting. Following a detailed review and tender process completed in late 2018, the directors of the Corporation recommend the re-appointment of PricewaterhouseCoopers LLP ("PwC"), Chartered Professional Accountants, Licensed Public Accountants, located in Toronto, Ontario, as auditor 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 auditor of the Corporation on October 19, 2006. The Corporation also proposes that the remuneration to be paid to the auditors be determined by the directors of the Corporation.

The disclosure required by National Instrument 52-110 – *Audit Committees* ("NI 52-110"), including the text of the Audit Committee's charter and the fees paid to the Corporation's external auditors, can be found in the "Audit Committee" section of the Corporation's Annual Information Form for the year ended December 31, 2018 as filed on SEDAR at www.sedar.com.

Auditors Fees

The following table discloses the fees billed to the Corporation by its external auditors during the financial years ended December 31, 2018 and 2017. Services billed in C\$, SEK or € were translated using average exchange rates that prevailed during 2018 and 2017.

Fiscal Year Ending	Audit Fees⁽¹⁾	Audit-Related Fees⁽²⁾	Tax Fees⁽³⁾	All other Fees⁽⁴⁾
December 31, 2018	\$1,113,662	\$ 12,428	\$12,533	\$ 1,726
December 31, 2017	\$1,077,665	\$180,966	\$10,164	\$81,795

⁽¹⁾ Audit fees represent fees billed by the Corporation's auditors for audit services.

⁽²⁾ Audit-related fees represent fees billed for assurance and related services by the Corporation's auditors that are reasonably related to the performance of the audit or review of the Corporation's financial statements and not disclosed in the Audit Fees column.

⁽³⁾ Tax fees represent fees billed for professional services rendered by the Corporation's auditor for tax compliance, tax advice and tax planning.

⁽⁴⁾ All other fees represent fees billed for products and services provided by the Corporation's auditors other than services reported under clauses (1), (2) and (3) above.

The Board recommends that shareholders vote FOR the re-appointment of PricewaterhouseCoopers LLP ("PwC").

In the absence of any instructions to withhold a vote, the Common Shares represented by proxies received by management will be voted **FOR** the re-appointment of PwC, Chartered Professional Accountants, Licensed Public Accountants, as auditor of the Corporation until the close of the next annual meeting of shareholders or until their successor is appointed and to authorize the directors to fix their remuneration. This item of business must be approved by a majority of votes (50% +1) cast by shareholders present in person or represented by proxy at the Meeting or any adjournment thereof.

ADVISORY VOTE ON THE CORPORATION'S APPROACH TO EXECUTIVE COMPENSATION

The Board has adopted a shareholder advisory vote on the Corporation's approach to executive compensation, as disclosed under the heading "Executive Compensation". As a formal opportunity to provide their views on the disclosed objectives of the Corporation's pay for performance compensation model, shareholders are asked to review and vote, in a non-binding, advisory manner, on the following resolution:

Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board, that the shareholders accept the approach to executive compensation disclosed in the Circular.

The Human Resources/Compensation Committee ("HRCC") and the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions, all of which are to be consistent with its pay for performance compensation model (see Executive Compensation for details regarding the compensation philosophy and guidelines of the Board and the performance metrics and process used to assess performance as well as whether any compensation consultant was retained last year and, if so, the mandate of such consultant). The pay for performance compensation model is designed to attract, retain and motivate talented management and pay for actual performance which drives the long-term creation and preservation of shareholder value.

The Board recommends that shareholders vote FOR the resolution to accept the Corporation's approach to executive compensation.

In the absence of any instructions to the contrary, the Common Shares represented by proxies received by management will be voted **FOR** the approval of the resolution to accept the Corporation's approach to executive compensation.

AMENDMENT TO THE CORPORATION'S 2014 SHARE UNIT PLAN

The Board has approved an amendment to the 2014 Share Unit Plan to increase the number of Common Shares available for issuance under the 2014 Share Unit Plan by 8,000,000 Common Shares to 14,000,000 Common Shares.

In addition to amending the Share Unit Plan to increase the number of Common Shares available for issuance, the Board approved other amendments to the Share Unit Plan which do not require shareholder approval. These amendments include: (1) amending the definition of change of control to increase the threshold percentage of the Corporation's voting securities acquired by a person or group of persons acting jointly or in concert from 30% to 50%; (2) unless otherwise specified in the grant letter, share units vest on the third anniversary of the date of grant; (3) revising the vesting provisions applicable to share units granted on or after March 21, 2019 if the participant is terminated without cause (pro-rata vesting based on the period of service from the grant date of the award) or if the participant retires (subject to the participant complying with any obligations set out in the Corporation's retirement statement, share units continue to vest in accordance with the normal vesting schedule and based on actual achievement of any applicable performance criteria); (4) revising the change of control vesting provisions applicable to share units granted on or after March 21, 2019 to provide for double-trigger vesting provisions; and (5) to incorporate the Corporation's recoupment policy. For a summary of the terms of the 2014 Share Unit Plan, please see "Equity Compensation Plans – SU Plan".

At the Meeting, or any adjournment thereof, shareholders will be asked to consider, and if thought appropriate, to pass, with or without amendment, an ordinary resolution in the form set out below (the "2014 Share Unit Plan Resolution") approving an amendment to the number of Common Shares available for issuance. The 2014 Share Unit Plan Resolution must be approved by a majority of votes (50%+1) cast by shareholders present in person or represented by proxy at the Meeting or any adjournment thereof. If the 2014 Share Unit Plan Resolution is not approved, then the Corporation may not have sufficient reserve under the 2014 Share Unit Plan for its 2020 grants in respect of 2019 compensation. The text of the 2014 Share Unit Plan Resolution to be submitted to shareholders is as follows:

"BE IT RESOLVED THAT:

1. subject to regulatory approval, the amendment to the 2014 Share Unit Plan to increase the number of Common Shares available for issuance by **8,000,000** Common Shares to 14,000,000 Common Shares is hereby approved; and
2. any director or officer of the Corporation is authorized to do all such things and execute all instruments and documents on behalf of the Corporation as such director or officer, in such director's or officer's sole discretion, considers necessary or desirable to carry out this resolution.

The Board recommends that shareholders vote FOR the 2014 Share Unit Plan Resolution.

In the absence of any instructions to the contrary, the Common Shares represented by proxies received by management will be voted **FOR** the approval of the 2014 Share Unit Plan Resolution.

DIRECTORS

DIRECTOR NOMINEE PROFILES

This section profiles each of the nominated directors, including principal occupation and experience, participation on the Corporation's Board and Board committees and shareholdings in Lundin Mining. The Corporation has been advised that each of the nominated directors is willing to serve on the Board for the ensuing year.

The nominated directors have confirmed the following information as of the Record Date.



LUKAS H. LUNDIN

Vaud, Switzerland
Chairman

Age: 60

Director since: September 9, 1994

Non-Independent⁽¹⁾⁽²⁾

Chairman and a director of the Corporation since September 1994; chairman, president and/or director of a number of publicly traded resource-based companies.

Lundin Mining Board and Board Committees

Board

Public Company Board Membership⁽³⁾

Filo Mining Corp. (TSX/OMX-Nasdaq)
International Petroleum Corporation (TSX/Nasdaq Stockholm)
Lucara Diamond Corp. (TSX/Nasdaq Stockholm)
Lundin Gold Inc. (TSX/Nasdaq Stockholm)
Lundin Petroleum AB (TSX/Nasdaq Stockholm)
NGEx Resources Inc. (TSX/Nasdaq Stockholm)

Common Shares Owned⁽⁵⁾

2,271, 449

(valued at C\$13,583,265
meets share ownership requirements)⁽⁶⁾

Total Compensation for Fiscal 2018

US\$200,694



MARIE INKSTER

Ontario, Canada

Age: 47

Director since: September 30, 2018

Non-Independent⁽¹⁾⁽²⁾

President and Chief Executive Officer ("CEO") of the Corporation since September 30, 2018; Senior Vice President and Chief Financial Officer of the Corporation from May 2009 to September 2018; Vice President, Finance, of the Corporation from September 2008 to May 2009.

Lundin Mining Board and Board Committees

Board

Health, Safety, Environment and Community Committee⁽⁴⁾

Public Company Board Membership

Lucara Diamond Corp. (TSX/Nasdaq Stockholm)

Common Shares Owned⁽⁵⁾

324,960

(valued at C\$1,943,261
meets executive share ownership requirements)⁽⁶⁾



DONALD K. CHARTER

Ontario, Canada

Age: 62

Director since: October 31, 2006

Independent⁽¹⁾

A corporate director since 2006 with experience in executive leadership positions in mining and financial services as well as mergers and acquisitions and finance. He was the President and Chief Executive Officer of Corsa Coal Corp. from August 2010 to July 2013.

Lundin Mining Board and Board Committees

Board

Human Resources/Compensation Committee (Chair)

Corporate Governance and Nominating Committee

Public Company Board Membership

DREAM Office Real Estate Investment Trust (TSX)
IAMGOLD Corporation (TSX)
International Petroleum Corporation (TSX/Nasdaq Stockholm)

Common Shares Owned⁽⁵⁾

67,424

(valued at C\$403,196
meets share ownership requirements)⁽⁶⁾

Total Compensation for Fiscal 2018

US\$135,083



JOHN H. CRAIG

Ontario, Canada

Age: 71

Director since: June 11, 2003

Non-Independent⁽²⁾

Lawyer, partner of Cassels Brock & Blackwell LLP ("Cassels") until December 31, 2015. Counsel to Cassels since January 1, 2016. Also, a director of a number of publicly traded companies.

Lundin Mining Board and Board Committees

Board

Health, Safety, Environment and Community Committee

Public Company Board Membership

Africa Oil Corp. (TSX)
Consolidated HCI Holdings Corp. (TSX)
Corsa Coal Corp. (TSX-V)

Common Shares Owned⁽⁵⁾

213,849

(valued at C\$1,278,817
meets share ownership requirements)⁽⁶⁾

Total Compensation for Fiscal 2018

US\$119,645



PETER C. JONES
Alberta, Canada
Age: 71
Director since: September 20, 2013
Independent⁽¹⁾

Corporate director and retired executive with over 40 years of experience in the global mining industry. Mr. Jones served as Interim President and CEO of IAMGOLD Corporation, President and Chief Operating Officer of Inco Ltd., and President and Chief Executive Officer of Hudson Bay Mining & Smelting Co. Mr. Jones has been a director of public companies for over 20 years.

Lundin Mining Board and Board Committees	Common Shares Owned⁽⁵⁾
Board	61,482
Health, Safety, Environment and Community Committee (Chair)	(valued at C\$367,662
Human Resources/Compensation Committee	meets share ownership requirements) ⁽⁶⁾
Public Company Board Membership	Total Compensation for Fiscal 2018
N/A	US\$131,223



DALE C. PENIUK
British Columbia, Canada
Age: 59
Director since: October 31, 2006
Independent⁽¹⁾

Chartered Professional Accountant (CPA, CA) and corporate director; formerly an assurance partner with KPMG LLP; director of a number of publicly traded companies.

Lundin Mining Board and Board Committees	Common Shares Owned⁽⁵⁾
Board	50,000
Audit Committee (Chair) ⁽⁷⁾	(valued at C\$299,000
Corporate Governance and Nominating Committee	meets share ownership requirements) ⁽⁶⁾
Public Company Board Membership	Total Compensation for Fiscal 2018
Argonaut Gold Inc. (TSX)	US\$138,942
Capstone Mining Corp. (TSX)	
Miramont Resources Corp. (CSE)	



WILLIAM A. RAND
British Columbia, Canada
Lead Director
Age: 76
Director since: September 9, 1994
Independent⁽¹⁾

President and Director of Rand Investments Ltd. since July 1986; director of a number of publicly traded companies.

Lundin Mining Board and Board Committees	Common Shares Owned⁽⁵⁾
Board	223,424
Audit Committee	(valued at C\$1,336,076
Human Resources/Compensation Committee	meets share ownership requirements) ⁽⁶⁾
Public Company Board Membership	Total Compensation for Fiscal 2018
Denison Mines Corp. (TSX/NYSE MKT)	US\$154,380
New West Energy Services Inc. (TSX-V)	
NGEx Resources Inc. (TSX/Nasdaq Stockholm)	



CATHERINE J. G. STEFAN
Ontario, Canada
Age: 66
Director since: May 8, 2015
Independent⁽¹⁾

Corporate director since October 2016. President of Stefan & Associates, a consulting firm, between 1990 and October 2016. Ms. Stefan served as Chief Operating Officer of O&Y Properties Inc. from 1996 to 1998. From 1999 until 2008, Ms. Stefan was Managing Partner of Tivona Capital Corporation, a private investment firm. Ms. Stefan is a Chartered Professional Accountant (CPA, CA).

Lundin Mining Board and Board Committees	Common Shares Owned⁽⁵⁾
Board	55,000
Audit Committee	(valued at C\$328,900
Corporate Governance and Nominating Committee (Chair)	meets share ownership requirements) ⁽⁶⁾
Public Company Board Membership	Total Compensation for Fiscal 2018
Denison Mines Corp. (TSX/NYSE MKT)	US\$135,083

⁽¹⁾ "Independent" refers to the Board's determination of whether a director is "independent" as described under the heading "Independence and Lead Director" on page 13.

⁽²⁾ Mr. Lundin, Chairman of the Board, is not considered independent due to his direct involvement with management of the Corporation. Ms. Inkster is not independent because of her current role as CEO of the Corporation. Mr. Craig has been determined by the Board to be non-independent as a result of the legal fees incurred by the Corporation from Cassels Brock and Blackwell LLP.

⁽³⁾ Mr. Lundin currently sits on the boards of directors of six public companies in addition to the Corporation. Both Mr. Lundin and the Board have specifically considered Mr. Lundin's commitments in this regard and have determined, in light of a range of factors including Mr. Lundin's high level of familiarity with and ownership interest in the Corporation, his extensive knowledge and expertise in the industry in which the Corporation operates, his strong historic attendance record at meetings of the Board (100% in 2018) and the time he has available to devote to his role as a corporate director, that Mr. Lundin is able to devote sufficient time and energy to his service on the Board and that he has been and will continue to be able to sufficiently prepare for, attend and effectively participate in Board meetings and otherwise fulfil his responsibilities as Chairman of the Board.

⁽⁴⁾ Ms. Inkster became a member of the Health, Safety, Environment and Community Committee on October 12, 2018.

⁽⁵⁾ Represents the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly.

⁽⁶⁾ Calculated using the closing market price of the Common Shares on the TSX as at March 22, 2019 (being C\$5.98). Values and percentages have been rounded. See "Director Share Ownership Policy" and "Executive Share Ownership Guidelines" for additional information.

⁽⁷⁾ Mr. Peniuk is the designated financial expert on the Audit Committee.

DIRECTOR COMPENSATION

The following table provides information regarding compensation paid to the Corporation's non-executive directors during the financial year ended December 31, 2018:

Name	Fees earned (US\$) ⁽¹⁾	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)	Pension value (US\$)	All other Compensation (US\$)	Total (US\$) ⁽¹⁾
Lukas H. Lundin	200,694	-	-	-	-	-	200,694
Donald K. Charter	135,083	-	-	-	-	-	135,083
John H. Craig	119,645	-	-	-	-	-	119,645
Peter C. Jones	131,223	-	-	-	-	-	131,223
Dale C. Peniuk	138,942	-	-	-	-	-	138,942
William A. Rand	154,380	-	-	-	-	-	154,380
Catherine J. G. Stefan	135,083	-	-	-	-	-	135,083

⁽¹⁾ See heading "Currency" on page 1 for the exchange rates.

The CEO and the Former CEO did not receive any compensation for services as directors.

The following table sets out details of the flat fee structure for the non-executive directors for 2018:

Description of fee	2018 fees (C\$)
Chairman of Board	260,000
Lead Director	175,000
Annual Retainer	150,000
Chair:	
Audit Committee	25,000
Human Resources/Compensation Committee	20,000
Health, Safety, Environment and Community Committee	10,000
Corporate Governance and Nominating Committee	10,000
Member:	
Audit Committee	15,000
Human Resources/Compensation Committee	10,000
Health, Safety, Environment and Community Committee	5,000
Corporate Governance and Nominating Committee	5,000

The Corporation also reimburses directors for reasonable travel and out-of-pocket expenses relating to their duties as directors. In 2016, after the review by the Board, the independent directors of the Board approved an arrangement for the provision of offices and administrative services for the Chairman and for its other directors and officers when they are in Geneva, Switzerland. The services are being provided for a monthly fee of C\$10,000, effective June 1, 2016, by a company which is owned by a relative of the Chairman.

Non-executive directors do not receive any equity incentives or cash incentives.

During the most recently completed financial year, approximately C\$1,530,000 was paid or accrued to the law firm of Cassels Brock & Blackwell LLP for legal services rendered to the Corporation. Mr. Craig, a director of the Corporation, is currently counsel to the firm and prior to December 31, 2015 was a lawyer/partner of the firm.

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 awards or option-based awards were outstanding for non-management directors at December 31, 2018.

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, 2018 to December 31, 2018:

Directors	Board		Audit		Human Resources/ Compensation		Corporate Governance and Nominating		Health, Safety, Environment and Community	
	# 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⁾
Donald K. Charter	12	12			5	5	3	3		
Paul K. Conibear ⁽²⁾	9	9							3	3
Marie Inkster ⁽³⁾	3	3							1	1
John H. Craig	12	12							4	4
Peter C. Jones	12	12			5	5			4	4
Lukas H. Lundin	12	12								
Dale C. Peniuk ⁽⁴⁾	11	12	5	5			3	3		
William A. Rand	12	12	5	5	5	5				
Catherine J. G. Stefan	12	12	5	5			3	3		

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

⁽²⁾ Mr. Conibear ceased to be a director and member of the Health, Safety, Environment and Community Committee effective September 30, 2018.

⁽³⁾ Ms. Inkster was appointed as a director effective September 30, 2018 and she was appointed as a member of the Health, Safety, Environment and Community Committee on October 12, 2018.

⁽⁴⁾ Mr. Peniuk was unable to attend the February 25, 2018 Board Meeting (off-cycle) due to prior travel commitments.

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.

Mr. Jones was a director of Lakota Resources Inc. ("Lakota") between September 2008 and October 2009. In May and August 2009, cease trade orders were issued against Lakota for failure to file financial statements that were due in July. Lakota was delisted from the TSX Venture Exchange for failure to maintain listing requirements. The cease trade order was revoked in 2011.

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.

Messrs. Craig and Lundin were directors of Sirocco Mining Inc. ("Sirocco"). Pursuant to a plan of arrangement completed on January 31, 2014, Canadian Lithium Corp. acquired Sirocco. Under the plan of arrangement, Canadian Lithium Corp. amalgamated with Sirocco to form RB Energy Inc. ("RBI").

