lundin mining

2015

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
AND
MANAGEMENT INFORMATION CIRCULAR
WITH RESPECT TO THE
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON
MAY 8, 2015
FOR
LUNDIN MINING CORPORATION

April 2, 2015

lundin mining

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that an annual meeting of the shareholders of **LUNDIN MINING CORPORATION** ("Corporation") will be held at the St. Andrew's Club & Conference Centre, 150 King Street West, 27th Floor (King Street/University Avenue) Toronto, Ontario, on Friday, May 8, 2015 at 10:00 a.m. Toronto time ("Meeting"), for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2014 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, 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 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. (Toronto, Ontario, time) on Wednesday, May 6, 2015 (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 April 2, 2015. Accordingly, shareholders registered on the books of the Corporation at the close of business on April 2, 2015 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 2nd day of April, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

Paul K. Conibear

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

MANAGEMENT INFORMATION CIRCULAR

(all information as at April 2, 2015 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 ("Corporation" or "Lundin Mining") for use at the annual meeting of the Corporation's shareholders to be held on Friday, May 8, 2015 ("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 14, 2015.

Unless otherwise stated, the information contained in this Circular is as of April 2, 2015.

CURRENCY

The Corporation's reporting currency is United States Dollars (reference herein of US$ or $ is to United States Dollars, reference of C$ is to Canadian Dollars and reference of £ is to British Pounds Sterling). The Corporation has used the average exchange rate for each year for all currency conversions throughout this Circular, unless indicated otherwise. (2014: US$0.9055:C$1.00 and US$1.6476:£1.00); (2013: US$0.971:C$1.00 and US$1.5646:£1.00); and (2012: US$1.0008:C$1.00 and US$1.5853:£1.00).

VOTING OF PROXIES

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

APPOINTMENT OF PROXYHOLDER

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

The instrument appointing a proxyholder must be signed in writing by the Registered Shareholder, or such Registered Shareholder's attorney authorized in writing. If the Registered Shareholder is a corporation, the instrument appointing a proxyholder must be in writing signed by an officer or attorney of the corporation duly authorized by resolution of the directors of such corporation, which resolution must accompany such instrument. An instrument of proxy will only be valid if it is duly completed, signed, dated and received at the office of the Corporation's registrar and transfer agent, Computershare Investor Services Inc. ("Computershare"), Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 by 10:00 a.m. (Toronto, Ontario time) on Wednesday, May 6, 2015 (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 who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf.

EXERCISE OF DISCRETION

The enclosed proxy, when properly completed and delivered and not revoked, gives discretionary authority to the persons named therein with respect to any amendments or variations of matters identified in the Notice 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. This Circular and related Meeting materials are being sent to both registered and non-registered owners of the securities. If you are a "non-registered beneficial owner" and Lundin Mining or its agent has sent these materials directly to you it has done so as permitted under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*. The Corporation has used a non-objecting beneficial owner list to send the Meeting materials directly to the non-objecting beneficial owners whose names appear on that list. By choosing to send these materials to you directly, the Corporation (and not the intermediary 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.

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

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

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

RECORD DATE

Shareholders registered as at April 2, 2015 (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 end of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any 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 718,388,673 Common Shares are 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
Lorito Holdings S.à.r.l. ("Lorito")(1) Luxembourg	37,557,844	Approximately 5.2%
Zebra Holdings and Investments S.à.r.l. ("Zebra")(1) Luxembourg	54,964,854	Approximately 7.7%

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

BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended December 31, 2014 including the report of the auditors will be tabled at this Meeting and will be received by the shareholders. These audited consolidated financial statements of the Corporation for the year ended December 31, 2014 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 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.

Directors are elected annually. 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. Seven of the eight nominees are presently members of the Board and the dates on which they were first elected or appointed are indicated below. Brian D. Edgar has decided not to stand for re-election at the Meeting.

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.