In October 2014, RBI commenced proceedings under the *Companies' Creditors Arrangement Act* (the CCAA). CCAA proceedings continued in 2015 and a receiver was appointed in May 2015. The TSX de-listed RBI's common shares in November 24, 2014 for failure to meet the continued listing requirements of the TSX.

Messrs. Craig and Lundin were never directors, officers or insiders of RBI. Messrs. Craig and Lundin, however, were directors of Sirocco within the 12-month period prior to RBI filing under the CCAA.

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.

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* (collectively, the “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.

OVERVIEW OF GOVERNANCE

The CGNC ensures our governance policies and practices are sound and support the Board in carrying out its duties.

WHAT WE DO

<input checked="" type="checkbox"/>	Independent Board	Five of our eight directors or 62.5% are independent. (see page 13)
<input checked="" type="checkbox"/>	Separate Chair and CEO	We maintain separate Chair and CEO positions. (see page 13)
<input checked="" type="checkbox"/>	Non-Executive Lead Director Leads the Board	As our Chair and CEO are not independent, we have a non-executive, independent, Lead Director that leads the Board. (see page 13)
<input checked="" type="checkbox"/>	Majority Voting Policy	In February 2013 the Board adopted a Majority Voting Policy in order to promote enhanced director accountability. The Majority Voting Policy was subsequently amended on February 14, 2019. (see page 14)
<input checked="" type="checkbox"/>	Director Share Ownership	We require our directors to own a significant number of shares in the Corporation to align their interests with those of our shareholders. (see page 14)
<input checked="" type="checkbox"/>	Director Engagement	Board members are fully engaged in their duties as directors, which is demonstrated in 2018 by excellent director attendance at Board and committee meetings, and inter-meeting participation in the business as required. (see page 9)
<input checked="" type="checkbox"/>	Regular In-Camera Sessions	We hold regular in-camera (independent directors only) Board and Board committee discussions.
<input checked="" type="checkbox"/>	Independent Director Committees	The Audit Committee, the CGNC and the HRCC are comprised entirely of independent directors.
<input checked="" type="checkbox"/>	Regular Review of Board and Committee Mandates	Written mandates for each of the Board and its committees are reviewed and updated regularly to maintain continued relevancy and, collectively, provide an effective framework for a high standard of governance.
<input checked="" type="checkbox"/>	Annual Formal Assessment Process	The directors complete an annual formal assessment, including personal interviews with the CGNC Chair, to review the Board overall, the committees and their individual performance. (see page 16)
<input checked="" type="checkbox"/>	Board Diversity	The Board has a diverse mix of skills, background and experience which is reviewed at least annually. In February 2019, the Board adopted a Board Diversity Policy. (see page 15)
<input checked="" type="checkbox"/>	Independent Advice	The Board committees can obtain independent advisors to assist them with carrying out their duties and responsibilities.
<input checked="" type="checkbox"/>	Code of Conduct, Ethical Values and Anti-Corruption Policy	Directors, officers, employees, consultants and contractors must comply with the Corporation’s Code of Conduct (defined below). Directors, officers and certain employees must confirm their compliance every year. (see page 12)
<input checked="" type="checkbox"/>	Risk Oversight	The Board and committees oversee the Corporation’s risk management and strategic, financial, operational and other risks. Board members meet periodically to review and discuss risk factors of the Corporation and the effective management of them.
<input checked="" type="checkbox"/>	Environmental and Social Risk Oversight	The Health, Safety, Environment and Community Committee oversees risk management for environmental and social risks.
<input checked="" type="checkbox"/>	Compensation Risk Management	The HRCC evaluates potential risks relating to the Corporation’s compensation policies and practices. (see page 43)

WHAT WE DO

<input checked="" type="checkbox"/>	Say-on-Pay	The Board has included a shareholder advisory vote on the Corporation's approach to executive compensation.
<input checked="" type="checkbox"/>	Succession Planning	We continue to develop a director succession planning program, with the goal to be able to recruit directors with a diverse set of skills. We also oversee the executive succession planning program, which is designed to ensure a deep diversified pool of talent exists within the Corporation.
<input checked="" type="checkbox"/>	Executive Share Ownership Guidelines	We implemented guidelines for our executives to own shares in the Corporation to align their interests with those of our shareholders effective March 1, 2016. (see page 34)
<input checked="" type="checkbox"/>	Recoupment Policy (clawback)	In March 2019, the Board adopted a Recoupment Policy. (see page 44)

WHAT WE DON'T DO

<input type="checkbox"/>	No slate voting	
<input type="checkbox"/>	No stock option awards or other form of equity awards for non-executive directors	
<input type="checkbox"/>	No discrimination to director nominees on the basis of race, gender, age, tenure or other arbitrary factors	
<input type="checkbox"/>	Interlocking Board Relationships.	The CGNC annually reviews the interlocking board relationships between directors. Based on this review, the CGNC discusses interlocks between directors with the Board to determine if there are any concerns or conflicts. During the annual assessment process held for 2018, it was determined there are no concerns or conflicts arising from the interlocks between directors.
<input type="checkbox"/>	No Hedging.	The Corporation has a policy prohibiting executives, directors and employees from hedging personal holdings against a decrease in the price of our common shares.

GOVERNANCE PRINCIPLES

Policies and Guidelines

ETHICAL BUSINESS CONDUCT

The Board has adopted a formal written Code of Conduct, Ethical Values and Anti-Corruption Policy (the "Code of Conduct") for the directors, officers, employees, consultants and contractors of Lundin Mining and its subsidiaries with respect to conducting the business and affairs of the Corporation. The Board encourages adherence to an overall culture of ethical business conduct by: promoting compliance with the Code of Conduct, including applicable laws, rules and regulations; providing guidance to directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Corporation places a high priority on ensuring the health and safety of its employees, contractors and consultants and works proactively to eliminate health risks and develop safe workplace environments. Employees, contractors and consultants are expected to continuously assess the risks and impacts of operations in an effort to avoid injury and death and damage to property and the environment.

The Code of Conduct prohibits the provision of, or offer or agreement to provide, a benefit of any kind, directly or indirectly, to government or other public official for the purpose of influencing the performance of official duties or functions, or the acts or decisions of the public official, government or public organization, or to obtain any other business advantage. Further, employees of the Corporation are prohibited from accepting gratuities, favours or gifts of any sort having more than a nominal value from any person or organization that does, or is seeking to do, business with the Corporation.

The Board takes steps to ensure that directors, officers and employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or employee of the Corporation has a material interest, which include ensuring that directors, officers and employees are thoroughly familiar with the Code of Conduct. Under the Code of Conduct, directors, officers and employees are required to avoid all situations in which their personal interests conflict or might conflict with their duties to the Corporation or with the economic interest of the Corporation. Individuals governed by the Code of Conduct who have executive, managerial or supervisory responsibilities are required to ensure that actions and decisions within his or her jurisdiction are free from the influence of any conflict of interest with respect to the Corporation. Where a director declares an interest in any material contract or transaction being considered at a meeting of directors, the director recuses themselves from the meeting during the consideration of the matter and does not vote on the matter.

Employees, officers and directors of the Corporation who are involved in the issuance of regulatory and financial reports have a responsibility to fairly present all information in a truthful, accurate and timely manner. The Corporation maintains all records in accordance with laws and regulations regarding the retention of business records. Employees must maintain the confidentiality of information, including all non-public information that might be harmful to the Corporation or its partners or associates.

Individuals governed by the Code of Conduct are required to report violations or suspected violations of the Code of Conduct on a confidential and, if preferred, anonymous basis by raising such concern with his or her immediate supervisor or, if impractical to do so, with senior management of the Corporation, or by submitting a report via the Corporation's independently hosted online and telephone reporting service, or directly to the Audit Committee Chair or the CGNC Chair, who will treat the matter in confidence, disclosing information only as required for the purposes of properly conducting an investigation. Any retaliation against an individual disclosing a violation in good faith is prohibited by the Code of Conduct.

In carrying out its mandate, the CGNC, among other things, reviews compliance with the Code of Conduct, and periodically reviews the policy, recommending such amendments to the Board as the CGNC may deem appropriate. The Audit Committee in satisfying its mandate, among other things, also reviews compliance with the Code of Conduct as relates to the internal control procedures of the Corporation. On an annual basis, or otherwise upon request from the Board, the Chair of the Audit Committee also prepares a report to the Board summarizing all complaints received during the prior year, all outstanding unresolved complaints, how such complaints are being handled, the results of any investigations and any corrective actions implemented.

The foregoing is a summary of the Code of Conduct only. The Code of Conduct is available on the Corporation's website and has been filed and is accessible through SEDAR under the Corporation's profile at www.sedar.com.

WHISTLEBLOWER POLICY

The Board, through the Audit Committee and the CGNC, has also established a Whistleblower Policy to establish procedures for the receipt, retention and treatment by the Corporation and its subsidiaries of concerns reported, on a confidential and, if preferred, anonymous basis, from its directors, officers, employees, consultants and contractors regarding any known or suspected accounting, financial or auditing irregularities or any other known or suspected violations of the Corporation's Code of Conduct. Individuals governed by the Whistleblower Policy are required to report any such improper conduct on a confidential and, if preferred, anonymous basis by submitting a report via the Corporation's independently hosted online and telephone reporting service, or by sending a letter to the applicable Committee Chair. The applicable Committee Chair is responsible for assessing and evaluating any such reports or letters and conducting investigations and may engage management and/or independent advisors to assist in investigations and recommend appropriate action.

The foregoing is a summary of the Whistleblower Policy only. The Whistleblower Policy is available on the Corporation's website.

ABOUT THE BOARD

The Board is responsible for overseeing management and our strategy and business affairs. Its goal is to ensure we operate as a successful business, optimizing financial returns while effectively managing risk.

The Board carries out its responsibilities directly and through its four standing committees. The Board believes that this provides proper oversight and accountability for specific aspects of governance, risk and the Corporation's business activities and affairs, and frees up the Board to focus more on our strategic priorities and broader oversight of enterprise risk and other matters.

Independence and Lead Director

The Board has considered the relationship and status of each of the nominated directors. If the shareholders approve the directors set forth in the Circular for re-election at the Meeting, the Board will continue to comprise eight directors and a majority of the nominated directors will be independent.

Currently, the Corporation has five independent directors representing 62.5% of the eight directors and two female directors representing 25% of the eight directors. The independent directors standing for re-election at the Meeting are Messrs. Charter, Jones, Peniuk, Rand and Ms. Stefan. None of these directors has any material business relationships with the Corporation and all are considered independent under the Governance Guidelines and otherwise independent under NI 52-110 for the purpose of sitting on the Corporation's Audit Committee.

The non-independent directors of the Board are Messrs. Craig, Lundin and Ms. Inkster. Mr. Craig has been determined by the Board be non-independent as a result of the legal fees incurred by the Corporation from Cassels Brock and Blackwell LLP. Mr. Lundin, Chairman of the Board, is not considered independent due to his direct involvement with management of the Corporation. Ms. Inkster is not independent because of her current role as CEO of the Corporation.

The Board regularly sets aside a portion of each Board meeting to meet in camera without management and non-independent directors present. During the financial year ended December 31, 2018, there were 12 such meetings. In addition, the mandates of the Board

and the CGNC 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.

Annually, and for a one-year term, the Board appoints 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. The lead director, 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. Assuming his re-election by the shareholders, the Board intends to re-appoint Mr. Rand as Lead Director.

Our Expectations for Directors

We expect each member of the Board to act honestly and in good faith, and to exercise business judgment that is in the Corporation's best interest. We expect our directors to bring their skills, experience and functional expertise to the Board. They are expected to draw on a variety of resources to support their decision making, including materials prepared by management, their own research and business experience, independently-prepared media reports on the Corporation and the industry and knowledge gained from serving on other boards.

We also expect each director to:

- Comply with our Code of Conduct
- Promptly report on any perceived, potential or actual conflicts of interest
- Develop an understanding of the Corporation's strategy, business environment, operations, performance, financial position and markets in which we operate Diligently prepare for each Board and committee meeting
- Attend all Board meetings, their committee meetings and the annual meeting of shareholders
- Actively participate in each meeting and seek clarification from management and outside advisors to fully understand the issues
- Participate in the annual Board, committee and director assessment process

Majority Voting Policy

On February 21, 2013, the Board adopted a majority voting policy (the "Majority Voting Policy") which was subsequently amended on February 14, 2019. The Majority Voting Policy states that in an uncontested election of Directors of the Corporation, if any nominee for election as Director has received, on a ballot vote at, or, if a ballot vote was not conducted, a majority of the votes represented by proxies validly deposited prior to, a meeting of the Shareholders at which Directors of the Corporation are to be elected, a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "Majority Withhold Vote"), such Director will promptly tender his or her resignation to the Chair of the Board of Directors following such meeting, to take effect upon acceptance by the Board of Directors. If a Director who receives a Majority Withhold Vote at a meeting of the Shareholders refuses to tender their resignation, such Director will not be nominated for election as a Director of the Corporation at the next meeting of the Shareholders at which Directors of the Corporation are to be elected. Under the Majority Voting Policy, an "uncontested election" means an election where the number of nominees for Director is equal to the number of Directors to be elected. The CGNC will expeditiously consider the director's offer to resign and make a recommendation to the Board whether to accept that offer. Within 90 days of the meeting of shareholders, the Board will make a final decision concerning the acceptance of the director's resignation and announce that decision by way of a news release. The Board must accept the affected director's resignation absent exceptional circumstances. Any director who tenders his or her resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation.

Director Share Ownership Policy

On July 27, 2010, the Board approved a share ownership policy for the directors of the Corporation, which was subsequently amended in March 2015 and March 2016. All directors are required to own, at a minimum, two times their annual retainer fee in Common Shares of the Corporation, based on the greater of cost and market value. The directors are required to attain this level within five years of implementation of the policy or within five years after becoming a director. Furthermore, if the annual retainer fees increase, directors will have an additional five years to attain the new required level.

Internal Controls

The Board and Board committees are responsible for overseeing the monitoring of the integrity of our internal controls and management information systems.

The Audit Committee is responsible for overseeing the Corporation's internal controls, including controls over accounting and financial reporting systems.

Succession Planning and Leadership Development

The Board oversees succession planning to ensure we have a pool of strong, diverse candidates for senior management positions, and that we nurture talent and attract and retain key people for our long-term success. The Corporation's approach to leadership development focuses on building competencies throughout the organization, identifying high-potential employees and preparing those employees to take on executive officer positions in the future.

The CGNC, which is composed entirely of independent directors, is responsible for identifying and recruiting new candidates for nomination to the Board. Among the duties under its mandate, the CGNC: reviews the composition of the Board to ensure it has an appropriate number of independent directors; maintains a list of potential nominees; analyzes the needs of the Board when vacancies arise; ensures that an appropriate selection process for the new Board nominee is in place; makes recommendations to the Board for the election of nominees to the Board; and continually engages in succession planning for the Board, by performing at least annually, through the annual Board assessment process, identifying the needs of the Board through the skills assessment, and diversity analysis.

In assessing the composition of the Board, the CGNC takes into account the following considerations: the independence of each director; diversity of the Board, including gender representation, the competencies and skills that the Board, as a whole, should possess, and the current strengths, skills and experience represented by each director, as well as each director's personality and other qualities as they affect Board dynamics. Nominees to the Board proposed for election at the meeting are elected by individual voting on each nominee to the Board.

Term Limits

The Board believes there is value to having continuity of directors who have experience with the Corporation; therefore, there are no limits on the number of terms for which a director may hold office, nor is there any mandatory retirement age for directors. The Board believes that the best means to achieving Board renewal is for it to happen organically, and in concert with a robust nomination process that considers a range of factors including performance, attendance, skills and diversity as a whole, when identifying and selecting candidates for election or re-election to the Board. The Corporation has had recent Board turnover with the appointment of Mr. Jones in 2013 and Ms. Stefan in 2015 and Ms. Inkster in 2019.

Board Diversity Policy

The Corporation recognizes the benefits arising from Board, senior management and employee diversity and an inclusive culture, including introducing different perspectives and benefiting from all available talent, accessing a broader pool of quality employees and improving employee retention.

In February 2019, the Board adopted a written Board Diversity Policy (the "Board Diversity Policy").

Board Diversity

The CGNC is responsible for making recommendations to the Board on the election or re-election of nominees to the Board. The CGNC will consider a range of factors including performance, attendance, skills and diversity, when identifying and selecting candidates for election or re-election to the Board.

The CGNC will conduct the Board nominee process in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

Diversity – Executive Officers

The Executive Officers of the Corporation are appointed by the Board. The Executive Officers of the Corporation's major subsidiaries are appointed by the board of the applicable major subsidiary. Management of the Corporation shall, as part of the hiring process of Executive Officers, actively seek out and evaluate women with the necessary skills, knowledge and experience as potential candidates. The ultimate decision by management to recommend a candidate for appointment as an Executive Officer shall be made on merit, experience and the contribution the candidate can bring to the position.

Targets

The CGNC is be responsible for making recommendations to the Board regarding targets and timeframes for achieving the representation of women on the Board and in Executive Officer positions, as applicable.

Reporting

The CGNC will monitor compliance with this Policy and the Corporation's "Diversity and Inclusion Policy" and shall on an annual basis disclose in its Management Information Circular the percentage of women in Executive Officer and senior management positions and on the Board.

Diversity and Inclusion Policy

In March 2016, the Corporation adopted a written Diversity Policy, which was subsequently amended in February 2019, to the Diversity and Inclusion Policy.

The Diversity and Inclusion Policy is a statement of our commitment to creating an inclusive work environment for our diverse workforce. The Diversity and Inclusion Policy provides definitions for Diversity and Inclusion and outlines the conduct we expect all representatives of Lundin Mining to strive towards. This includes our efforts to recruit a diverse workforce, create a respectful and inclusive environment, invest in initiatives in our communities that are reflective of our commitment and provide education to our employees in these and other topics focused on diversity and inclusion.

The Corporation is committed to a merit-based system for all positions, including executive officer and senior management positions and Board appointments. The Corporation recruits from a diverse pool of candidates for all positions and reviews succession plans to ensure an appropriate focus on diversity. When identifying suitable candidates for all positions, including executive officer and senior management positions as well as appointments to the Board, the Corporation and/or Board will consider candidates on merit against an objective criterion having due regard to the benefits of diversity and the needs of the Corporation and/or Board, as applicable, with a particular focus on supporting the representation of women in senior management and on the Board. Within this framework, the CGNC is responsible for making recommendations to the Board on the election or re-election of Board nominees and considers a range of factors, including performance, skills and diversity, including identification and nomination of women directors, when identifying and selecting candidates for election or re-election.

Currently, the Corporation has ten executive officers of which three are women representing 30% of the executive officers. The Corporation's major subsidiary has four executive officers, of which one is a woman representing 25% of the executive officers of the major subsidiary. Of the four Managing Directors in charge of the Corporation's active mining operations, one is a woman, representing 25% of the Corporation's Managing Directors.

Annual 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 directors also complete an annual skills self-assessment.

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 also prepares and delivers an annual Board skills self-assessment form to each member of the Board. The Chair of the CGNC also conducts one-on-one interviews with each of the directors upon receipt of the completed questionnaire and skills self-assessment. The CGNC reviews and considers the responses received and makes a final report, with recommendations, if any, to the Board. 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.

Orientation and Education

The Corporation provides new directors with an electronic 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. 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 from management 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 of 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. Each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director.

ROLE OF THE BOARD

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 to ensure 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 (including consultants and contractors), suppliers, customers and communities, may have in the Corporation. In overseeing the conduct of the business, the Board, through the CEO, sets the standards of conduct for the Corporation.

The Board oversees the Corporation's risk management and strategic, financial and operational risks, including, but not limited to risks relating to external stakeholder relations, regulatory environment, acquisitions/business arrangements, commodity price volatility, liquidity and financing, health, safety and environmental risks, mining and processing, risks to infrastructure, including cyber technology and physical assets. Board members meet periodically to review and discuss risk factors of the Corporation and the effective management of them.

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 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 other members of 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 as Appendix A.

Position Descriptions

The Board has adopted a written position description for each of the Chairman, Lead Director, the Chair of each Board committee, and the CEO.

Chairman and Lead Director

The Chairman of the Board is Mr. Lundin and the Lead Director is Mr. Rand. The Board has established a written position description for each of the 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. A copy of these position descriptions is available on the Corporation's website at www.lundinmining.com.

Chair of the Audit Committee

The Chair of the Audit Committee is Mr. Peniuk. The Board has established a written position description for the Chair 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.

Chair of the Corporate Governance and Nominating Committee

The Chair of the CGNC is Ms. Stefan. The Board has established a written position description for the Chair of the CGNC, who is responsible for, among other things, acting as liaison between the CGNC and the Board, chairing all meetings of the CGNC, proposing nominees for the Board and each committee of the Board, ensuring that the meetings of the CGNC are held as required, monitoring the preparation of the statement of corporate governance to be provided to the shareholders of the Corporation each year, and reporting regularly to the Board on matters within the authority of the CGNC.

Chair of the Health, Safety, Environment and Community Committee (the “HSEC”)

The Chair of the HSEC is Mr. Jones. The Board has established a written position description for the Chair of the HSEC, who is responsible for, among other things, acting as liaison between the HSEC, the Board and management, chairing all meetings of the HSEC, ensuring that the meetings of the HSEC are held as required, and reporting regularly to the Board on matters within the authority of the HSEC.

Chair of the Human Resources/Compensation Committee

The Chair of the HRCC is Mr. Charter. The Board has established a written position description for the Chair of the HRCC, who is responsible for, among other things, acting as liaison between the HRCC, the Board, the CEO and management, chairing all meetings of the HRCC, ensuring that the meetings of the HRCC are held as required, overseeing the process whereby annual salary, bonus, equity awards 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 HRCC.

President and Chief Executive Officer

The CEO is Ms. Inkster. The Board has established a written position description for the CEO, who is responsible for, among other things, the day-to-day management of the business and the affairs of the Corporation. The CEO is also responsible for assisting the Chair 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 safe 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 on behalf of the Corporation in its communications to its shareholders and the public.

Board Committees

To assist the Board with its responsibilities, the Board has established four standing committees including the Audit Committee, the CGNC, the HSEC and the HRCC. Each committee has a written mandate and reviews its mandate annually.

Audit Committee

The Audit Committee comprises three directors. The current members of the Audit Committee are Mr. Peniuk (Chair), Mr. Rand and Ms. Stefan, all of whom are independent and financially literate for the purposes of NI 52-110. Mr. Peniuk is the designated financial expert on the Audit Committee.

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all external audits and interim 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 Audit Committee. The Audit Committee reviews, on a regular 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 Audit Committee is also responsible for reviewing all financial information, including annual and quarterly financial statements, MD&A and press releases regarding earnings, prepared for securities commissions and similar regulatory bodies, and recommending approval thereof to the Board, prior to public dissemination or delivery of the same. The Audit Committee also oversees the work of the external auditor on the annual audit process, the quarterly review engagements, the Corporation’s internal accounting controls, the Corporation’s Whistleblower Policy in respect of

any concerns reported regarding any known or suspected financial statement disclosure, accounting, internal controls or auditing irregularities and the resolution of issues identified by the Corporation's external auditors. The Audit Committee recommends to the Board annually the firm of independent auditors to be nominated for appointment by the shareholders at the annual general meeting of shareholders and approves the compensation of such external auditor.

The Board appoints the members of the Audit Committee 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 Audit Committee and may fill any vacancy in the Audit Committee.

The Audit Committee meets a minimum of four times a year. The Audit Committee 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, 2018, a copy of which is available on the SEDAR website at www.sedar.com.

Human Resources/Compensation Committee

The HRCC comprises three directors, all of whom are independent within the meaning of the Governance Guidelines. The current members of the HRCC are Mr. Charter (Chair), Mr. Jones and Mr. 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, equity awards 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 Chair 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 CGNC comprises three directors, all of whom are independent within the meaning of the Governance Guidelines. The current members of the CGNC are Ms. Stefan (Chair), Mr. Charter and Mr. 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 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 of nominees to the Board 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 reports to shareholders, on the Corporation's system of corporate governance and the operation of its system of governance (including the Corporation's Code of Conduct and Whistleblower Policy in respect of concerns reported regarding known or suspected violations of the Code of Conduct other than those matters under the power of the Audit Committee Chair), 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, 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, in the event of a vacancy on the Board, the CGNC will consider whether to recommend to the Board to fill the vacancy and if the vacancy is to be filled, the CGNC will recommend an individual to the Board to fill such vacancy, and, in the event of a vacancy occurring on a committee of the Board, the CGNC will recommend to the Board an individual for appointment as a member to the applicable committee of the Board to fill such vacancy.

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 HSEC comprises three directors. The current members of the HSEC are Mr. Jones (Chair), Ms. Inkster and Mr. Craig. Ms. Inkster replaced Mr. Conibear as a member of the HSEC on October 12, 2018.

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 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 four 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.

MESSAGE FROM THE HUMAN RESOURCES/COMPENSATION COMMITTEE

What follows under the “Compensation Discussion and Analysis” is a detailed review of the compensation policies and procedures which are followed and applied in determining the annual salaries, cash incentive and equity incentive awards for our executives. In addition, there is also the regulatory mandated disclosure of compensation in the format required by the applicable regulatory rules and regulations. These disclosures are different as the mandated disclosure requirements do not necessarily reflect the approach and method of compensation applied. We hope that the detailed descriptions allow our shareholders to understand how we approach compensation. It is important to keep our basic approach and philosophy in mind.

We tie compensation to performance

Our fundamental premise is that compensation must have a direct link to long-term performance while being fair to all stakeholders. A majority of compensation for the executive group is “at risk” incentive awards. The incentive program, as discussed below, is comprised of a cash incentive plan and equity incentive plans that are tied directly to both corporate performance (including share price performance) and individual performance, primarily on a long-term basis. Both cash and equity incentive awards are 100% performance based and therefore “at risk”. No one is guaranteed either cash or equity awards. The result is that consistent long-term corporate and individual performance provides the highest incentive awards and value over time.

How is it done?

The Corporation sets an annual budget which is prepared in the context of a five-year forward-looking forecast and in conjunction with the full “life of mine” plans. The nature of mining operations requires a long-term outlook to determine the optimum mine designs and operation based upon a long-term commodity price view. This determines not only Mineral Reserve but the mine plans and operations. It also looks at the issue of reserve replacement (exploration) given the very nature of the resource extraction business and the constant need to replenish mined mineral reserves. Accordingly, the annual budget, which is the basis for management’s objectives for the year, is done with a view to how this is best positioned in terms of the long-term outlook to create and sustain shareholder value. This prevents putting operations at risk from short-term thinking and short-term commodity price swings. As a result, the annual management targets, which are established as benchmarks for management at both the corporate and individual level, are tied to a long-term outlook and reflect the key drivers of long-term value creation. We believe that the targets which are set for management require management to “outperform” while operating responsibly. This is an important part of our risk management.

The cash bonus incentives are based on achieving the annual goals which have been consistently determined to best ensure long-term value creation. The level of goal achievement is tracked over time to ensure that the goals continue to be relevant and appropriate.

The amount of equity incentive awards is based on the consistent achievement of the corporate and individual performance goals over a three-year period. We review management’s goals achieved for the current year and then review the historical management goal achievement over the last three years. We then determine how management has performed over this time frame in determining the amount of the equity awards. If there is one high performance year amid a series of years of poor performance the equity awards will reflect the longer-term average poor performance trend. Equally if there is a poor performance year in a series of high-performance years the equity awards will reflect the overall average high-performance trend. As a result, higher equity awards are made for consistent higher corporate and individual goal achievement over a three-year period. Once granted, the equity awards have vesting periods of three years with the end result that the ultimate value of the equity awards requires continued performance over the vesting period. The result for the equity awards is that the final value to an executive, when the equity is actually realized, is based upon at least a six-year period of long-term performance in corporate, individual and share price results.

It is important to remember that the results of operational and financial performance can often take time to be reflected in the share price which is why only one part of corporate performance is current share price return. Outstanding work may take more than one year to be reflected in the market price of the shares. This format best reflects this reality. In addition, our executive share ownership guidelines encourage the continued holding of vested equity incentives.

In assessing total shareholder return we normally use a December to December volume weighted average price (“VWAP”). We also used discretion in determining the value of options and share units in setting the equity awards for 2018 granted in 2019. Generally, the allocation of stock option and share unit awards for all executives is an approximate 50/50 split.

Why this approach?

We are of the view that this approach provides the greatest control over the amount of cash and equity incentive awards. With respect to equity awards, we do not believe that any executive should receive a guaranteed equity grant. With a direct link in the amount of an equity award to performance, there is no pre-determined fixed awards with arbitrary post grant vesting goals (often linked to only a small part of the equity grant) that, in the context of the volatility of the commodity space, are difficult to properly determine and can become quickly meaningless as the commodity environment or corporate structure changes. The Corporation can often be required to take quick action in response to commodity prices or in response to rapid growth, such as the Corporation has demonstrated. Pre-determined long-term post grant performance benchmarks are very difficult to set given the volatility of this sector and therefore

run the very real risk of unintended results or quickly become a disincentive to executives, both of which are poor outcomes of a compensation structure. Another factor that is best served by our approach is the inherent difficulty of dollar-based equity awards with share price volatility. The use of a formula tied directly to a Black Scholes equation on options and a one day closing price on share units can very easily result in unfair outcomes. The level of shareholder dilution is a very important factor we take into account in setting equity grants. Having maintained the discretion around the size of the equity incentive awards greatly reduces unfair or unanticipated outcomes. This is reflected in our historically conservative levels of shareholder dilution.

To date, we believe the result has shown a strong relationship of executive “at risk” compensation to long-term corporate and executive performance. CEO at risk compensation has consistently varied with the performance of the Corporation since her appointment.

Executive Renewal

Fiscal 2018 saw a significant renewal and change in the senior executive team at the Corporation. In addition to the appointment of Marie Inkster as the new CEO effective September 30, 2018; the Senior Vice President (“SVP”) and Chief Financial Officer (“CFO”) is new to this position effective September 30, 2018; the SVP, Human Resources is new to the Corporation (March 20, 2018) and new to this position effective January 1, 2019; the SVP, Corporate Development and Investor Relations is new to this position and the Corporation effective September 5, 2018; the Chief Operating Officer (“COO”) completed his first full year in this role, the SVP; Commercial is new to this position effective January 1, 2019; and the Vice President, Exploration is new to this position effective March 1, 2018. In addition to this change over in executives and positions the reporting structure was restructured and streamlined.

This amount of change presented certain challenges in assessing performance and fair compensation for 2018 to ensure that the compensation, while properly reflecting corporate achievements, also accounted for new roles and the very effective and streamlined changes which occurred in a seamless manner while continuing to meet targets. As an overriding comment the Committee noted that even with this degree of executive change the Corporation met or exceeded a number of its corporate targets.

Shareholders are cautioned to recognize that the numbers reported in accordance with the disclosure rules should be taken in the context of the need to have made pro rata calculations for executives who were in their current roles for only a portion of the fiscal year and in the case of internal promotions prorated for the previous positions held for a portion of the year. In addition, there were certain equity grants made during the year in connection with the appointments to new positions or joining the Corporation; these were normal procedure outside of the normal performance assessments which are one-time events.

2018 Performance

As discussed above under Executive Renewal, 2018 was a year of transition and change in our executive leadership. Marie Inkster successfully transitioned to the role of CEO, after seven years of strong leadership from Paul Conibear. Under her leadership, stability and focus was maintained throughout the organization while she renewed and restructured the team, reflective of a strong culture and cohesive management team.

You will see below the various levels of achievement against the corporate, operational and individual performance goals which were set for 2018.

With respect to the Corporation’s corporate target on relative share price performance, we reviewed a December to December VWAP comparison to the peer group. On a straight comparison the Corporation out-performed its peer group resulting in an above target rating. However, on an absolute return basis the return was still negative. As a result, the rating was reduced from above target to target. In making this determination we also reviewed, as we always do, a one-year, three-year, and a five-year comparison of the Corporation’s share performance and market cap change to various criteria including the TSX, TSX global base metals index, copper price, peer group and, where determined, the proxy advisory firm peer group. This provides a wider context on share performance and a broader perspective given the small size of the peer group.

Overall corporate and operating performance exceeded target resulting in an overall score at 120%. In addition, for each of the Named Executive Officers (“NEO”) personal achievement levels, representing 50% of their total bonus potential, performance was assessed against their specific key performance indicators (“KPIs”) producing individual scores ranging from 110% to 120%. These scores were combined with the corporate performance score of 120% to provide an overall result.

The CEO target cash incentive is 120% of base salary. For part of the year the incentive was based on her previous role of CFO, for which the target was 80%. She received an overall blended score which resulted in a cash incentive of 114% of base salary. This is consistent with the pay for performance culture within the Corporation in which compensation reflects performance.

With respect to equity incentive grants, target is generally two times the cash incentive award. Given the performance scores over a three-year period the range was between 2.5 and 3 times the cash award value. The CEO’s 2018 equity incentive grant was at 2.5 times.

Executive Share Ownership

The Corporation's guidelines on executive shareholdings fits well with our philosophy on long-term performance. We follow the increase and decrease in the value of the equity awards which have been granted from year to year which reflects that management's interests are aligned with shareholder interests in share price performance over the long-term. This guideline includes unvested share units but does not include options.

Conclusion

Please review the detailed Compensation Discussion and Analysis which is set out below. We believe it will demonstrate how we have consistently applied the basic philosophy we summarized above and supports our conclusions regarding the performance of your management team.

Human Resources/Compensation Committee

COMPENSATION DISCUSSION AND ANALYSIS

INTRODUCTION

This section describes the Corporation's approach to executive compensation by outlining the processes and decisions supporting the determination of the amounts which the Corporation paid to its current Chief Executive Officer, former Chief Executive Officer, Chief Financial Officer and its three other most highly compensated executives during the financial year ended December 31, 2018 (the "NEOs"). While this discussion relates to the NEOs, the other executives of the Corporation participate in the same plans and are subject to a similar process. The NEOs for the financial year ended December 31, 2018 were:

Name	Title
Marie Inkster ⁽¹⁾	President and Chief Executive Officer and Former Senior Vice President and Chief Financial Officer ("CEO" or "CEO and Former CFO")
Jinhee Magie ⁽²⁾	Senior Vice President and Chief Financial Officer and Former Vice President, Finance ("CFO" or "CFO and Former VP, Finance")
Peter Richardson	Senior Vice President and Chief Operating Officer ("COO")
Jean-Claude Lalumiere ⁽³⁾	Vice President, Human Resources ("VP, Human Resources")
Stephen Gatley	Vice President, Technical Services ("VP, Technical Services")
Paul Conibear ⁽⁴⁾	Former President and Chief Executive Officer ("Former CEO")

(1) Ms. Inkster was appointed as CEO effective September 30, 2018

(2) Ms. Magie was appointed as CFO effective September 30, 2018

(3) Mr. Lalumiere joined the Corporation as VP, Human Resources March 20, 2018

(4) Mr. Conibear retired September 30, 2018

COMPENSATION GOVERNANCE

Role of the Human Resources/Compensation Committee

The HRCC assists the Board in monitoring the Corporation's guidelines and practices with respect to compensation and benefits, as well as monitoring the administration of the Corporation's equity-based compensation plans. In overseeing the Corporation's compensation guidelines and practices, the HRCC's responsibilities include, but are not limited to:

- recommending to the Board human resources and compensation policies and guidelines for application to the Corporation;
- ensuring that the Corporation has in place programs to attract and develop management of the highest calibre and a process to provide for appropriate succession planning;
- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and, in light of those goals and objectives, recommending to the Board the annual salary, bonus, equity awards and other benefits, direct and indirect, of the CEO, and to approve all compensation for all other executive officers of the Corporation, after considering the recommendations of the CEO, all within the human resources and compensation policies and guidelines approved by the Board; and
- implementing and administering human resources and executive compensation policies approved by the Board.

Composition of the HRCC

The Board has determined that the HRCC shall comprise at least three directors, each of whom must be independent as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and who are knowledgeable about issues related to human resources, talent management, compensation, governance and risk management.

The current members of the HRCC are Messrs. Charter (Chair), Jones and Rand, all of whom are independent within the meaning of NI 58-101 and have the skills and experience required by the Board and the HRCC mandate to carry out the responsibilities of the HRCC.

Below is a summary of the skills and experience of the HRCC members:

Mr. Charter is a corporate director with career experience in executive leadership positions in mining and financial services as well as mergers, acquisitions and finance. Mr. Charter's business experiences which are relevant to the HRCC includes that he was the President and CEO of a publicly traded producing coal mining company; he was Chief Executive Officer of a large financial services company; and he is a member or former member of the compensation committees of several Canadian publicly traded companies. As such, Mr. Charter has been directly involved with compensation matters. Accordingly, Mr. Charter has the requisite experience and knowledge in reviewing and approving compensation programs, policies and guidelines in the mining industry for the Chief Executive Officer level, other

executive officers and senior management, to ensure that such compensation programs are relevant to the goals of the Corporation.