On February 21, 2013, the Board adopted a majority voting policy (the "Majority Voting Policy") in order to promote enhanced director accountability. The Majority Voting Policy provides that each director should be elected by the vote of a majority of the Common Shares, represented in person or by proxy, at any meeting for the election of directors. The Chairman of the Board will ensure that the number of Common Shares voted "for" or "withheld" for each director nominee is recorded and promptly made public after the meeting. If any nominee for election as director receives, from the Common Shares voted at the meeting in person or by proxy, a greater number of votes "withheld" than votes "for" his or her election, the director will promptly tender his or her resignation to the Chairman of the Board following the meeting, to take effect upon acceptance by the Board. 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. 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.

If any director fails to tender his or her resignation as contemplated in the policy, the Board will not re-nominate that director in the future. Subject to any corporate law restrictions, where the Board accepts the offer of resignation of a director and that director resigns, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to elect a new nominee to fill the vacant position. The policy does not apply to a contested election of directors, that is, where the number of nominees exceeds the number of directors to be elected.

Share Ownership Policy

On July 27, 2010, the Board approved implementing a share ownership policy for the directors of the Corporation. 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.

Nominated Director 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 this information as of the Record Date.

LUKAS H. LUNDIN Vaud, Switzerland Chairman	Chairman and a director of the Corporation since September 1994; chairman, president and/or director of a number of publicly traded resource-based companies. President of Namdo Management Services Ltd., a private corporation, from 1995 to June 2013.	
Age: 57	**Lundin Mining Board and Board committees**	**Lundin Mining Securities held**
Director since: September 9, 1994	Board	**Common Shares**[(1)] 2,271,449
PAUL K. CONIBEAR British Columbia, Canada President & Chief Executive Officer	President and Chief Executive Officer of the Corporation since June 30, 2011; Senior Vice President, Corporate Development of the Corporation from October 2009 to June 2011; Senior Vice President, Projects, of the Corporation from July 2007 to October 2009.	
Age: 57	**Lundin Mining Board and Board committees**	**Lundin Mining Securities held**
Director since: June 30, 2011	Board Health, Safety, Environment and Community Committee	**Common Shares**[(1)] 789,904
DONALD K. CHARTER Ontario, Canada Director	Corporate director with experience in executive leadership positions in mining and financial services as well as mergers and acquisitions and finance. Most recently, President and Chief Executive Officer of Corsa Coal Corp. from August 2010 to July 2013 and a corporate director and consultant since January 2006.	
Age: 58	**Lundin Mining Board and Board committees**	**Lundin Mining Securities held**
Director since: October 31, 2006	Board Audit Committee Human Resources/Compensation Committee (Chair)	**Common Shares**[(1)] 42,424
JOHN H. CRAIG Ontario, Canada Director	Lawyer, partner of Cassels Brock & Blackwell LLP; director of a number of publicly traded companies.	
Age: 67	**Lundin Mining Board and Board committees**	**Lundin Mining Securities held**
Director since: June 11, 2003	Board Corporate Governance and Nominating Committee	**Common Shares**[(1)] 213,849
PETER C. JONES Alberta, Canada Director	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.	
Age: 67	**Lundin Mining Board and Board committees**	**Lundin Mining Securities held**
Director since: September 20, 2013	Board Health, Safety, Environment and Community Committee (Chair) Human Resources/Compensation Committee	**Common Shares**[(1)] 22,070

DALE C. PENIUK British Columbia, Canada Director Age: 55 Director since: October 31, 2006	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** Board Audit Committee (Chair) Corporate Governance and Nominating Committee	 **Lundin Mining Securities held** **Common Shares[(1)]** 50,000
WILLIAM A. RAND British Columbia, Canada Lead Director Age: 72 Director since: September 9, 1994	President and director of Rand Investments Ltd. since July 1986; director of a number of publicly traded companies. **Lundin Mining Board and Board committees** Board Audit Committee Human Resources/Compensation Committee	 **Lundin Mining Securities held** **Common Shares[(1)]** 223,424
CATHERINE J. G. STEFAN Ontario, Canada Age: 62 Nominee	President of Stefan & Associates, a consulting firm, which Ms. Stefan formed in 1990. 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 obtained her Bachelor of Commerce degree from the University of Toronto in 1973. Ms. Stefan is a Chartered Accountant, Chartered Professional Accountant and a member of the Institute of Corporate Directors, with 30 years of business experience, primarily in senior management of public companies in the real estate sector. Mining related experience includes that gained in her position as a Board member of Denison Mines Corp. ("DMC") where she has served as a Director since 2006. From 2004 to 2006, Ms. Stefan was a Board member of DMC's predecessor, Denison Mines Inc. **Lundin Mining Board and Board committees** Board nominee	 **Lundin Mining Securities held** **Common Shares[(1)]** Nil

(1) The number of Common Shares beneficially owned, or controlled or directed, directly or indirectly.

Advance Notice

On February 21, 2013, the Board approved certain amendments to the Corporation's By-Law No. 1 to add an advance notice requirement for nominations of directors by shareholders in certain circumstances, which was approved by the shareholders of the Corporation on May 10, 2013.

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

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 on July 13, 2009. The company was delisted from the TSX-V for failure to maintain listing requirements. The cease trade order was revoked in 2011.

Mr. Rand was a director of New West Energy Services Inc. when, on September 5, 2006, a cease trade order was issued against that company by the British Columbia Securities Commission for failure to file its financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

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.

On November 8, 2013, Mr. Craig resigned as a director of Sirocco Mining Inc. ("Sirocco") and on January 31, 2014, Mr. Conibear resigned as a director of Sirocco, at which time Sirocco was financially solvent. Pursuant to a plan of arrangement completed on January 31, 2014, Canadian Lithium Corp. acquired Sirocco. The final step in the plan of arrangement transaction was the amalgamation of Canadian Lithium Corp. and Sirocco to form RB Energy Inc. ("RBI"). On October 13, 2014, RBI announced that, among other things, the Board of Directors of RBI had approved a filing on October 14, 2014, for an Initial Order to commence proceedings under the Companies' Creditors Arrangement Act (the "CCAA"). Please refer to the paragraph below for further information regarding RBI and the CCAA proceedings.

On October 13, 2014, RBI, a company pursuant to which Messrs. Craig and Conibear were former directors, announced that, among other things, the Board of Directors of RBI had approved a filing on October 14, 2014, for an Initial Order to commence proceedings under the CCAA from the Quebec Superior Court. On October 15, 2014, RBI further announced that the Quebec Superior Court had issued an Amended and Restated Initial Order in respect of RBI and certain of its subsidiaries under the CCAA. RBI is now under the protection of the Court. KPMG LLP has been appointed monitor under the Court Order. The TSX delisted RBI's common shares effective at the close of business on November 24, 2014 for failure to meet the continued listing requirements of the TSX. Since that time, RBI's common shares have been suspended from trading.

INDIVIDUAL BANKRUPTCIES

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

PENALTIES OR SANCTIONS

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

APPOINTMENT AND REMUNERATION OF AUDITORS

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

The disclosure required by Form 52-110F1 of National Instrument 52-110 *Audit Committees*, including the text of the Audit Committee's charter and the fees paid to the Corporation's external auditors, can be found in the "Audit Committee" section of the Corporation's Annual Information Form dated March 31, 2015 as filed on SEDAR at www.sedar.com.

EXECUTIVE COMPENSATION

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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 Chief Executive Officer, Chief Financial Officer and its three other most highly compensated executives during the financial year ended December 31, 2014 (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 2014 financial year were:

Name	Title
Paul Conibear	President and Chief Executive Officer ("CEO")
Marie Inkster	Senior Vice President and Chief Financial Officer ("CFO")
Paul McRae	Senior Vice President, Projects ("SVP, Projects")
Julie Lee Harrs	Senior Vice President, Corporate Development ("SVP, Corporate Development")
Stephen Gatley	Vice President, Technical Services ("VP, Technical Services")