Mr. Jones is a corporate director and retired executive with over 40 years of experience in the global mining industry. Mr. Jones’ business experiences which are relevant to the HRCC include serving as Interim President and CEO of IAMGOLD Corporation, President and COO of Inco Ltd., and President and Chief Executive Officer of Hudson Bay Mining & Smelting Co. Mr. Jones has been a director of public companies for over 20 years. Mr. Jones is the former chairman of the compensation committee of Century Aluminum Co. and IAMGOLD Corporation and a former member of the compensation committee of Concordia Resources and Red Crescent Resources. As such, Mr. Jones has been directly involved with compensation matters. As a member of these committees and his executive positions, Mr. Jones 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 goals of the Corporation.

Mr. Rand has been a member for many years of the compensation committees of several Canadian and Swedish publicly traded companies including Denison Mines Corp., Lundin Petroleum AB 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 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.

Objectives of Compensation Program

The fundamental objective of the Corporation is the long-term creation and protection of shareholder value. The Corporation’s approach is to encourage management to make decisions and take actions that will create long-term sustainable growth and long-term shareholder value.

The Corporation’s executive compensation program is based on the following objectives:

- compensation must be guided by a pay for performance philosophy;
- compensation must be market-competitive to attract and retain the leadership talent required to drive business results;
- compensation must incorporate an appropriate balance of short-term and long-term performance;
- compensation must foster an environment of accountability, teamwork, and cross-functional collaboration;
- compensation must be linked to specific corporate, operational, functional and personal performance objectives of the Corporation while not encouraging excessive or inappropriate risk taking, in order to maximize shareholder return, promote sustainable growth and constantly improve the performance of the Corporation’s operations; and
- compensation must motivate high performers to achieve exceptional levels of performance.

Critical criteria for the Corporation in all compensation mechanisms are as follows:

- Simple to understand and communicate;
- Linked to measurable benchmarks; and
- Motivating.

Compensation Structure and Decision-making Process

Annually, the HRCC assesses and confirms the Corporation’s compensation philosophy, program guidelines and structure.

At the end of every year, we apply a rigorous process to assess performance and award compensation. This includes corporate and individual performance reviews for each executive officer.

Review structure	Annually, the HRCC reviews the Corporation’s compensation philosophy and structure for the executive officers and, if applicable, recommends any changes to the Board for approval.
Confirm peer group	Annually, the HRCC reviews, among other things, the Corporation’s peer groups for total compensation and for stock price performance (see “Peer Groups” below).
Establish performance measures	The HRCC works with management to develop performance measures and levels that will be used to assess corporate performance and determine the cash bonus and equity incentives for the executive officers. Management provides quarterly updates to the Board on the Corporation’s performance against these corporate objectives.
Assess risk and confirm approach	The HRCC reviews the overall executive cash bonus and equity incentive plan design and the selected performance measures to: <ul style="list-style-type: none"> • consider potential payouts under different scenarios; • ensure a balanced approach to risk; and

	<ul style="list-style-type: none"> make sure the decision-making process, cash bonus and equity incentive plans and compensation governance do not give executives incentive to take excessive risks or make inappropriate decisions.
Review performance	Management reviews executives' performance at mid-year and at the end of the year. The HRCC assesses the performance of the executive officers throughout the year and an extensive review process is conducted during the first quarter of each year, on the performance of the preceding year.
Review past compensation	The HRCC reviews historical cash bonus and equity incentive compensation for the executive officers for the previous three years to assess the longer-term performance against benchmarks.
Awards	<p>The President and CEO reviews proposed compensation for each executive officer based on the results of the Corporation's annual corporate objectives and each executive's individual performance (based on the results of their KPIs set at the beginning of the year). The President and CEO will recommend each executive officer's annual salary adjustments, cash bonus incentives and equity incentives to the HRCC.</p> <p>The HRCC will review each executive officer's annual performance, competitive positioning, past compensation and the recommendations from the President and CEO. The HRCC will also discuss total compensation based on performance, market practice and board-approved compensation philosophy and consulting with independent consultants (if required).</p> <p>The HRCC also reviews and recommends the President and CEO's compensation based on the same metrics discussed above.</p> <p>The HRCC approves the compensation of all executive officers, excluding the President and CEO. The President and CEO's compensation is recommended by the HRCC to the Board for approval.</p>

Peer Groups

2018 Peer Groups

The composition of the Corporation's 2018 peer group for benchmarking executive compensation, as approved in late 2017, is set out in the table below. Peers were selected based on being a mining company trading on the TSX with which the Corporation believes it competes for talent. The peers selected reflect that while the Corporation competes with other base metal companies for shareholders, capital and mineral properties, the Corporation also competes with the broader mining industry for qualified and experienced executives.

2018 Peer Group for Total Direct Compensation	
First Quantum Minerals Ltd.	Pan American Silver Corp.
Yamana Gold Inc.	IAMGold Corp.
Kinross Gold Corp.	New Gold Inc.
Eldorado Gold Corp.	Agnico Eagle Mines Limited
HudBay Minerals Inc.	

The composition of the Corporation's 2018 peer group for measuring the stock price performance, as approved in late 2017, is listed below. These peers are used to provide an accurate and fair measure of the stock price performance, as these entities have similar operational and/or metals characteristics and would attract a similar investor base to that of the Corporation. The peer group is relatively small and the HRCC also looks on an indicative basis at other comparators as previously discussed.

2018 Peer Group for Stock Price Performance	
Boliden AB	Trevali Mining Corporation
First Quantum Minerals Ltd.	Antofagasta PLC
HudBay Minerals Inc.	

2019 Peer Groups

After consideration, the HRCC maintained the same peer group for benchmarking executive compensation that was used in 2018.

The composition of the 2019 peer group for measuring the stock price performance component of the corporate objectives is set out below. After consideration, the HRCC modified the group to remove Trevali Mining Corporation and to add Nexa Resources SA and Turquoise Hill Resources. The HRCC believes these peers provide an accurate and fair measure of the stock price performance, as these entities have similar operational and/or metals characteristics and would attract a similar investor base to that of the Corporation. The HRCC also looks on an indicative basis at other comparators as previously discussed.

2019 Peer Group for Stock Price Performance

Boliden AB	Nexa Resources SA
First Quantum Minerals Ltd.	Antofagasta PLC
HudBay Minerals Inc.	Turquoise Hill Resources

The Corporation's HRCC will evaluate and, if appropriate, update the composition of the peer groups to ensure it remains relevant to the markets in which the Corporation competes.

Elements of Compensation

The Corporation's compensation program has three primary elements: base salary, annual cash bonus incentive and equity incentive. The combination of elements is designed to encourage executives to achieve strong results which drive long-term sustainable growth and long-term shareholder value. The Corporation regularly reviews all elements of executive compensation to ensure that it continues to be aligned with the strategic plan of the Corporation and industry practices.

Compensation Component	Objectives	Form
Base Salary	To provide fixed compensation that reflects the market value of the role, skills and experience of the executive. To attract, retain and motivate a competent, strong and effective executive management group.	Cash
Cash Bonus Incentive	To pay for performance and provide alignment with the Corporation's annual and long-term business strategy. This is "at risk" compensation.	Cash <ul style="list-style-type: none"> • 100% performance-based • 100% at risk
Equity Incentive	To provide alignment with shareholder interests and the Corporation's long-term business strategy. This is "at risk" compensation.	Equity <ul style="list-style-type: none"> • 100% performance-based • 100% at risk

The HRCC has not established a strict policy regarding the mix of base salary, cash and equity incentives to be paid or awarded to executives. Incentive plan awards are not guaranteed; they are completely "at risk" and performance-based. This allows the HRCC to be flexible in tailoring the compensation mix for each executive to the circumstances in effect at the time. However, the HRCC believes that a greater percentage of compensation for the Corporation's executives should come from the variable, performance-based elements, and the mix of compensation should be structured to balance the need to drive results based on the executive's position as well as to support the long-term growth of the Corporation overall.

The HRCC believes the Corporation's compensation programs are reasonable and fair to both executives and shareholders, and competitive with compensation made available by the Corporation's peers.

2018 COMPENSATION

The following provides a detailed discussion of the decisions made in order to determine each NEOs' total compensation for 2018, which comprises base salary, cash bonus and equity incentives.

Summary of 2018 Performance Highlights

In addition to the specific corporate performance metric of KPIs (as defined below), the HRCC always looks at the overall performance of the Corporation to ensure that the compensation outcomes are reflective of the year the Corporation had overall.

Total sales for the year were \$1,725.6 million, with cash flow from operations of \$476.4 million. Cash and cash equivalents decreased \$751.6 million over the year, from \$1,567.0 million at December 31, 2017, to \$815.4 million at December 31, 2018, due to planned significant investment in mineral properties, plant and equipment (\$751.8 million), principal repayment of 7.875% Senior Secured Notes due 2022 (\$461.9 million, inclusive of redemption fee), payment of quarterly dividends to shareholders (\$66.9 million) and interest paid (\$25.1 million).

The Corporation continues to maintain a healthy balance sheet with a net cash¹ position of \$804.4 million as at December 31, 2018.

¹ Net cash and cash costs are non-GAAP measures. Refer to the section entitled "Non-GAAP Performance Measures".

Safety: The Corporation achieved a Total Recordable Injury Frequency (TRIF) rate of 0.67 against a target of 0.70. This marks the sixth consecutive year that Lundin Mining has met or outperformed against an ever increasing TRIF reduction target.

Environmental: The Corporation reported no serious (level 3 or 4) environmental incidents during 2018 and reported no material incidents of non-compliance with permit conditions.

Community: There were no community issues of note at any mine site and generally stakeholder support was stable or improved at all sites. Direct social spending by the Corporation met 2018 planned budget levels. Community grievances are being managed effectively at all sites, where the Corporation has in place processes for receiving and resolving community grievances.

Operational Performance: Full year production and cash costs¹ for all metals met or exceeded the Corporation's most recent guidance. In addition, capital spending for the year of \$751.8 million was in-line with our most recent guidance.

Candelaria (80% owned): The Candelaria operations produced, on a 100% basis, 134,578 tonnes of copper and approximately 78,000 ounces of gold and 1.2 million ounces of silver in concentrate during the year. Copper production was in-line with expectations but, as expected, fell short of the prior year comparable period due primarily to lower copper head grades. Copper cash costs of \$1.68/lb for the year were marginally lower than latest guidance (\$1.70/lb) but were higher than the prior year due primarily to lower production volumes combined with higher diesel and labour costs in the current year.

Reduced copper production for the year, compared with 2017, was primarily as a result of planned mining and processing of lower grade materials from the open pit and stockpiles, as well as lower overall mill throughput resulting from mill maintenance deferred from 2017 and granularity of ore feed.

Candelaria has undertaken several projects in the year, including expansion of its underground production, replacement of its mobile fleet and various process improvement initiatives. In addition, the first phase of the Los Diques Tailings Storage Facility was completed in 2018 with tailings deposition initiated in April 2018. Future lifts have started ahead of the original schedule to benefit from synergies with the original project and readily available mine waste.

Eagle (100% owned): Eagle's nickel production for the year exceeded most recent guidance producing 17,573 tonnes of nickel. In addition, copper production of 17,974 tonnes was at the high end of the guidance targets for the year. Quantities of both nickel and copper were lower than the prior year as a result of planned mine sequencing. Nickel cash costs of \$1.01/lb for the year were better than guidance (\$1.10/lb) but were marginally higher than the prior year (\$0.93/lb) due primarily to lower production volumes in the current year.

Access ramp development of Eagle East continued from the Eagle Mine advancing approximately 3,400 metres with completion of the dual decline sections and the overall project trending ahead of schedule. Production of Eagle East ore is expected into the mill in the fourth quarter of 2019.

Neves-Corvo (100% owned): Neves-Corvo produced 45,692 tonnes of copper and 75,435 tonnes of zinc for the year, exceeding the recent guidance as well as prior year production. Copper and zinc production benefited from improved mine productivity and higher mill throughput driven by improvements in mine plan execution. Both copper and zinc plants set annual throughput records in the year. Copper cash costs of \$1.28/lb for the year were better than guidance (\$1.30/lb) but higher than the prior year due to lower by-product credits. Current year cash costs¹ benefited from lower per unit mine, mill and administration costs associated with higher copper sales volumes.

Zinkgruvan (100% owned): Zinc production of 76,606 tonnes for the year exceeded most recent guidance but was marginally lower than 2017 production due to lower head grades as a result of mine sequencing, and higher than planned dilution and ore loss. Zinc cash costs of \$0.34/lb for the year were lower than the most recent guidance (\$0.40/lb) but were marginally higher than the prior year.

Share price: The share price performance has been measured on the comparison of the December to December VWAPs. The Corporation was near the top of its peer group for 2018 share performance, though declined 21% in the year, based on the December to December WVAP comparisons. Over three-year and five-year periods, the Corporation's share price has outperformed the Corporation's peer group. In 2018, we continued to receive strong support from both the analyst community and the Corporation's top shareholders.

Base Salary

The overall objective of the base salary paid to the Corporation's executives is to provide fixed compensation that reflects the market value of the role, skills and experience of the executive. The salary structure includes market competitive ranges for the executives.

¹ Net cash and cash costs are non-GAAP measures. Refer to the section entitled "Non-GAAP Performance Measures".

The HRCC reviewed base salaries by reviewing industry trends, competitive market data, 2018 Peer Group compensation, including base salary levels, internal equality among executive positions and individual performance measured against the achievement of business and operating goals. The change in the size and complexity of the Corporation is also taken into account over time. The table below summarizes each NEO's annual base salary.

NEO	2018 Base Salary Local Currency	2018 Base Salary (US\$) ⁽¹⁾	Increase to Base Salary for 2019	2019 Base Salary Local Currency	2019 Base Salary (US\$) ⁽¹⁾
Marie Inkster CEO ⁽²⁾	C\$1,000,000	771,900	-	C\$1,000,000	771,900
Jinhee Magie CFO ⁽³⁾	C\$425,000	328,058	11.8%	C\$475,000	366,653
Peter Richardson COO ⁽⁴⁾	C\$500,000	385,950	10%	C\$550,000	424,545
Jean-Claude Lalumiere VP, Human Resources ⁽⁵⁾	C\$325,000	250,868	20%	C\$390,000	301,041
Stephen Gatley VP Technical Services	GBP 282,000	376,696	3%	GBP 290,500	388,050
Paul Conibear Former CEO ⁽⁶⁾	C\$965,000	744,884	-	-	-

⁽¹⁾ During 2018, all the NEOs were paid in C\$, except Mr. Gatley who was paid in GBP and Mr. Richardson who was paid in US\$ during a portion of 2018. See "Currency" on page 1 for the applicable exchange rates.

⁽²⁾ Ms. Inkster was promoted from Senior Vice President and Chief Financial Officer to President and Chief Executive Officer on September 30, 2018 and her base salary increased from C\$550,000 to C\$1,000,000. Considering her promotion to CEO on September 30, 2018, there was no further salary adjustment for 2019. Ms. Inkster's realized base salary during 2018 was C\$662,500.

⁽³⁾ Ms. Magie was promoted from VP, Finance to Senior Vice President and Chief Financial Officer on September 30, 2018 and her base salary increased from C\$325,000 to C\$425,000. During the annual salary review process, the HRCC adjusted Ms. Magie's salary to C\$475,000 effective January 1, 2019 based on peer group benchmarking review and for internal equity purposes. Ms. Magie's realized base salary during 2018 was C\$350,000.

⁽⁴⁾ Mr. Richardson was paid in US\$ to September 30, 2018 and in C\$ from October 1, 2018 to December 31, 2018.

⁽⁵⁾ Mr. Lalumiere joined the Corporation on March 20, 2018 as Vice President, Human Resources and was promoted to Senior Vice President, Human Resources effective January 1, 2019. The 2018 salary disclosed above is shown on an annualized basis. His realized salary during 2018 was C\$255,000.

⁽⁶⁾ Mr. Conibear retired as President and Chief Executive Officer on September 30, 2018. The 2018 salary disclosed above was his annualized salary in 2018. His realized 2018 base salary was C\$723,750.

Cash Bonus Incentive Plan

Introduction

The Corporation's Cash Bonus Incentive Plan ("CBI") provides a performance-based "at risk" annual cash payment based on a targeted amount for each position based on results measured against specific performance measures, including each executive's Key Performance Indicators ("KPIs" or "personal objectives") and corporate level objectives. The amount of the target CBI award is set as a percent of base salary as set out in the table below and is subject to an overall cap of 1.5 times target, subject to HRCC discretion to grant a higher award where considered appropriate. Consistent with the overriding discretion of the HRCC, all CBI awards are subject to the ability of the Corporation to make such awards based upon its financial performance and situation.

The CBI award is the outcome of a process that links long-term business planning, a five-year forecast and annual budgeting with an evaluation of benchmarks which include an executive's KPIs and specific corporate performance targets. Each year the Corporation completes a rigorous budget process. The annual budget is determined in conjunction with a five year forward looking forecast, full life of mine plans for each operation and a long-term strategic plan, all of which are done based upon a long-term price outlook. Accordingly, the annual budget and therefore the specific performance benchmarks for management are determined to be in line with the long-term outlook and are set to achieve long-term value. The CBI links the award amount to management's performance relative to these benchmarks. Accordingly, the targets for the CBI all reflect goals which are aimed at long-term shareholder value.

Each individual CBI award is based on KPI scores and corporate performance against the benchmarks. The chart below shows how the KPI scores translate into a CBI award.

KPI Score Adjusted with Competency Rating	CBI Award (%)*
1	0
2	0 – 75
3	75 – 100
4	100 – 120
5	120 – 150

* Represents % of target CBI, not salary, assuming the corporate result is 100%

The proportion of cash bonus incentive linked to corporate objectives and KPIs is based on the position of the individual.

Target levels of performance are established as guidelines and are not applied as an absolute formula. The HRCC believes that fixed formulas may lead to a CBI award that does not accurately reflect actual performance, and accordingly, the knowledge and experience of the HRCC should be the ultimate determinant of final, overall compensation within the context of those pre-determined guidelines.