COMPENSATION GOVERNANCE

Role of the Human Resources/Compensation Committee (the "HRCC")

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. 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* 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 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 and acquisitions and finance. Mr. Charter's business experiences which are relevant to the HRCC includes that he was the President and Chief Executive Officer 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 including IAMGOLD Corporation and Adriana Resources. As such, Mr. Charter has been directly involved with compensation matters. As a member of these committees and his executive positions, Mr. Charter has developed the requisite experience in reviewing and approving compensation programs, policies and guidelines in the mining industry for the 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 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. 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 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. 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 Chief Executive Officer 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 and long-term rewards;
- 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 through rewards.

Critical criteria for the Corporation in all compensation mechanisms:

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

Peer Groups

2014 Peer Groups

The composition of the Corporation's 2014 peer group for benchmarking total direct executive compensation is listed below. Peers were selected on the basis of 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.

2014 Peer Group for Total Direct Compensation	
New Gold Inc.	HudBay Minerals Inc.
B2Gold Corp.	Pan American Silver Corp.
Alamos Gold Inc.	Cliffs Natural Resources Inc.
Aurico Gold Inc.	IAMGold Corp.
Eldorado Gold Corp.	Sherritt International Cop.
Thompson Creek Metals Co. Inc.	Capstone Mining Corp.

The composition of the Corporation's 2014 peer group for measuring the stock price performance component of the Short-Term Incentive Plan ("STIP") corporate objectives 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 or metals characteristics and would attract a similar investor base.

2014 Peer Group for Stock Price Performance Benchmarking	
Boliden AB	Capstone Mining Corp.
First Quantum Minerals Ltd.	PanAust Limited
HudBay Minerals Inc.	

2015 Peer Groups

The HRCC reviewed the report by Mercer (Canada) Limited ("Mercer") on a proposed 2015 peer group for total executive compensation. The peer group required review in light of the acquisition of the Candelaria Mine during the fourth quarter of 2014. The HRCC agreed with the proposed 2015 peer group as it reflects the increased size of the Corporation's operations as a result of the acquisition of the Candelaria Mine and commencement of commercial production at the Eagle Mine. The 2015 peer group for measuring the stock price performance component of the STIP corporate objectives will remain unchanged from 2014.

2015 Peer Group for Total Direct Compensation	
First Quantum Minerals Ltd.	Pan American Silver Corp.
Cameco Corp.	Cliffs Natural Resources Inc.
Yamana Gold Inc.	IAMGold Corp.
Kinross Gold Corp.	Sherritt International Cop.
Eldorado Gold Corp.	Capstone Mining Corp.
HudBay Minerals Inc.	

The Corporation's HRCC will evaluate and, if appropriate, update the composition of the peer group 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, short-term incentive and long-term incentive. The combination of elements is designed to encourage executives to achieve strong short-term results which drive long-term sustainable growth and long-term shareholder value. The HRCC believes that the objective of the executive compensation practices should be to target a ratio of total direct compensation of an appropriate peer group. Total direct compensation is total base salary, target bonus and the estimated value of equity-linked compensation. The Corporation regularly reviews all elements of executive compensation to ensure that it continues to be aligned with the key strategic deliverables of the Corporation and industry practices.

Compensation Component	Objectives	Form
Base Salary	To provide fixed compensation that reflects the market value of the role and skills and experience of the executive. To attract, retain and motivate a competent, strong and effective executive management group.	Cash
Short-Term Incentive	To pay for performance and provide alignment with the Corporation's annual business strategy. This is "at risk" compensation.	Cash • 100% performance-based • 100% at risk
Long-Term Incentive	To provide alignment with shareholder interests and the Corporation's long-term business strategy. This is "at risk" compensation.	
Performance-based Stock Options	To provide alignment with shareholder interests by rewarding executive management for share price appreciation over a five year period.	Equity • 100% performance-based • 100% at risk
Performance-based Share Units	To provide alignment with shareholder interests by rewarding executive management for share price appreciation at the end of a three year period.	Equity • 100% performance-based • 100% at risk

The HRCC has not established a strict policy regarding the mix of base salary, short-term and long-term incentives to be paid or awarded to executives. STIP and long-term incentive plan ("LTIP") awards are not fixed nor 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 particular 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 plans, and the mix of compensation should be structured to balance the need to drive results based on the particular executive's position as well as to support the long-term growth of the Corporation overall.