2018 CBI Award

With respect to the corporate performance benchmarks of relative stock price performance and operational budget, the Corporation achieved a result of 120% of each executive's corporate objective weighting. With respect to the individual's KPI performance, each individual achieved between 100% to 120%, respectively. In view of the overall performance for the year discussed above together with the CBI guidelines, each NEO achieved a weighting above his/her respective CBI target. The table below sets out each NEO's 2018 target CBI with the respective corporate and personal weightings and the 2018 actual CBI paid:

NEO	2018 Target CBI as a Percentage of Base Salary	Target CBI Corporate Weighting	Target CBI Operational and Personal Weighting	2018 Actual CBI as a Percentage of Base Salary	2018 CBI Paid (Local Currency)	2018 CBI Paid (US\$) ⁽¹⁾
Marie Inkster CEO ⁽²⁾	90%	50%	50%	114%	C\$756,000	583,556
Jinhee Magie CFO ⁽³⁾	60%	50%	50%	68.6%	C\$240,000	185,256
Peter Richardson COO ⁽⁴⁾	65%	35%	65%	78%	C\$390,000	301,041
Jean-Claude Lalumiere VP, Human Resources ⁽⁵⁾	50%	50%	50%	59.4%	C\$193,000	148,977
Stephen Gatley VP, Technical Services	55%	50%	50%	66%	GBP186,000	248,459

⁽¹⁾ During 2018, all the NEOs were paid in C\$, except Mr. Gatley who was paid in GBP and Mr. Richardson who was paid in US\$ during a portion of 2018. See "Currency" on page 1 for the applicable exchange rates.

⁽²⁾ Ms. Inkster was promoted from Senior Vice President and Chief Financial Officer to President and Chief Executive Officer on September 30, 2018. The 2018 target CBI is shown as a blended target between the two roles. Her CBI target as Former CFO was 80% and her CBI target as CEO is 120%. The Actual CBI percentage is shown based on her realized annual salary for 2018 (C\$662,500).

⁽³⁾ Ms. Magie was promoted from VP, Finance to Senior Vice President and Chief Financial Officer on September 30, 2018. The 2018 target CBI is shown as a blended target between the two roles. Her CBI target as Former VP, Finance was 55% and her CBI target as CFO is 70%. The Actual CBI percentage is shown based on her realized annual salary for 2018 (C\$350,000).

⁽⁴⁾ Mr. Richardson's target CBI for 2019 was increased to 70% and his target CBI corporate weighting increased from 35% to 50%.

⁽⁵⁾ Mr. Lalumiere joined the Corporation on March 20, 2018; however, his 2018 CBI was not pro-rated in accordance with his employment agreement. Mr. Lalumiere's target CBI for 2019 was increased to 70% considering his promotion to Senior Vice President, Human Resources on January 1, 2019.

Cash Bonus Incentive Plan – Corporate Performance

The table below outlines the 2018 financial performance and safety targets, share price performance targets and results. The 2018 share price performance objectives were measured against the 2018 Peer Group and other criteria discussed earlier.

If the overall results of the corporate objectives are at (i) On Target, 100% of the On-Target payment will be allocated, (ii) Stretch, 150% of the On-Target payment will be allocated, and (iii) Threshold, 75% of the On-Target payment will be allocated. The amounts in between are not necessarily determined on a straight-line basis but rather at the discretion of the HRCC. Below threshold it is a zero and there are caps in place to limit the maximum award.

Financial and Total Shareholder Return Targets:

	Threshold	On Target	Stretch	Weighting
Stock Price (Performance vs 2018 Peer Group) (Dec – Dec VWAP ⁽¹⁾)	-15%	Equal to average of Peer Group	+20%	40%
Operating Cash Flow (\$millions) (factored for actual metal prices vs budget price deck)	-15%	Per Budget	+20%	40%

⁽¹⁾ VWAP is the ratio of the value traded to total volume traded over a period.

Safety Targets:

	Threshold	On Target	Stretch	Weighting
Fatalities	0	0	0	10%
Total Recordable Incident Frequency	< 0.9	0.7	< 0.4	10%

The Corporation's overall share performance for 2018 was On Target, as discussed above, using the December to December VWAP on stock price performance; operating cash flows were above Stretch and safety targets were On Target as the Corporation had no fatalities and TRIF of 0.67; therefore, the corporate result was awarded at 120% of each executive's corporate objective weighting being awarded as discussed above.

The table below outlines the actual 2018 corporate performance results.

2018 Achievements	2018 Actual	Threshold	On Target	Stretch	As at	Result
Stock Price Performance <i>Dec 2017 – Dec 2018 VWAP⁽¹⁾</i>	-20.8%	-26.8%	-23.3%	-18.7%	31 Dec	40%
Operating Cash Flow (millions) ⁽²⁾	\$476.4	\$318.0	\$374.1	\$449.0	31-Dec	60%
Safety: Fatalities	0	n/a	Nil	n/a	31-Dec	10%
Safety: Incidents (frequency rate)	0.67	0.9	0.7	0.4	31-Dec	10%
TOTAL Result %						120%

⁽¹⁾ VWAP is the ratio of the value traded to total volume traded over a period.

⁽²⁾ Actual realized metal prices and average foreign exchange rates for the year were used for the calculations.

Cash Bonus Incentive Plan – Individual Performance Measurement

Performance of the NEOs and each member of the senior management team is measured annually through a comprehensive system of pre-set, formally documented KPIs. Achievements against the KPI's are evaluated by the CEO and discussed with and confirmed by the HRCC. However, the assessment of individual performance is not a formulaic process and judgment is exercised in determining the level of individual performance for compensation purposes. Below is a summary of the NEOs 2018 KPI achievements.

Marie Inkster, CEO and Former CFO

Ms. Inkster was appointed the new CEO in September of 2018 and, accordingly, there were no full year KPIs specific to her in place. The main performance assessment as the new CEO was the establishment of a revised, renewed and restructured management team and achievement of the general corporate and operational achievements. Please see Executive Renewal discussed above to see the full extent of the management changes made under her oversight. The implementation of this reorganization while maintaining the corporate and operational achievements (discussed above) at above target speak for themselves as to the level of performance achieved. As a result, the personal achievement score as stated earlier was 120%.

Jinhee Magie, CFO and Former VP, Finance

Ms. Magie was well positioned to assume the role of SVP and CFO, having mastered her former role and with the support of a high performing team that consistently delivers results. She transitioned smoothly and oversaw succession planning in the finance area by an internal promotion to her former role of VP Finance. She managed the process to renew the credit facility and brought it to a timely and successful conclusion, oversaw the debt retirement for the Corporation's high yield notes and the establishment of credit facilities for Candelaria. In addition, Ms. Magie managed excess cash and project funding plans as well as contributing to diligence processes and acquisition structuring. In her new role, she assumed responsibility for Information Technology ("IT") and during the fourth quarter, she undertook to establish appropriate expectations and deliverables for the team for 2019. Working with the operations teams, Ms. Magie oversaw improvements in the expenditure approvals and capital allocation processes. US tax reform was closely monitored by the Finance area with final reforms incorporated promptly into the tax planning and deferred tax accounting. Ms. Magie has also been directing the Corporation's defense against a significant Chilean tax assessment.

Peter Richardson, COO

Mr. Richardson completed his first full year as COO very strongly. In addition to having a very ambitious set of business goals for his first full year as COO, he also experienced a change in CEO as well as a restructure of his direct reports and the assumption of new responsibilities, with Technical Services, Environment, and Projects now consolidated under the COO's office. His visible support for CEO succession and leading by example was a key factor in the successful realignment of the teams and the integration of new members into the executive team. He maintains excellent and constructive relationships with Managing Directors, peers and others. In specific areas of his responsibility, safety results met targets. Mr. Richardson dedicated significant effort in this area and consistently demonstrates a high level of personal concern, motivation and an outward passion for safety by being visible and engaging with the workforce at all sites to support site and Corporate health and safety teams and their initiatives. Production was in line with guidance at all sites. He initiated significant management change at Neves-Corvo during 2018 and the result was significantly improved operational performance and improved industrial relations. Significant project work at the mine sites proceeded according to plan except ZEP, which was placed under his leadership late in 2018. A new project manager was appointed, and a third-party review undertaken in the fourth quarter, followed by corrective actions to address underperformance during the fourth quarter. Working with group finance, operations improved the processes and quality of information supporting expenditure authorizations as well as the budget and life of mine process. A capital committee was formed to assist capex oversight. Great progress was made in exploration, Candelaria in particular adding additional reserves, including a new satellite orebody to improve the mine plan.

Jean-Claude Lalumiere, VP, Human Resources

Mr. Lalumiere joined in March, with a mandate to improve HR performance and processes. Despite considerable time being spent on the CEO and management structure changes, he had an immediate stabilizing effect on the HR function in the most critical areas, improving performance, standardization and contributions to the organization. He made changes in personnel, adding new talent and transferring employees to needed operations roles that are complementary to their strengths. Mr. Lalumiere and his team worked extensively on a global mobility policy, including the establishment of a Steering Committee to ensure cross-disciplinary input for best results. He oversaw the process to globally identify talent, which involved engagement with each site to introduce guidelines for talent identification, including High Potential assessment. Mr. Lalumiere assumed responsibility for and improved the Corporation's internal communications and initiated new programs to improve employee engagement. He demonstrated valuable discretion and diplomacy in handling the unusual level of executive changes and the organizational realignment. Mr. Lalumiere supported site management, particularly Neves-Corvo, on significant senior management changes at the mine, expat contracts and issues to ensure consistency in treatment of employees and compliance with local labour, work permit and tax laws.

Stephen Gatley, VP, Technical Services

Mr. Gatley had a very high workload over the last year and was involved heavily in a number of corporate development due diligence exercises, including extensive technical due diligence with site visits completed on more than 5 projects and extended desk studies on at least 5 others. In the last quarter of the year he oversaw a review of the ZEP and completed a technical report on Candelaria (the 5th Technical Report on this asset in 4 years). He created a new position for Director, Operational Technology. He oversaw the study on options for Underground mine control and obtained approval for a common set of systems and standards across the underground mines. He is an active member of the IT steering committee and an active and engaged member of the Executive Risk Committee. Mr. Gatley leads the Corporation's Tailings Stewardship Team (TST) which improved the Corporation's Tailings Standards including Third Party Tailings Review Standards and designed follow up plans on all TST programs established. Mr. Gatley has added considerable technical depth to the team and continues to encourage young talent to come to Lundin Mining. He was a key supporter of the CEO succession and led by example with a positive approach and attitude, particularly on the reorganization where Technical Services joined the Operations team. His constructive response encouraged positive reactions from his team and from others in the organization affected by realignment. He contributes significantly to the organization, not just by providing technical expertise and insights but through his approach to teamwork, his integrity and other everyday things that have a positive impact on the business.

Equity Incentive Plans

Introduction

The Corporation provides performance-based equity incentives currently through the grant of share units and stock options (collectively, the “Equity Awards”) under its Share Unit Plan and its Incentive Stock Option Plan.

The Corporation believes its equity incentive plans are directly tied to executive and corporate performance and provides executives an opportunity to build ownership in the business and align their interests with those of shareholders with consistent long-term performance. The recipients of Equity Awards only receive awards based on performance and achieve an increase in value only to the extent the Corporation’s shareholders benefit from the increase in the Corporation’s stock price. Typically, share units vest 36 months after the award date and stock option grants vest over three years from the date of grant and have a five-year term.

The value of an Equity Award is based on a range, which varies by seniority, but is generally between 0 to 3 times the executive’s target CBI awards and targeted at 2 times CBI. The HRCC, when determining any Equity Award, will review and base an Equity Award on corporate and personal performance achievement targets for the year as well as over the last three years, prior equity grants, and while not set as specific benchmarks will take into consideration long-term total share performance over a three to five-year period against a variety of relevant comparisons such as commodity prices and indexes and total compensation. The HRCC also considers the amount of share dilution to shareholders represented by any awards to ensure fairness. The purpose of basing an Equity Award in this manner, is that an executive who consistently demonstrates high performance in meeting and exceeding goals will over the long-term receive higher levels of Equity Awards and consistent strong performance of the Corporation will result in executives receiving higher value of equity grants. The evaluation period and vesting periods ensure a long-term performance connection for executives and provides a significant retention factor, particularly in connection with the Corporation’s executive share ownership guidelines.

Equity Awards are targeted to be approximately 50% share units and 50% stock options for all the executives. The HRCC and/or Board reviews the composition of share units and stock options from time to time and may make changes to the composition as may be required.

Equity Awards are made after the release of the Corporation’s annual financial statements.

2018 Equity Awards

The following share units and stock options were granted in 2019 with respect to 2018 compensation to each NEO. The share units vest on the third anniversary of the date of grant. The stock options will vest one-third on the first, second and third anniversary of the date of grant and expire five years after the date of grant. The HRCC, in determining the number of share units and stock options to be granted to each NEO as disclosed considered several factors only one of which was a Black Scholes option valuation.

Accordingly, the value used by the HRCC in determining the amount of equity grants was C\$5.82 for share units and a stock option value of C\$1.86. This value is different from the accounting values typically used, and as shown in the Summary Compensation Table; however, the HRCC believes the values selected produced a more meaningful and reasonable estimate of the value than utilizing a single day price. The values used by the HRCC and the regulatory disclosure are different.

In the chart below, the equity award values as determined by the HRCC are shown in C\$.

NEO	Number of Share Units Awarded	Value of Share Units Awarded (C\$) ⁽²⁾	% of Total Share Units Granted to All Employees for the Financial Year ⁽¹⁾	Number of Stock Options Awarded	Value of Stock Options Awarded (C\$) ⁽³⁾	% of Total Options Granted to All Employees in the Financial Year ⁽¹⁾
Marie Inkster CEO	162,000	942,840	13.3%	508,000	944,880	12.1%
Jinhee Magie CFO	52,000	302,640	4.3%	162,000	301,320	3.9%
Peter Richardson COO	84,000	488,880	6.9%	261,000	485,460	6.2%
Jean-Claude Lalumiere VP, Human Resources	41,000	238,620	3.4%	130,000	241,800	3.1%
Steve Gatley VP, Technical Services	50,000	291,000	4.1%	152,000	282,720	3.6%

⁽¹⁾ A total of 1,213,700 share units were granted with respect to the 2018 financial year, excluding 759,600 share units that were granted on February 21, 2018 which related to 2017 compensation and including the 973,500 share units that were granted on February 21, 2019 relating to 2018 compensation. A total of 4,205,000 stock options were granted with respect to the 2018 financial year, excluding 2,808,800 stock options that were granted on February 21, 2018 which related to 2017 compensation and including the 3,804,000 stock options that were granted on February 21, 2019 relating to 2018 compensation.

⁽²⁾ The HRCC used C\$5.82 per common share as the estimated fair value for the share units awarded. The HRCC determined that was more representative of the estimated fair value.

⁽³⁾ The value of the options awarded was determined using an estimated Black Scholes value of C\$1.86 (approximately 32% of C\$5.82).

Executive Share Ownership Guidelines

To further align the interests of the Corporation's executive officers with the interests of the Corporation's shareholders, the HRCC adopted executive share ownership guidelines. Executive officers are expected to acquire and retain Common Shares of the Corporation as set out below.

Position	Number of Common Shares
Chief Executive Officer	225,000
Chief Financial Officer and Chief Operating Officer	60,000
Other SVPs and VPs	50,000

Executive officers will have five years from the date of their respective appointments (or from March 1, 2016, the date upon which these guidelines were initially adopted) to meet the share ownership guidelines above. The HRCC in its discretion may extend the period of time for attainment of these ownership levels in appropriate circumstances. For purposes of these guidelines an executive officer's share ownership shall include the following:

- Common Shares purchased on the open market
- Common Shares owned jointly with, or separately, by the executive officer's immediate family members (spouse and/or dependent children)
- Common Shares held in trust for the executive officer or immediate family member
- Common Shares obtained through the exercise of stock options
- Unvested Share Units and any other form of equity compensation as determined by the HRCC

In the event an executive officer does not meet the requirement, he or she will not be permitted to sell Common Shares until the requirement is met.

Currently, all the executive officers of the Corporation meet or exceed the Executive Share Ownership Guidelines. Using the March 22, 2019 closing price of the common shares of C\$5.98 per share, Ms. Inkster has 324,960 common shares with a value of C\$1,943,261, and 399,160 Share Units with a value of C\$2,386,977 for an aggregate value of C\$4,330,238.

EQUITY COMPENSATION PLANS

At the Annual and Special Shareholder's meeting held on May 9, 2014, the shareholders approved, among other things, the adoption of a new Share Unit Plan (the "SU Plan"), and the adoption of a new Incentive Stock Option Plan (the "SOP"). As noted above, the shareholders are being asked to approve an amendment to the SU Plan to increase the number of Common Shares available for issuance by 8,000,000 Common Shares.

In addition to amending the Share Unit Plan to increase the number of Common Shares available for issuance, the Board approved other amendments to the Share Unit Plan which do not require shareholder approval. These amendments include: (1) amending the definition of change of control to increase the threshold percentage of the Corporation's voting securities acquired by a person or group of persons acting jointly or in concert from 30% to 50%; (2) unless otherwise specified in the grant letter, share units vest on the third anniversary of the date of grant; (3) revising the vesting provisions applicable to share units granted on or after March 21, 2019 if the participant is terminated without cause (pro-rata vesting based on the period of service from the grant date of the award) or if the participant retires (subject to the participant complying with any obligations set out in the Corporation's retirement statement, share units continue to vest in accordance with the normal vesting schedule and based on actual achievement of any applicable performance criteria); (4) revising the change of control vesting provisions applicable to share units granted on or after March 21, 2019 to provide for double-trigger vesting provisions (described below); and (5) to incorporate the Corporation's recoupment policy.

The SU Plan has the dual purpose of (i) attracting, incentivizing and retaining those key employees of the Corporation who are considered by the Board to be key to the growth and success of the Corporation; and (ii) aligning the interests of key employees with those of the shareholders through longer term equity ownership in the Corporation.