The HRC 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 and other mining companies.

2014 TOTAL DIRECT COMPENSATION

The following provides a detailed discussion of the decisions made in order to determine each NEOs' total direct compensation for 2014, which comprises base salary and short and long-term incentives.

Summary of 2014 Performance Highlights

In addition to the specific corporate performance metric of KPIs (all discussed later), 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. In this regard, during its 2014 financial year, the Corporation achieved strong overall production and financial results, despite an increasingly tough base metal price environment. Total sales for the year were US$951.3 million, with net earnings of US$112.6 million (or US$0.19/share) and cash flow from operations of US$187.4 million.

The total shareholder return ("TSR") for the Corporation outperformed the TSX, the TSX mines and metals index, and the peer group selected for performance comparison for the five and three year periods ended December 31, 2014. This share performance was achieved while also issuing a significant amount of equity to complete the Candelaria Mine acquisition.

The Corporation successfully executed on its strategy to rejuvenate its asset base which was commenced in 2013 with the acquisition of the Eagle Mine. During 2014, it further executed on this strategy. Many milestones were achieved throughout the year including: bringing the Eagle Mine into commercial production ahead of schedule and under budget; successfully acquiring the high quality Candelaria Mine in Chile; and recording zinc production records at the Corporation's European operations.

More specifically:

- Exceptional safety performance at the operations during 2014, with a record low Total Recordable Injury Frequency Rate ("TRIFR") achieved of 1.6 (measured per 200,000 man hours worked). This was an improvement of 20% over 2013's TRIFR of 2.0. Improvements in safety performance at all operations were accomplished over the course of the year.
- Environmental performance met expectations with no Level 3 incidents experienced (2013 had one Level 3 incident).
- The Neves-Corvo Mine's fourth quarter copper production achieved the highest quarterly rate of the year. Total annual copper production was in-line with expectations as high throughput levels largely offset lower than expected recovery rates.
- The Neves-Corvo Mine's zinc production achieved an annual record as a result of an increased proportion of zinc ore being derived from the Lombador deposit. Over 50% of the zinc ore is now being sourced from this area as well as from other high grade zinc areas in the mine.
- The Zinkgruvan Mine's zinc, lead and copper production were all in line with annual production targets. The Zinkgruvan Mine again in 2014 achieved a historic new milestone with record tonnage of ore mined and milled.
- The Aguablanca Mine had another strong performance with nickel and copper production both higher than guidance, which itself was increased earlier in the year. Refined mine planning has enabled open pit mining to be extended well into the first quarter of 2015, three months longer than expected. Underground mining development is advancing as planned and is expected to ramp up in the second quarter of 2015.
- The Eagle Mine ramp up continued through the fourth quarter with commercial production being declared on November 24th, 2014, several months earlier than originally planned, with the construction project coming in under budget. For the year, nickel and copper production exceeded guidance as throughput, grades and recoveries were all higher than expected.
- The acquisition of the Candelaria Mine closed on November 3, 2014. For the period from November 3, 2014 to December 31, 2014, the Candelaria Mine produced, on a 100% basis, 28,590 tonnes of copper, 317,996 ounces of silver, and 16,247 ounces of gold in concentrates. The Candelaria Mine acquisition more than doubles the Corporation's copper production and provides a long-life, large scale mine at competitive cash operating costs, located in an excellent jurisdiction. Eight drill rigs were mobilized on underground targets within 60 days of the acquisition closing.
- The Tenke Mine, under the operatorship of Freeport, completed its sixth year of operations. Cash operating costs were better than guidance. US$94.5 million was distributed from the Tenke Mine and the Kokkola cobalt business to Lundin Mining in 2014.
- The Corporation secured a comprehensive financing package to fund the Candelaria Mine acquisition in a volatile market place, consisting of US$1 billion high yield notes at less than 8% interest rates, a US$600 million equity financing at an approximate 5% discount to market, and a US$648 million precious metals streaming deal that achieved 36% of the Candelaria Mine purchase price by selling less than 10% of the expected streamed precious metals revenue.