The following is a summary of the key terms of the SU Plan:

- The SU Plan provides that share unit awards (the "SUs") may be granted by the Board or the HRCC, or any other committee of directors authorized by the Board to administer the SU Plan.
- The SU Plan currently has reserved 6,000,000 Common Shares for issuance under the SU Plan, which represents approximately 0.8% of the Corporation's issued and outstanding Common Shares as of the date hereof. Any Common Shares subject to a SU which has been cancelled or terminated in accordance with the terms of the SU Plan without settlement will again be available for issuance under the SU Plan. Subject to shareholder approval, the Board amended the SU Plan on March 21, 2019 to increase the number of Common Shares reserved for issuance by 8,000,000 Common Shares.
- The grant of SUs under the SU Plan is subject to the number of the Common Shares: (i) issued to insiders of the Corporation, within any one (1) year period, and (ii) issuable to insiders of the Corporation, at any time, under the SU Plan, or when combined with all of the Corporation's other security based compensation arrangements, shall not exceed 10% of the Corporation's total issued and outstanding Common Shares, respectively.
- Employees of the Corporation or any affiliate, including any senior executive, vice president, and/or member of the management team of the Corporation or its affiliates, are eligible to participate in the SU Plan. Non-employee directors are not eligible to participate in the SU Plan.
- A SU is a unit credited by means of an entry on the books of the Corporation to a participant, representing the right to receive one Common Share (subject to adjustments) issued from treasury.
- The number and terms of SUs granted to participants will be determined by the Board or committee based on the market price of the Common Shares on the grant date and credited to the participant's account effective on the grant date. The market price shall be calculated as the closing market price on the TSX of the Common Shares on the date of the grant. The Board or committee may also impose vesting criteria on the SUs. The SUs will be settled by way of the issuance of Common Shares from treasury as soon as practicable following the entitlement date determined by the Board or committee in accordance with the terms of the SU Plan. However, participants who are residents of Canada or as otherwise may be designated in the grant letter (except for US taxpayers) will be permitted to elect to defer issuance of all or any part of the Common Shares issuable to them provided proper notice is provided to the Board or committee pursuant to the terms of the SU Plan.
- All grants of SUs shall be evidenced by a confirmation share unit grant letter.
- Unless otherwise specified in the share unit grant letter, SUs vest on the third anniversary of the grant date. SUs may be subject to performance vesting criteria.
- The Board or committee will have the discretion to credit a participant with additional SUs in lieu of any cash dividends paid to shareholders of the Corporation, equal to the aggregate amount of any cash dividends that would have been paid to the participant if the SUs had been Common Shares, divided by the market value of the Common Shares on the date on which

dividends were paid by the Corporation. For the avoidance of doubt, no cash payment will be made to a participant if cash dividends are paid to shareholders.

- In the event of a participant's resignation or termination with cause, the unvested SUs will be forfeited and of no further force or effect at the date of termination, unless otherwise determined by the HRCC or provided for in the share unit grant letter, vested SUs that are subject to a deferred payment date will be settled in Common Shares forthwith.
- For SUs granted prior to March 21, 2019: In the event of termination without cause, all unvested SUs that are not subject to performance vesting criteria will vest for participants who were continuously employed by the Corporation or any affiliate for at least two years including any notice period, if applicable, on the date of termination and the Common Shares represented by the SUs held shall be issued as soon as reasonably practical. For participants who were not continuously employed by the Corporation for two years their SUs will be forfeited and of no further force or effect at the date of termination, except as may otherwise be stipulated in the participant's grant letter or as may otherwise be determined by the HRCC in its sole and absolute discretion. In the event of retirement, in accordance with the retirement policies of the Corporation, any unvested SUs will automatically vest, and the Common Shares will be issued as soon as practicable. However, any unvested SUs held by a US taxpayer will automatically vest on the date such participant attains the age of 65 and the Common Shares will be issued forthwith but no later than March 15 of the following calendar year.
- For SUs granted on or after March 21, 2019: In the event of termination without cause, a pro-rated portion of each SU award will vest on the date of termination (based on the number of days that the participant was employed during the three-year vesting period), and any performance vesting criteria will be deemed achieved at target. In the event of retirement, subject to the participant complying with any obligations set out in the Corporation's retirement statement, unvested SUs will continue to vest in accordance with their normal vesting schedule (and based on actual achievement of any applicable performance criteria).
- For SUs granted prior to March 21, 2019, in the event of a change of control, all SUs outstanding will immediately vest on the date of such change of control.
- SUs granted on or after March 21, 2019, are subject to "double-trigger" vesting conditions. In the event of a change of control any surviving, successor or acquiring entity shall assume outstanding SUs or substitute similar awards and the vesting of SUs will only accelerate if the participant's employment is terminated without cause within 12 months following a change of control. If the SUs are subject to performance vesting criteria, any applicable performance vesting criteria will be deemed to be at target. If, however, the surviving, successor or acquiring entity does not assume the outstanding SUs, in connection with the change of control, the SUs will immediately vest on the date of such change of control and the HRCC will determine the level of achievement of any applicable performance vesting criteria.

Change of control is defined as the occurrence of any one or more of the following events: (1) a consolidation, merger, amalgamation or other reorganization or acquisition involving the Corporation or any of its affiliates as a result of which the Corporation's shareholders immediately prior to the transaction hold less than 50% of the outstanding shares of the successor corporation; (2) the sale, lease, exchange or disposition of all or substantially all of the assets of the Corporation or its subsidiaries on a consolidated basis; (3) a resolution to wind-up dissolve or liquidate the Corporation; (4) any person or group of persons acting jointly or in concert acquires 50% or more of the Corporation's outstanding voting securities; (5) as a result of or in connection with a contested election of directors or a transaction, fewer than 50% of the directors of the Corporation immediately prior to such transaction remain are directors of the Corporation; or (6) the Board adopts a resolution to the effect that a change of control has occurred.

- In the event of death, all unvested SUs credited to the participant will vest on the date of the participant's death and the Common Shares represented by the SUs held shall be issued to the participant's estate as soon as reasonably practical. In the event of the total disability of a participant, all unvested SUs credited to the participant will vest on the date in which the participant is determined to be totally disabled and the Common Shares represented by the SUs held shall be issued as soon as reasonably practical.
- Notwithstanding the terms of the SU Plan, all the termination provisions shall be subject to the terms of any employment/severance agreement between the participant and the Corporation.
- SUs are not transferable other than by will or the laws of descent and distribution.
- The specific amendment provisions for the SU Plan provide the Board or committee with the power, subject to the requisite regulatory approval, to make the following amendments without shareholder approval (without limitation):
 - amendments of a housekeeping nature;
 - the addition or a change to any vesting provisions of a SU;
 - changes to the termination provisions of a SU or the SU Plan; and
 - amendments to reflect changes to applicable securities or tax laws.

Any of the following amendments require shareholder approval:

- materially increasing the benefits to a holder of SUs who is an insider to the material detriment of the Corporation and its shareholders;
- increasing the number of Common Shares or maximum percentage of Common Shares which may be issued pursuant to the SU Plan (other than by virtue of adjustments permitted under the SU Plan);
- permitting SUs to be transferred other than for normal estate settlement purposes;
- removing or exceeding the insider participation limits of the SU Plan;
- materially modifying the eligibility requirements for participation in the SU Plan; or
- modifying the amending provisions of the SU Plan.

As of December 31, 2018, there were 2,536,020 SUs outstanding under the SU Plan, representing approximately 0.35% of the Corporation's issued and outstanding Common Shares. Since May 9, 2014, an aggregate of and 1,442,387 Common Shares were issued following the entitlement date attaching to outstanding SUs granted under the SU Plan, representing approximately 0.20% of the Corporation's issued and outstanding Common Shares. As of December 31, 2018, an aggregate of 1,838,520 SUs are available for grant under the SU Plan, representing approximately 0.25% of the Corporation's issued and outstanding Common Shares. As of the date of this circular, there were 830,320 SUs available for grant under the Plan, representing approximately 0.11% of the Corporation's issued and outstanding Common Shares. If the increase to the number of issued and outstanding Common Shares available for issuance under the SU Plan is approved, 8,830,320 Common Shares will be available for grant under the Plan, representing 1.2% of the Corporation's issued and outstanding Common Shares.

SOP

The SOP has the dual purpose of (i) attracting, incentivizing and retaining those key employees and consultants, of the Corporation who are considered by the Board to be key to the growth and success of the Corporation; and (ii) aligning the interests of key employees and consultants with those of the shareholders through longer term equity ownership in the Corporation.

The following is a summary of the key terms of the SOP:

- The aggregate number of Common Shares available at all times for issuance under the SOP is 30,000,000, which represents approximately 4.1% of the Corporation's current issued and outstanding Common Shares. Any option which has been cancelled or terminated prior to exercise in accordance with the terms of the SOP will again be available under the SOP.
- The exercise price per Common Share under an option shall be determined by the Board but, in any event, shall not be lower than the market price of the Common Shares of the Corporation on the date of grant of the options.
- The term of all stock options awarded under the SOP is a maximum of five years.
- Stock options granted pursuant to the SOP shall vest and become exercisable by an optionee at such time or times as may be determined by the Board at the date of grant and as indicated in the option commitment. Stock options generally vest on each of the first, second and third anniversary of the grant date.
- In the event that the expiry of an option falls within, or within two days after the end of a trading blackout period imposed by the Corporation, the expiry date of the option shall be automatically extended to the tenth business day following the end of the blackout period as permitted by applicable TSX policies.
- Options are not transferable other than by will or the laws of descent and distribution.
- Employees, non-employee directors and consultants of the Corporation or its affiliates are eligible to receive option grants.
- For stock options granted prior to March 21, 2019, the termination provisions under the SOP are as follows: and, in all cases subject to the original option expiry date: (i) in the event of retirement, all options will automatically vest and the optionee will have a 12 month period to exercise his/her options; (ii) in the event of termination without cause, all options will automatically vest for optionees who have been continuously employed by the Corporation or by a company providing management services to the Corporation for at least two years including any notice period, as applicable; (iii) in the event of resignation, the optionee will have 90 days to exercise his/her options that have vested as of the date of resignation; and (iv) in the event of termination with cause, all options will immediately be terminated, except as may be set out in the optionee's grant agreement or as otherwise determined by the Board in its sole discretion.

- For stock options granted on or after March 21, 2019: In the event of retirement, all options will continue to vest in accordance with their normal vesting schedule and the optionee will have a 12-month period after the final vesting date of his/her options to exercise his/her options, subject to the participant complying with any obligations set out in the Corporation's retirement statement.
- For stock options granted on or after March 21, 2019: In the event of termination without cause, subject to the original option expiry date, all options, other than those awarded in the year of termination, will automatically vest for optionees who have been continuously employed by the Corporation or by a company providing management services to the Corporation for at least two years including any notice period, as applicable, and the optionee will have 90 days to exercise his/her options.
- For stock options granted prior to March 21, 2019: In the event of a change of control, all unvested options shall automatically vest on the date of the change of control and options may be cancelled if such options are out of the money.
- Stock options granted on or after March 21, 2019, are subject to "double-trigger" vesting conditions. In the event of a change of control any surviving, successor or acquiring entity shall assume outstanding stock options or substitute similar awards and the vesting of stock options will only accelerate if the optionees employment is terminated without cause within 12 months following a change of control, in which case the optionee will have 90 days to exercise his/her options, subject to the original option expiry date. If, however, the surviving, successor or acquiring entity does not assume the outstanding stock options, in connection with the change of control, the stock options will immediately vest on the date of such change of control, and options may be cancelled if such options are out of the money. Change of control is defined in the same manner as under the SU Plan.
- In the event of the death or disability of an optionee, all options will vest and the optionee's estate or the optionee, as applicable, will have, subject to the original option expiry date, 12 months to exercise his/her options.
- Notwithstanding the foregoing, all of the termination provisions shall be subject to the terms of any employment/severance agreement between the optionee and the Corporation.
- All stock options granted on or after March 21, 2019 are subject to the Corporation's recoupment policy.
- The grant of stock options under the SOP is subject to the number of the Common Shares: (i) issued to insiders of the Corporation, within any one (1) year period, and (ii) issuable to insiders of the Corporation, at any time, under the SOP, or when combined with all of the Corporation's other security based compensation arrangements, not exceeding 10% of the Corporation's total issued and outstanding Common Shares, respectively.
- The aggregate number of options granted pursuant to the SOP to any one non-employee director, if ever applicable, within any one-year period shall not exceed a maximum value of C\$100,000 worth of options. The value of the options shall be determined using a generally accepted valuation model.
- The aggregate number of Common Shares reserved for issuance pursuant to the SOP to non-employee directors as a group, if ever applicable, shall not exceed 1% of the number of issued and outstanding Common Shares, as calculated without reference to the initial options granted under the SOP to a person who is not previously an insider of the Corporation upon such person becoming or agreeing to become a director of the Corporation, and without reference to options held by former directors of the Corporation.
- The Board may delegate, to the extent permitted by applicable law and by resolution of the Board, its powers under the SOP to the HRCC of the Board, or such other committee as the Board may determine from time to time.
- The specific amendment provisions for the SOP provide the Board or committee with the power, subject to the requisite regulatory approval, to make the following amendments without shareholder approval (without limitation):
 - amendments of a housekeeping nature;
 - the addition or a change to any vesting provisions of an option;
 - changes to the termination provisions of an option or the SOP which do not entail an extension beyond the original expiry date;
 - the addition of a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying Common Shares from the SOP reserves; and
 - amendments to reflect changes to applicable securities or tax laws.

Any of the following amendments shall also require shareholder approval:

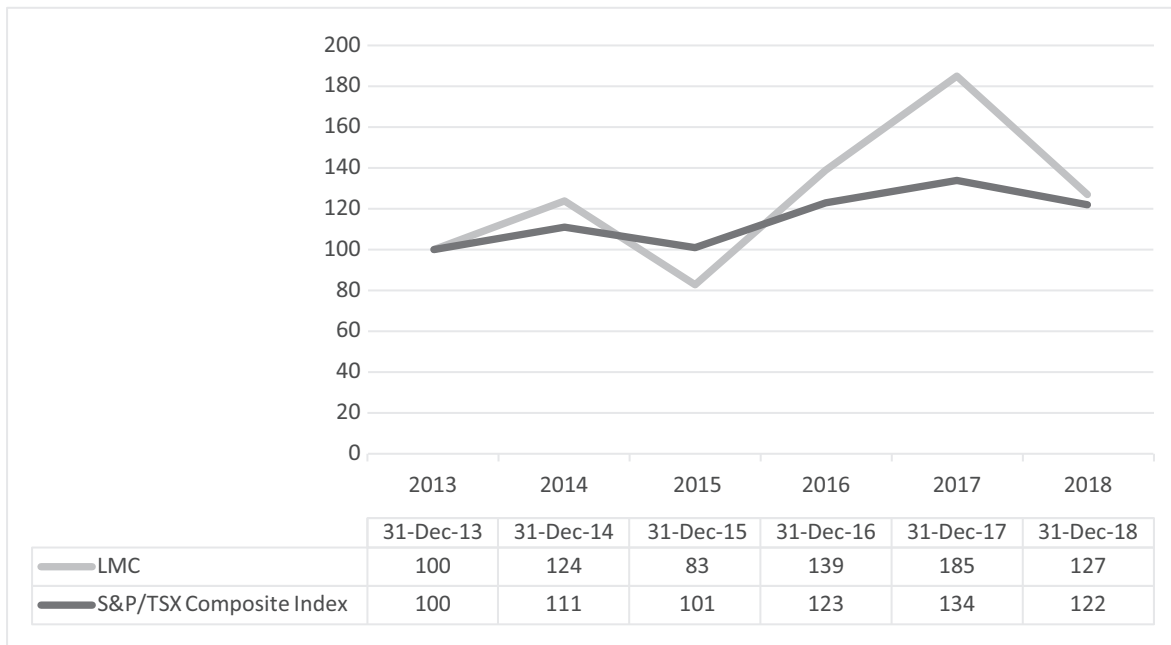
- reduce the exercise price of an option or cancel and reissue an option;
- amend the term of an option to extend the term beyond its original expiry;
- amend the limits imposed on non-employee directors (other than by virtue of adjustments permitted under the SOP);

- materially increase the benefits to the holder of the options who is an insider to the material detriment of the Corporation and its shareholders;
- increase the number of Common Shares or maximum percentage of Common Shares which may be issued pursuant to the SOP (other than by virtue of adjustments permitted under the SOP);
- permit options to be transferred other than for normal estate settlement purposes;
- remove or exceed the insider participation limits of the SOP;
- materially modify the eligibility requirements for participation in the SOP; or
- modify the amending provisions of the SOP.

As of December 31, 2018, there were 11,124,720 stock options outstanding under the SOP, representing approximately 1.52% of the Corporation's issued and outstanding Common Shares. Since May 9, 2014 an aggregate of 5,143,485 Common Shares were issued upon exercise of stock options granted under the SOP, representing approximately 0.7% of the Corporation's issued and outstanding Common Shares. As of December 31, 2018, this leaves an aggregate of 13,731,795 stock options available for grant under the SOP, representing 1.87% of the Corporation's issued and outstanding common shares.

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total shareholder return on the TSX for C\$100 invested in Common Shares on December 31, 2013 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Corporation. In both cases, it has been assumed that dividends have been reinvested.



The Corporation is included in the S&P/TSX Composite and the graph and chart above shows the relative share performance of the Corporation to this index. As discussed above, the current compensation policy relates performance compensation of executives to specific benchmarks which include specific operational objectives and individual objectives as well as relative share price performance compared to the described specific peer group. Accordingly, there is no direct link between the index shown and executive compensation as determined by the HRCC.

SUMMARY COMPENSATION TABLE

The total compensation cost of the NEOs for 2018 as reflected in the Summary Compensation Table represented 0.80%, and 0.48% excluding the Former CEO of the Corporation's consolidated revenues for 2018.

The following table sets out the total compensation actually paid to the NEOs in the most recently completed financial year as well as the two previous financial years, to the extent the NEO was employed by the Corporation⁽¹⁾. The Corporation does not have a pension plan.

Name and principal position	Year	Salary (US\$)	Share-based awards (US\$) ⁽²⁾	Option-based awards (US\$) ⁽³⁾	Non-equity incentive plan compensation (US\$)		All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans (US\$) ⁽⁴⁾	Long-term incentive plans		
Marie Inkster ⁽⁶⁾ CEO and Former CFO	2018	511,384	1,236,060 ⁽⁶⁾	797,560	583,556	-	20,247 ⁽⁶⁾	3,148,807
	2017	377,639	347,220	340,080	294,598	-	65,349 ⁽⁵⁾⁽⁶⁾	1,424,886
	2016	334,939	511,434	438,669	331,056	-	29,225 ⁽⁵⁾	1,645,323
Jinhee Magie ⁽⁷⁾ CFO and Former VP, Finance	2018	270,165	347,760 ⁽⁷⁾	291,240 ⁽⁷⁾	185,256	-	16,210 ⁽⁷⁾	1,110,631
	2017	243,176	128,600	200,640	131,335	-	13,375 ⁽⁵⁾	717,126
	2016	221,727	246,000	210,979	142,956	-	12,195 ⁽⁵⁾	833,857
Peter Richardson ⁽⁸⁾ COO	2018	385,950	430,920	409,770	301,041	-	51,320 ⁽⁸⁾	1,579,001
	2017	365,000	289,350	250,800	173,598	-	16,207 ⁽⁹⁾	1,094,955
	2016	285,000	101,475	164,580	165,158	-	85,817 ⁽⁹⁾	802,030
Jean-Claude Lalumiere ⁽¹⁰⁾ VP, Human Resources	2018	196,835	344,330 ⁽¹⁰⁾	345,100 ⁽¹⁰⁾	148,977	-	184,716 ⁽¹⁰⁾	1,219,958
	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
Stephen Gatley VP, Technical Services	2018	376,696	256,500	238,640	248,459	-	69,696 ⁽¹¹⁾	1,189,991
	2017	355,467	154,320	144,210	184,857	-	53,411 ⁽¹¹⁾	892,265
	2016	362,510	246,000	210,979	234,500	-	36,751 ⁽¹¹⁾	1,090,740
Paul Conibear ⁽¹²⁾ Former CEO	2018	558,663	-	-	-	-	4,972,269 ⁽¹²⁾	5,530,932
	2017	683,139	964,500	817,500	737,267	-	27,558 ⁽⁵⁾	3,229,964
	2016	652,139	1,230,000	1,055,000	1,000,692	-	35,140 ⁽⁵⁾	3,972,971

⁽¹⁾ During 2018, all the NEOs were paid in CDN\$, except Mr. Gatley who was paid in GBP and Mr. Richardson who was paid in US\$ during a portion of 2018. See "Currency" on page 1 for the applicable exchange rates.

⁽²⁾ The value of the SU awards is determined by multiplying the number of SUs granted by the fair value which is the closing price of the Corporation's Common Shares on the TSX on the date of the grant.

Grant Date	Performance Year	Fair Value on Grant ⁽¹⁾
Feb 21, 2019*	2018 (annual)	C\$6.65 / \$5.13
Feb 21, 2018**	2017 (annual)	C\$8.34 / \$6.43
Mar 20, 2018	Initial grant	C\$8.68 / \$6.70
Oct 26, 2018	Promotional grant	C\$5.25 / \$4.05
Feb 24, 2017***	2016 (annual)	C\$8.17 / \$6.15

⁽¹⁾ The 2019 award was converted at the average exchange rate for 2018 as this relates to 2018 compensation. The 2018 award was converted at the average exchange rate for 2017 as this relates to 2017 compensation. The 2017 award was converted at the average exchange rate for 2016 as this relates to 2016 compensation.

* The 2019 annual share unit grants are included in 2018 compensation.

** The 2018 annual share unit grants are included in 2017 compensation.

*** The 2017 annual share grants are included in 2016 compensation.

⁽³⁾ The fair value of stock option awards on the grant date were calculated using the Black Scholes model according to IFRS2 *Share-based payment* since it is used consistently by comparable companies. Below are the key assumptions and estimates:

Grant Date	Performance Year	Exercise Price	Risk-free Rate of			Expected Life (years)	Black Scholes Value ⁽¹⁾
			Return	Volatility Estimate	Dividend		
Feb 21, 2019*	2018 (annual)	C\$6.65 / \$5.13	1.82%	46.9%	0.12	3.15	C\$2.03 / \$1.57
Feb 21, 2018**	2017 (annual)	C\$8.34 / \$6.43	2.01%	49.7%	0.12	3.15	C\$2.71 / \$2.09
Mar 20, 2018	Initial grant	C\$8.68 / \$6.70	1.94%	45.2%	0.12	3.15	C\$3.05 / \$2.35
Oct 26, 2018	Promotional grant	C\$5.25 / \$4.05	2.29%	47.3%	0.12	3.15	C\$1.59 / \$1.23
Feb 24, 2017***	2016 (annual)	C\$8.17 / \$6.15	1.08%	45.8%	0.03	3.50	C\$2.74 / \$2.11

⁽¹⁾ The 2019 award was converted at the average exchange rate for 2018 as this relates to 2018 compensation. The 2018 award was converted at the average exchange rate for 2017 as this relates to 2017 compensation. The 2017 award was converted at the average exchange rate for 2016 as this relates to 2016 compensation.

* The 2019 annual stock option grants are included in 2018 compensation.

** The 2018 annual stock option grants are included in 2017 compensation.

*** The 2017 annual stock option grants are included in 2016 compensation.

- ⁽⁴⁾ Represents incentive awards in respect of the corresponding year's performance but are paid the following year.
- ⁽⁵⁾ Amounts in this column typically consist of, but are not limited to, benefits such as retirement savings benefits supplemental life and other additional benefits and parking allowances.
- ⁽⁶⁾ Ms. Inkster was appointed President and CEO and elected to the Board of Directors on September 30, 2018. Ms. Inkster did not receive additional compensation as a director. Ms. Inkster's annualized salary as Former CFO was C\$550,000 and her annualized salary as CEO is C\$1,000,000. Her realized salary for 2018 in US\$ is shown in the table above. Ms. Inkster's share unit grant disclosed above, include a promotional grant of 100,000 share units on October 26, 2018, using the fair value on grant as disclosed above, in addition to her annual grant of share units. During 2018, Ms. Inkster received C\$26,130 in registered retirement savings contributions made by the Corporation on her behalf, representing 6% of her base salary during 2018 to the maximum permitted by the Canada Revenue Agency. As disclosed in the 2017 Management Information Circular, upon the successful closing and receipt of funds from the sale of Tenke, in April 2017, Ms. Inkster received a one-time transactional bonus of C\$50,000/US\$38,560.
- ⁽⁷⁾ Ms. Magie was appointed CFO on September 30, 2018. Her annualized salary as Former VP, Finance was C\$325,000 and her annualized salary as CFO is C\$425,000. Her realized salary for 2018 in US\$ is shown in the table above. Ms. Magie's stock option and share unit grants disclosed above, include a promotional grant of 20,000 share units and 30,000 stock options on October 26, 2018, using the fair value on grant and Black Scholes value as disclosed above, in addition to her annual grant of share units and stock options. Ms. Magie received C\$21,000 during 2018 in registered retirement savings contributions made by the Corporation on her behalf, representing 6% of her base salary during the year.
- ⁽⁸⁾ Mr. Richardson was employed by Lundin Mining AB a subsidiary of the Corporation located in Sweden as General Manager. His base salary was SEK 1,700,000/\$285,000. Mr. Richardson was immediately seconded to Eagle Mine a subsidiary of the Corporation located in the United States of America. He then subsequently accepted an offer as General Manager at Eagle Mine LLC on September 1, 2016. In September 2017, Mr. Richardson was appointed as Chief Operating Officer of the Corporation with a base salary of \$365,000. In January 2018 he was promoted to Vice President and Chief Operating Officer and most recently on October 1, 2018, his title changed to Senior Vice President and Chief Operating Officer, with a base salary of C\$500,000. Mr. Richardson relocated to the Corporation's Toronto office on October 1, 2018. During 2018, he received a relocation allowance of C\$50,000, and the Corporation contributed \$16,485 to Mr. Richardson's 401k Plan. The Corporation remitted Canadian taxes on behalf of Mr. Richardson for his working time in Canada from January 1 to September 30, 2018 (prior to his relocation to Toronto on October 1, 2018) through a shadow payroll and Mr. Richardson will reimburse the Corporation upon filing of his tax returns, therefore, there is no ascribed benefit received by Mr. Richardson; however, in the event there is a shortfall in the refund received by Mr. Richardson on his US tax returns, the Corporation will fund any difference and a benefit will be disclosed. For 2018, such benefit, if any has not been determined as at the date of this Circular.
- ⁽⁹⁾ Represents 401k Plan contributions made by the Corporation (2017:\$16,207 and 2016:\$5,700). 2016 also represents \$59,022 in tax and foreign exchange equalization payments during his assignment period to the Eagle Mine.
- ⁽¹⁰⁾ Mr. Lalumiere was appointed Vice President, Human Resources on March 20, 2019 with an annualized base salary of C\$325,000. His realized salary for 2018 is shown in the table above. Mr. Lalumiere's stock option and share unit grants disclosed above, include an initial grant of 20,000 share units and 60,000 stock options on March 20, 2018, using the fair value on grant and Black Scholes value disclosed above, in addition to his annual grant of share units and stock options. As a part of Mr. Lalumiere's employment terms, he also received C\$140,000 as a signing bonus; C\$60,000 to reimburse his former employer for relocation expenses, C\$24,000 for temporary accommodation in Toronto for a period of six months and C\$15,300 in contributions to a non-registered investment account until he can contribute to the Corporation's registered retirement savings plan in 2019.
- ⁽¹¹⁾ In 2018, Mr. Gatley received an amount equal to 10% (2018: GBP 28,146; 2017: GBP 27,426 and 2016: GBP 27,594) of his base salary in lieu of United Kingdom ("UK") pension contributions. Effective September 1, 2017, Mr. Gatley is required to work 30-40% of his time in the Toronto office, Mr. Gatley received a personal travel allowance of GBP27,736 in 2018 (2017: GBP13,868), which is inclusive of a tax gross up. The Corporation remits Canadian taxes on behalf of Mr. Gatley through a shadow payroll and Mr. Gatley reimburses the Corporation upon receipt of foreign tax credits received from his UK tax returns, therefore, there is no ascribed benefit received by Mr. Gatley; however, in the event of a shortfall in the refund received by Mr. Gatley on his UK tax returns, the Corporation will fund any difference and a benefit will be disclosed. For the 2017/2018 UK tax year Mr. Gatley reimbursed the Corporation in full for the Canadian taxes remitted on his behalf during this period.
- ⁽¹²⁾ Mr. Conibear retired from his position as President and CEO and director of the Corporation effective September 30, 2018 and provided transitional services until December 31, 2018. Mr. Conibear did not receive additional compensation as a director. Mr. Conibear's base salary for 2018 was C\$965,000 and his 2018 realized base salary in US\$ is shown in the table above. Mr. Conibear received C\$9,019 in accrued vacation, and C\$15,008 value for 24 months health and medical benefit continuation. During 2018, Mr. Conibear received C\$19,673 in registered retirement savings contributions made by the Corporation on his behalf, representing 6% of his salary during 2018 and C\$87,600 in a housing benefit. Following the transitional period, Mr. Conibear received a retirement package of C\$6,300,000, which was subsequently paid in January 2019. With respect to his retirement, Mr. Conibear's unvested stock options and share units vested on January 4, 2019 in accordance with the terms of each applicable plan.

INCENTIVE PLAN AWARDS

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets forth for each NEO all awards outstanding at the end of the most recently completed financial year.

NEO	Grant date	Option-based Awards				Share-based Awards		
		Number of securities underlying unexercised options (#)	Option exercise price (US\$) ⁽¹⁾⁽²⁾	Option expiration date	Value of unexercised in-the-money options (US\$) ⁽²⁾⁽³⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$) ⁽²⁾⁽³⁾	Market or payout value of vested share-based awards not paid out or distributed (C\$)
Marie Inkster CEO and Former CFO	Feb 25/14	280,200	3.80	Feb 24/19	95,268 ⁽⁴⁾	-	-	-
	Feb 20/15	246,000	3.92	Feb 19/20	54,120 ⁽⁴⁾	-	-	-
	Mar 8/16	246,000	3.17	Mar 7/21	238,620 ⁽⁵⁾	60,000	248,400	-
	Feb 24/17	207,900	5.99	Feb 23/22	nil ⁽⁶⁾	83,160	344,282	-
	Feb 21/18	156,000	6.12	Feb 20/23	nil ⁽⁷⁾	54,000	223,560	-
	Oct 26/18 ⁽⁸⁾	-	-	-	-	100,000	414,000	-
Jinhee Magie CFO and Former VP, Finance	Feb 25/14	180,000	3.80	Feb 24/19	61,200 ⁽⁴⁾	-	-	-
	Feb 20/15	132,000	3.92	Feb 19/20	29,040 ⁽⁴⁾	-	-	-
	Mar 8/16	132,000	3.17	Mar 7/21	128,040 ⁽⁵⁾	28,000	115,920	-
	Feb 24/17	99,990	5.99	Feb 23/22	nil ⁽⁶⁾	40,000	165,600	-
	Feb 21/18	66,000	6.12	Feb 20/23	nil ⁽⁷⁾	20,000	82,800	-
	Oct 26/18 ⁽⁹⁾	30,000	3.85	Oct 25/23	8,700 ⁽⁷⁾	20,000	82,800	-
Peter Richardson COO	Aug 24/15	65,000	2.83	Aug 23/20	85,150 ⁽⁴⁾	-	-	-
	Mar 8/16	33,000	3.17	Mar 7/21	32,010 ⁽⁵⁾	7,000	28,980	-
	Feb 24/17	78,000	5.99	Feb 23/22	nil ⁽⁶⁾	16,500	68,310	-
	Feb 21/18	120,000	6.12	Feb 20/23	nil ⁽⁷⁾	45,000	186,300	-
Jean-Claude Lalumiere VP, Human Resources	Mar 20/18	60,000	6.37	Mar 20/23	nil ⁽⁷⁾	20,000	82,800	-
Stephen Gatley VP, Technical Services	Feb 25/14	60,000	3.80	Feb 24/19	20,400 ⁽⁴⁾	-	-	-
	Feb 20/15	132,000	3.92	Feb 19/20	29,040 ⁽⁴⁾	-	-	-
	Mar 8/16	132,000	3.17	Mar 7/21	128,040 ⁽⁵⁾	28,000	115,920	-
	Feb 24/17	99,990	5.99	Feb 23/22	nil ⁽⁶⁾	40,000	165,600	-
	Feb 21/18	69,000	6.12	Feb 20/23	nil ⁽⁷⁾	24,000	99,360	-
Paul Conibear⁽¹⁰⁾ Former CEO	Feb 25/14	300,000	3.80	Feb 24/19	102,000 ⁽⁴⁾	-	-	-
	Mar 8/16	-	-	-	-	300,000	1,242,000	-
	Feb 24/17	500,000	5.99	Jan 5/20	nil ⁽⁶⁾	200,000	828,000	-
	Feb 21/18	375,000	6.12	Jan 5/20	nil ⁽⁷⁾	150,000	621,000	-

⁽¹⁾ Based on the closing exchange rate of C\$1.00:US\$0.7333 on December 31, 2018.

⁽²⁾ All stock options are granted in C\$. Below are the exercise prices in C\$:

February 25, 2014	-	C\$5.18
February 20, 2015	-	C\$5.35
August 24, 2015	-	C\$3.86
March 8, 2016	-	C\$4.32
February 24, 2017	-	C\$8.17
February 21, 2018	-	C\$8.34
March 20, 2018	-	C\$8.68
October 26, 2018	-	C\$5.25

⁽³⁾ In respect of stock options, the value is based on the closing price of the Common Shares on the TSX on December 31, 2018 of C\$5.64 (US\$4.14) per Common Share, less the exercise price of the in-the-money stock options. These stock options have not been, and may never be, exercised and the actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise. In respect of SUs, the value is based on the closing price of the Common Shares on the TSX on December 31, 2018 of C\$5.64 (US\$4.14) per Common Share. The SUs granted February 24, 2017, February 21, 2018 are currently unvested and the actual market value will depend on the value of the Common Shares on the vesting date. The vesting date for SUs is the third anniversary date after the grant date. The February 20, 2015 SUs vested on February 20, 2018.

⁽⁴⁾ These values represent all vested stock options. After December 31, 2018 all options granted on February 25, 2014 were exercised prior to the expiry date.

⁽⁵⁾ These values represent two-thirds vested stock options. The remaining one-third vested on March 8, 2019.

- (6) These values represent one-third vested stock options. The remaining two-thirds vested on February 24, 2019 and will vest on February 24, 2020 respectively.
- (7) Unvested, as at December 31, 2018.
- (8) Ms. Inkster received a grant of share units with respect to her promotion to CEO.
- (9) Ms. Magie received a grant of stock options and share units with respect to her promotion to CFO.
- (10) Mr. Conibear retired from his position as President and CEO and director of the Corporation effective September 30, 2018 and provided transitional services to December 31, 2018. All his equity awards automatically vested and the underlying shares relating to his share units were issued to him on January 4, 2019 and his stock options remain available to exercise in accordance with the SOP.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED IN 2018

The following table provides information regarding the value on vesting of incentive plan awards for the financial year ended December 31, 2018, plus a summary of cash awards made under the CBI for 2018 performance (paid in 2019).

NEO	Option-based awards – value vested during the year (US\$) ⁽¹⁾⁽²⁾	Share-based awards – value vested during year (US\$) ⁽¹⁾⁽³⁾	Non-equity incentive plan compensation – value earned during year (US\$) ⁽⁴⁾
Marie Inkster CEO and Former CFO	448,736	341,336	583,556
Jinhee Magie CFO and Former VP, Finance	239,739	176,989	185,256
Peter Richardson COO	87,160	70,177	301,041
Jean-Claude Lalumiere VP, Human Resources	Nil	Nil	148,977
Stephen Gatley VP, Technical Services	239,739	176,989	248,459
Paul Conibear Former CEO	45,220	1,896,314	Nil

(1) Based on the closing exchange rate of C\$1.00:US\$0.7333 on December 31, 2018.

(2) Calculated using the closing price of the Corporation's common shares on the TSX on the relevant vesting date and subtracting the exercise price of in-the-money stock options.

(3) Calculated using C\$8.62 (US\$6.32) which was the closing market price of the Common Shares on the TSX on February 20, 2018, the date at which share units vested during 2018 for all NEOs except for Mr. Richardson. Mr. Richardson's was calculated using C\$5.80 (US\$4.25) which was the closing market price of the Common Shares on the TSX on November 2, 2018, the date which his share units vested in 2018.

(4) Non-equity incentive plan compensation includes the amount of the annual performance bonus awards earned by NEOs for the noted year, as paid in the following year. All the NEO's annual performance bonus awards were paid in C\$, other than Mr. Gatley, who was paid in GBP. See "Currency" on page 1 for the applicable exchange rates.

PENSION PLAN BENEFITS

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

COMPENSATION RISK MANAGEMENT

As part of its annual review, the HRCC evaluated potential risks related to the Corporation's compensation policies and practices. The Corporation's annual corporate and personal objectives which form the basis of the compensation plan evaluations are carefully considered by the HRCC with a view of establishing a realistic and balanced set of objectives together with a range of achievement level factors that both encourage initiative and discourage under performance in areas important to the Corporation and do not encourage excessive risk-taking by senior management.

Below are some of the risk mitigating features of the Corporation's executive compensation programs:

- consistent program design among all executive officers;
- a mix of performance measures are used in the cash bonus incentives, and granting of equity incentives provides a balanced performance focus;
- capped payout opportunity within the CBI of 1.5 times the target CBI % which is subject to Board discretion;
- awards are granted annually;
- SUs vest three years after the award date;
- stock options vest over three years and have a five-year term;
- potential equity awards are regularly "stress-tested" to avoid unintended behaviours and compensation outcomes;
- the Corporation provides a non-binding advisory vote on the Corporation's approach to executive compensation; and
- in-camera sessions are held after certain HRCC meetings.