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 an executive must possess to make meaningful contributions to the organization. The salary structure includes market competitive ranges for the executives. The HRCC reviewed base salaries by reviewing industry trends, competitive market data, 2015 Peer Group compensation, including base salary levels, internal equality among executive positions and individual performance measured against the achievement of business and operating goals. In addition, the HRCC took note of the increase in size and complexity of the Corporation following its 2013 and 2014 acquisitions and resulting change in the Corporation's peer group. As a result of these reviews, base salaries were increased by approximately 10% for the CEO and an average of 4% for all other NEOs effective January 1, 2015. The table below summarizes each NEOs' 2014 base salary and increases for 2015.

NEO	2014 Base Salary Local Currency	2014 Base Salary (US$)(1)	Increase to Base Salary	2015 Base Salary Local Currency	2015 Base Salary (US$)(1)
Paul Conibear CEO	C$787,950	713,489	10%	C$866,745	784,838
Marie Inkster CFO	C$416,038	376,722	7%	C$445,161	403,093
Paul McRae SVP, Projects	£329,363	542,658	2%	£335,950	553,511
Julie Lee Harrs SVP, Corporate Development	C$385,735	349,283	5%	C$405,022	366,747
Stephen Gatley VP, Technical Services	£265,225	436,985	2%	£270,530	445,725

(1) NEOs were paid in C$, except Messrs. McRae and Gatley who were paid in £. See heading "Currency" on page 1 for the exchange rates.

Performance-based Short-Term Incentive Plan

Introduction

The Corporation's STIP provides a performance-based "at risk" annual cash payment based on a targeted level of incentive for each position and the results of the performance measures, including each executive's Key Performance Indicators ("KPIs" or "personal objectives"). The amount of any potential STIP award is set out as a percent of base salary and is subject to an overall cap. The STIP award is the outcome of a process that links business planning with an evaluation of the executive's KPIs together with corporate performance on a relative basis. The STIP is intended to link pay to annual performance metrics and commitments that will contribute to enhanced shareholder value as well as comparative share performance.

At the beginning of each year, key strategic performance measures/corporate objectives are designed by the CEO and senior management in consultation with the HRCC to enhance overall corporate performance consistent with the strategic plan and budget of the Corporation. Each executive has specific KPIs, which are a subset of the Corporation's key strategic deliverables. This is done in the context of a rigorous and aggressive budgeting process for the Corporation.

STIP awards are normally capped at 1.5 times target, however, the CEO may recommend a higher award if considered appropriate in the circumstance, other than his own STIP award, to the HRCC who may apply their discretion in accepting such recommendation. Consistent with the overriding discretion of the HRCC, all STIP awards are subject to the ability of the Corporation to make such awards based upon its financial performance and situation.

Individual STIP awards are awarded based on KPI scores (this includes competency assessment) and corporate performance against benchmarks for the year. The chart below shows how the KPI scores translate into an STIP award.

KPI Score Adjusted with Competency Rating	STIP Award (%)*
1	0
2	0 – 75
3	75 – 105
4	105 – 120
5	120 – 150

* Represents % of target STIP, not salary, with the corporate objectives On-Target

The proportion of short-term incentive linked to corporate objectives/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 an STIP award that does not accurately reflect actual performance; as a result, the experiences of the HRCC should be the ultimate determinant of final, overall compensation within the context of those pre-determined guidelines.