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

HEDGING

Directors and officers are prohibited from purchasing financial instruments that are designed to hedge or offset any decrease in the market value of the Corporation's equity securities that are held directly or indirectly by them or granted as compensation to them. Such prohibited financial instruments with respect to the Corporation's equity securities include prepaid variable forward contracts, equity swaps, collars, put or call options, and similar financial instruments.

RECOUPMENT POLICY

Effective as of March 21, 2019, the Board approved a Recoupment Policy that allows the Corporation to recover or cancel certain incentive compensation to executives and other designated employees in circumstances where (i) there has been an accounting restatement of the Corporation's financial statements as a result of significant non-compliance with financial reporting requirements and the amount of incentive compensation received or realized was higher than it would have been based on the restated financial results, or (ii) the employee has engaged in misconduct (fraud, or intentional and/or reckless non-compliance with applicable laws or the Corporation's Code of Business Conduct).

MANAGEMENT'S ROLE IN COMPENSATION DECISION MAKING

The CEO and Senior Vice President, Human Resources provide information to the HRCC as required on compensation risk management and also provide annual recommendations to the HRCC on base salary adjustments, cash and equity incentives for the executives and other members of management, excluding the CEO. The HRCC approves any base salary adjustments, cash and equity incentive awards for the executives and recommends to the Board all compensation for the CEO, based on the results of the key strategic deliverables, the results of each executive's KPIs and in the context of total compensation. As part of the final determination of the total compensation, the HRCC also refers to compensation of executives among the selected peer group.

The CEO is not a member of the HRCC. She 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.

INDEPENDENT COMPENSATION CONSULTANTS

Since 2016, the HRCC has retained Willis Towers Watson to serve as the HRCC's independent compensation consultant. Willis Towers Watson provides independent advice to the HRCC on executive compensation and related governance matters. In 2018, the services Willis Towers Watson provided to the HRCC included:

- Pay-for-performance analysis
- Compensation benchmarking review for senior executives
- Comprehensive audit of the Corporation's executive compensation policies and practices

Advisor	Type of Work	2018 Fees (C\$)	2017 Fees (C\$)
Willis Towers Watson	Executive compensation-related fees	68,308	10,561
	All other fees	-	-

Willis Towers Watson did not provide any services to the Corporation, its affiliated or subsidiary entities, or to any of its directors or members of management, other than those services to the HRCC related to compensation. HRCC pre-approval is required before Willis Towers Watson can provide services to the Corporation at the request of management.

TERMINATION AND CHANGE OF CONTROL BENEFITS

INTRODUCTION

Each of the Corporation's NEOs as of December 31, 2018 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 event of a change of control of the Corporation.

TERMINATION WITHOUT CAUSE

The employment agreements for each of the NEOs include specific terms and conditions describing the Corporation's obligations should the employment of the NEO be terminated without cause. If the employment of a NEO is terminated by the Corporation without cause, or if a NEO terminates their own employment for good reason, then payment of base salary and, in some cases, CBI payments, equity awards and benefits shall be due as provided in the respective agreement.

Following a without cause termination of Ms. Inkster's employment by the Corporation, the Corporation will be required to pay, on termination, 24 months' base salary, plus two times the average of the CBI payments received in the previous two years. All unvested SUs will automatically vest, and all unvested stock options awarded pursuant to the Corporation's SOP, as amended or replaced from time to time, shall automatically vest and Ms. Inkster will have 90 days from the date following termination to exercise such stock options. Furthermore, the terms of termination without cause, as set out in Ms. Inkster's employment agreement, will prevail over the terms regarding termination without cause as contained in the SU Plan and/or SOP, as may be amended or replaced from time to time, unless such terms contained in the SU Plan and/or SOP are more favourable, in which case the terms in the SU Plan and/or SOP, as applicable, shall prevail. Ms. Inkster shall also continue to participate in the Corporation's group medical and dental benefits plan for 24 months following the termination date; her participation in the Corporation's short- and long-term disability, life insurance, and accidental death and dismemberment plans will continue for 12 months, if available and to the extent permitted under the plan.

Following a without cause termination of Ms. Magie's employment by the Corporation, Ms. Magie will receive working notice of 24 months, or at the discretion of the Corporation, in lieu of such notice, a payment consisting of 24 months' base salary and two times the average of the CBI payments received in the previous two years. Ms. Magie shall also continue to participate in the Corporation's group medical and dental benefits program for a period of 24 months after the termination date. Such payments shall be in full satisfaction of any claim Ms. Magie may have to notice of termination, severance, or separation pay of any kind in respect of the termination of her employment with the Corporation. Any equity awards received by Ms. Magie prior to the date of termination will be treated in accordance with the applicable equity award plan terms.

Following a without cause termination of Mr. Richardson's employment by the Corporation, Mr. Richardson will receive working notice of 12 months, or at the discretion of the Corporation, in lieu of such notice a payment consisting of 12 months' base salary. Mr. Richardson will also receive a payment equal to the average of the CBI payments received in the previous two years, and his participation in the Corporation's group health benefits plan and the group RRSP program will continue for a period of 12 months. Such payments will be in full satisfaction of any claim Mr. Richardson may have to notice of termination, severance, or separation pay of any kind, in respect of the termination of his employment with the Corporation. Any equity awards received by Mr. Richardson prior to the date of termination will be treated in accordance with the applicable equity award plan terms.

Following a without cause termination of Mr. Lalumiere's employment by the Corporation, Mr. Lalumiere will receive working notice of 12 months, or at the discretion of the Corporation, in lieu of such notice a payment consisting of 12 months' base salary. Mr. Lalumiere will also receive a payment equal to the average of the CBI payments received in the previous two years, or if termination occurs before Mr. Lalumiere has received two annual CBI payments, he will receive the product of his CBI target percentage. Mr. Lalumiere's participation in the Corporation's group health benefits plan will continue for 12 months. Such payments will be in full satisfaction of any claim Mr. Lalumiere may have to notice of termination, severance, or separation pay of any kind, in respect of the termination of his employment with the Corporation. Any equity awards received by Mr. Lalumiere prior to the date of termination will be treated in accordance with the applicable equity award plan terms.

Following a without cause termination of Mr. Gatley's employment by the Corporation, Mr. Gatley will receive two weeks' notice or payment in lieu of notice plus one week for each additional year of employment to a maximum of 12 weeks' (the "Notice Period Payment"). Currently, Mr. Gatley will receive an amount equal to 12 weeks Salary that would have been payable to him had his employment with the Corporation continued for a period of 12 weeks after the termination date in full satisfaction of any notice periods, severance or other payments to which he may be entitled to under statute or otherwise in respect of the termination of his employment with the Corporation. "Salary" is defined as base salary. Furthermore, subject to certain provisions of Mr. Gatley's employment agreement, the Corporation, at its sole discretion, can provide written notice to Mr. Gatley requiring him not to perform any further services ("Garden Leave"). If the Corporation requires Mr. Gatley to be on Garden Leave, Mr. Gatley will receive up to six months' Salary, inclusive of the Notice Period Payment. The amount of up to six months' Salary is determined at the sole discretion of the Corporation.

The following table provides details regarding the estimated incremental payments payable by the Corporation to the NEOs assuming termination of employment without cause on December 31, 2018.

NEO	Severance: Base Salary (US\$) ⁽¹⁾	Severance: CBI (US\$) ⁽¹⁾	Severance: Value of Benefits (US\$) ⁽¹⁾	Equity (US\$) ⁽¹⁾⁽²⁾	Total (US\$) ⁽¹⁾
Marie Inkster CEO and Former CFO	1,466,600	639,438	25,607	1,618,250	3,749,895
Jinhee Magie CFO and Former VP, Finance	623,305	264,208	25,607	674,100	1,587,220
Peter Richardson COO	385,950	169,378	27,271	400,750	983,349
Jean-Claude Lalumiere VP, Human Resources	238,323	162,500	11,747	-	457,570
Stephen Gatley VP, Technical Services	180,043 ⁽³⁾	-	-	558,360	738,403

⁽¹⁾ Based on the closing exchange rate of C\$1.00:US\$0.7333 and GBP1.00:US\$1.2769 on December 31, 2018.

⁽²⁾ Unless provisions are included in an employment contract (as set forth above), in accordance with the SOP and SU Plan, all options vest and become exercisable and all share units automatically vest following a termination of employment without cause, if an individual has been continuously employed with the Corporation for two years. Values represent the in the money value of all vested and unvested options and share units, using a TSX closing price on December 31, 2018 of C\$5.64 (US\$4.14).

⁽³⁾ Represents six months base salary assuming the Corporation requires Mr. Gatley to be on Garden Leave (as described above).

CHANGE OF CONTROL

If there is a Change of Control of the Corporation, as defined in the employment agreement, within 60 days of such change of control Ms. Inkster may provide the Corporation with written notice of resignation for good reason with immediate effect and she will be entitled to receive the payments and benefits of her employment contract as set out for termination without cause. In the event of a Change of Control of the Corporation, all unvested stock option and share unit awards outstanding and held by Ms. Inkster as of the effective date of such Change of Control shall, notwithstanding any provisions of any resolution, by-law, equity incentive plan, agreement, contract or instrument pertaining to or evidencing the unvested stock option and share unit awards to the contrary, automatically immediately vest on such effective date and any share units so vesting shall be immediately issued and any stock options so vesting shall be immediately exercisable and shall remain exercisable until their expiry date.

If there is a Change of Control of the Corporation, as defined in the employment agreement, and Ms. Magie's employment is terminated within 12 months of the Change of Control for any reason other than cause, death, or disability, she will be entitled to the payments and benefits of her employment contract as set out for termination without cause. Alternately Ms. Magie may, within 60 days of such Change of Control, provide the Corporation with written notice of resignation for good reason with immediate effect and she will be entitled to receive the payments and benefits of her employment contract as set out for termination without cause. In the event of a Change of Control of the Corporation, all unvested stock option and share unit awards outstanding and held by Ms. Magie as of the effective date of such Change of Control shall, notwithstanding any provisions of any resolution, by-law, equity incentive plan, agreement, contract or instrument pertaining to or evidencing the unvested stock option and share unit awards to the contrary, automatically immediately vest on such effective date and any share units so vesting shall be immediately issued and any stock options so vesting shall be immediately exercisable and shall remain exercisable until their expiry date.

If there is a Change of Control of the Corporation, as defined in the employment agreement, and Mr. Richardson's employment is terminated within 12 months of the Change of Control for any reason other than cause, death, or disability, he will be entitled to the payments and benefits of his employment contract as set out for termination without cause. Alternately Mr. Richardson may, within 60 days of such Change of Control, provide the Corporation with written notice of resignation for good reason with immediate effect and the notice requirement of his employment contract shall not apply and he will be entitled to receive the payments and benefits of his contract as set out for termination without cause. In the event of a Change of Control of the Corporation, all unvested stock options and share units outstanding and held by Mr. Richardson as of the effective date of such Change of Control shall, notwithstanding any provisions of any resolution, by-law, equity incentive plan, agreement, contract or instrument pertaining to or evidencing the unvested stock option and share unit awards to the contrary, automatically immediately vest on such effective date and any share units so vesting shall be immediately issued and any stock options so vesting shall be immediately exercisable and shall remain exercisable until their expiry date.

If there is a Change of Control of the Corporation, as defined in the employment agreement, and Mr. Lalumiere's employment is terminated within 12 months of the Change of Control for any reason other than cause, death, or disability, he will be entitled to the

payments and benefits of his employment contract as set out for termination without cause. Alternately Mr. Lalumiere may, within 60 days of such Change of Control, provide the Corporation with written notice of resignation for good reason with immediate effect and he will be entitled to receive the payments and benefits of his contract as set out for termination without cause. In the event of a Change of Control of the Corporation, all unvested stock option and share unit awards outstanding and held by Mr. Lalumiere as of the effective date of such Change of Control shall, notwithstanding any provisions of any resolution, by-law, equity incentive plan, agreement, contract or instrument pertaining to or evidencing the unvested stock option and share unit awards to the contrary, automatically immediately vest on such effective date and any share units so vesting shall be immediately issued and any stock options so vesting shall be immediately exercisable and shall remain exercisable until their expiry date.

If at any time Mr. Gatley's employment is terminated by reason of any reconstruction, amalgamation or sale of the Corporation and Mr. Gatley is not offered employment with terms that are no less favourable to any material extent than the terms of his current employment agreement, Mr. Gatley is entitled to receive payment in lieu of an extended notice period of 24 months' Salary, which is inclusive of any other payments including notice that may be payable under his employment agreement. "Salary" is defined as base salary, pension contributions and other benefits in kind.

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

The following table provides details regarding the estimated incremental payments from the Corporation to the NEOs assuming a change of control of the Corporation on December 31, 2018. If a NEO is terminated without cause following a change of control, the NEO's entitlement is set out in the table detailing estimated incremental payments for a termination without cause.

NEO	Severance Base Salary (US\$) ⁽¹⁾	Severance CBI (US\$) ⁽¹⁾	Severance Value of Benefits (US\$) ⁽¹⁾	Equity (US\$) ⁽¹⁾⁽²⁾	Total (US\$) ⁽¹⁾
Marie Inkster CEO and Former CFO	1,466,600	639,438	25,607	1,618,250	3,749,895
Jinhee Magie CFO and Former VP, Finance	623,305	264,208	25,607	674,100	1,587,220
Peter Richardson COO	385,950	169,378	27,271	400,750	983,349
Jean-Claude Lalumiere VP, Human Resources	238,323	162,500	11,747	82,800	370,000
Stephen Gatley VP, Technical Services	720,172	-	175,030	558,360	1,453,562

⁽¹⁾ Based on the closing exchange rate of C\$1.00:US\$0.7333 and GBP1.00:US\$1.2769 on December 31, 2018.

⁽²⁾ In accordance with the SOP and SU Plan and certain employment agreements, as set forth above, all options vest and become exercisable and all share units automatically vest following a change of control. Values represent the gain on all vested and unvested options and share units, using a TSX closing price on December 31, 2018 of C\$5.64 (US\$4.14).

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Corporation, proposed nominees for election as directors, or associates of any of the foregoing persons, is as at the date hereof, or has been, during the year ended December 31, 2018, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The Corporation's SOP, as described above, provides for the grant of non-transferable stock options to permit the purchase of the Common Shares by the participants of the SOP. The below chart includes stock options that were outstanding under the 2006 Stock Option Plan (the "2006 SOP") at December 31, 2018; however, the 2006 SOP is no longer in existence as at the date of this Circular.

Equity Compensation Plan Information as of December 31, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options and SUs	Weighted-average exercise price of outstanding options and SUs (C\$)	Number of securities remaining available for future issuance under equity compensation plans
Equity Compensation Plans approved by security holders	11,438,270 (stock options) 2,536,020 (SUs)	\$6.68 (stock options) N/A (SUs)	13,731,795 (stock options) 1,838,520 (SUs)
Equity Compensation Plans not approved by security holders	N/A	N/A	N/A

Annual Burn Rate

The table below sets out the burn rate for each of the Corporation's equity compensation plans as at December 31, 2018 for each of the last three years. The burn rate represents the total number of stock options and SUs granted during the year, divided by the weighted average number of Corporation shares outstanding during the year.

Plan	2018	2017	2016
Share Unit Plan	0.14%	0.17%	0.16%
2014 Stock Option Plan	0.44%	0.61%	0.58%
2006 Stock Option Plan ⁽¹⁾	N/A	N/A	N/A

⁽¹⁾ As at the date of this circular there are no options outstanding under the 2006 SOP.

None of the SUs granted in 2016, 2017 or 2018 are subject to performance vesting criteria.

NORMAL COURSE ISSUER BID

On December 4, 2018, the Corporation announced TSX approval of a new normal course issuer bid ("NCIB"), commencing on December 7, 2018 and will expire no later than December 6, 2019. The NCIB allows the Corporation to repurchase for cancellation up to an aggregate of 63,718,842 shares representing approximately 10% of the "public float" (as defined by the TSX) of the Corporation as at the date the NCIB notice filed with the TSX. Daily purchases under the NCIB (other than pursuant to a block purchase exemption) on the TSX under the NCIB are limited to a maximum of 573,371 common shares. The Corporation will pay market price at the time of purchase for all common shares purchased in open market transactions.

COMPENSATION OF DIRECTORS AND OFFICERS

The extent and level of director and officers' compensation is determined by the Board after considering the recommendations of the HRCC which is composed entirely of independent directors. The HRCC 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, the HRCC 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 "Director Compensation" for further information concerning director compensation.

MANAGEMENT CONTRACTS

Management functions of the Corporation and its subsidiaries are performed by the directors and executive officers of the Corporation and are not performed, to any substantial degree, other than by the directors or executive officers of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the best of the Corporation's knowledge, no informed person of the Corporation, proposed nominees for election as directors, or any associate or affiliate of any informed person or proposed nominee, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction 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.

NON-GAAP PERFORMANCE MEASURES

Net cash and cash costs are non-GAAP performance measures and may not be comparable to measures used by other companies. Management uses this measure internally to assess its financial position. For further details, see the Corporation's Management's Discussion and Analysis for the years ended December 31, 2018 and 2017.

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 consolidated audited financial statements and related management's discussion and analysis for the year ended December 31, 2018. Copies of the Corporation's consolidated audited financial statements, related management's discussion and analysis and Annual Information Form prepared for its fiscal year ended December 31, 2018 may be obtained free of charge by writing to the Corporate Secretary of the Corporation at Suite 2200, 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.

SHAREHOLDER PROPOSALS

Shareholder Proposals – General

The Canada Business Corporations Act permits certain eligible shareholders to submit shareholder proposals to the Corporation, which may be included in a management proxy circular relating to an annual meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders in 2020 is December 28, 2019.

Shareholder Proposals – Nominations for Directors

Shareholders may at any time submit to the board the names of individuals for consideration as directors. The CGNC will consider such submissions when assessing the Board's composition and when making recommendations for individuals to be nominated for election as directors.

Holders of shares representing in the aggregate not less than 5% of the Corporation's outstanding shares may nominate individuals to serve as directors and have their nominations included in the Corporation's proxy circular for its annual meeting of shareholders by

submitting a shareholder proposal in compliance with and subject to the provisions of the Canada Business Corporations Act. No such shareholder proposal was received this year. For additional information regarding the process for nominating directors for election, please see “Advance Notice”.

CERTIFICATE OF APPROVAL

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

DATED at Toronto, Ontario this 22nd day of March 2019.

BY ORDER OF THE BOARD OF DIRECTORS

Annie Laurenson
Corporate Secretary

APPENDIX A MANDATE OF THE BOARD OF DIRECTORS

A. INTRODUCTION

The Board of Directors (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 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 “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 endeavoring 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 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 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.

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