2014 STIP Award

With respect to the corporate performance benchmarks of relative stock price performance and operational budget, the Corporation met or exceeded the targeted goals to achieve a result of On-Target resulting in 100% of each executive's corporate objective weighting to be awarded. With respect to the individual's KPI performance, each individual exceeded the benchmarks set out for the year. In view of the overall performance for the year discussed above together with the STIP guidelines, each NEO achieved a weighting above his/her respective STIP target. The table below sets out each NEOs' 2014 target STIP with the respective corporate and personal weightings; 2014 actual STIP paid; and 2014 actual STIP paid as a percentage of 2014 base salary:

NEO	2014 Target STIP as a Percentage of Base Salary	Target STIP Corporate Weighting	Target STIP Personal Weighting	2014 STIP Paid Local Currency	2014 STIP Paid (US$)[(1)]	2014 STIP Paid as an approximate Percentage of Base Salary
Paul Conibear CEO	120%	50%	50%	C$1,050,000	950,775	133%
Marie Inkster CFO	80%	50%	50%	C$500,000	452,750	120%
Paul McRae SVP, Projects	50%[(2)]	35%	65%	£273,000	449,795	83%[(3)]
Julie Lee Harrs SVP, Corporate Development	65%	35%	65%	C$500,000	452,750	130%[(3)]
Stephen Gatley VP, Technical Services	55%	35%	65%	£160,000	263,616	60%

(1) All the NEOs were paid in C$, except Messrs. McRae and Gatley who were paid in £. See heading "Currency" on page 1 for the exchange rates.
(2) For 2015, Mr. McRae's target STIP increased from 50% to 55%.
(3) While STIP awards are normally capped at 1.5 times target, the HRCC applied their discretion for two NEOs. The STIP awarded exceeded the cap due to exceptional performance.

Short-Term Incentive Plan – Corporate Performance

The table below outlines the 2014 financial performance and safety targets, share price performance targets and results. The 2014 share price performance objectives were measured against a specific peer group of companies which comprised Boliden AB, First Quantum Minerals Ltd., HudBay Minerals Inc., Capstone Mining Corp. and PanAust Limited. These peers are used to provide an accurate and fair measure of the stock price performance, as these entities have similar operational or metals characteristics and would attract a similar investor base.

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 applied on a straight line basis but rather at the discretion of the HRCC.

Financial and TSR Targets:

	Threshold	On-Target	Stretch	Weighting
Stock Price (Performance vs 2014 Peer Group) (November to November VWAP[1])	-15%	**Equal to Simple Average of Peer Group**	+20%	40%
Operating Cash Flow (factored for actual metal prices vs budget price deck)	-15%	**Per Budget**	+20%	40%

Safety Targets:

	Threshold	On Target	Stretch	Weighting
Fatalities	0	**0**	0	10%
Total Recordable Incident Frequency	2.2	**1.8**	< 1.2	10%

(1) Volume weighted average price (VWAP) is the ratio of the value traded to total volume traded over a particular time period. It is a measure of the average share price of a stock traded at over the time period.

The Corporation's overall performance for 2014 was at least On-Target resulting in 100% of each executive's corporate objective weighting being awarded.

Short-Term Incentive Plan – Performance Measurement

Annually, performance of the NEOs and each member of the senior management team is measured 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. Below is a summary of the NEOs 2014 KPI achievements.

Paul Conibear
CEO

2014 has been a very successful year for the Corporation with Mr. Conibear's leadership. In terms of growth, the Candelaria Mine in Chile was successfully acquired and the Eagle Project was brought to commercial production, ahead of schedule and under budget. These two recent acquisitions have effectively repositioned the Corporation.

Mr. Conibear continues to lead and drive performance in existing operations which have delivered performances in line with or better than budget, and both the Neves-Corvo and the Zinkgruvan Mines achieved historic high zinc production

In 2014, safety performance was excellent. TRIF was better than target and there were no fatalities. Each operation had improvements in safety performance compared to the prior year and overall the Corporation achieved a new safety performance record. The Corporation improved environmental performance compared to prior years and community investments were at record levels.

Operating costs were on or better than budget and capital costs came in under budget, providing the Corporation with a widely recognized, strong balance sheet.

Mr. Conibear continued a successful investor relations program and has continued to favourably position the Corporation in the marketplace with analysts and investors.

Marie Inkster
CFO

During 2014, new sources of capital for growth were pursued by Ms. Inkster leading to the successful acquisition of the Candelaria Mine. This is a significant achievement and a major financing milestone in the history of the Corporation. A creative financing package consisting of debt, precious metals streaming and equity, all with attractive terms, was successfully led and secured by Ms. Inkster.

Ms. Inkster also led improved working capital management and predictability through financial controls and forecasting.

Rigorous financial control over the Eagle project capital investment program contributed to delivery of this project ahead of schedule and under budget and the financing of the Eagle Project investment was facilitated by a very flexible, low interest cost loan facility which Ms. Inkster had put in place.

Ms. Inkster is also responsible for information technology ("IT") across the Corporation. Her team completed the successful SAP accounting system implementation at the Eagle Mine ahead of schedule, improved IT systems across the Corporation and enabled cross business connection through the implementation of SharePoint and other new IT sharing systems.

Ms. Inkster was instrumental in advancing the Corporation's reputation as an excellent corporate citizen by implementing monthly tracking and reporting of social investment on the Corporation's assets and Tenke, and personally contributing to important Mining Association of Canada and Women in Mining initiatives.

Paul McRae
SVP, Projects

Mr. McRae is responsible for major projects and safety for the Corporation. During 2014, there were no fatalities, the TRIF rate was better than target, and each mine had improved safety performance compared to the prior year.

During the first half of the year, Mr. McRae managed the successful delivery of the Eagle Project which was completed ahead of schedule and under budget. From acquisition date to first production of concentrate, the project took only 13 months. Production was achieved more than four months ahead of original expectations. Commercial production was achieved within 10 weeks after the start of continuous concentrate production; well ahead of expectations. This involved significant local community engagement as well as overcoming construction challenges during the course of the extreme 2013/2014 winter in the Upper Peninsula, Michigan.

In addition to managing the Eagle Project, Mr. McRae was also instrumental in the Candelaria Mine acquisition due diligence. Immediately upon start-up of the first production of concentrate at the Eagle Mine, he was assigned responsibility to achieve a smooth integration of the Candelaria Mine into the Corporation, which is progressing very well. In parallel to the Eagle Mine and the Candelaria Mine responsibilities, Mr. McRae effectively sponsored other major initiatives across the Corporation including the Zinkgruvan Mine new tailings facility re-permitting process and the Neves-Corvo Zinc Expansion study.

Julie Lee Harrs
SVP, Corporate Development

Ms. Lee Harrs was instrumental in completing the Candelaria Mine acquisition. Throughout the process, she led the commercial and legal negotiations, and successfully coordinated the technical, legal and financial due diligence. She also led discussions with Sumitomo on the Corporation's evolution as the new Candelaria Mine majority owner and she completed the competitively bid precious metals streaming arrangements concluding with executed commercial and legal agreements with Franco Nevada. Ms. Lee Harrs was instrumental in closing the acquisition of the Candelaria Mine within one month from the announcement.

In parallel to the Candelaria Mine acquisition initiative, Ms. Lee Harrs performed effectively as the Corporation's main sponsor for our important equity position in the Tenke Mine. She led commercial and coordination of several of the Corporation's environmental reclamation initiatives at closed sites.

Her team has a watching brief to create value for the Corporation by continually reviewing possible growth opportunities. She is responsible for the legal strategy of the Corporation and for supporting the operations with related issues such as royalty arrangements and complex contract negotiations.

Stephen Gatley
VP, Technical Services

Mr. Gatley leads the Technical Services Group ("TSG") providing support to all operations and due diligence to potential acquisition projects. During 2014, a range of common operating standards and policies have been introduced across the Corporation with specific focus on air and water quality and mine closure operation as the Corporation strives to improve its overall operating performance.

Led by Mr. Gatley, the TSG team have been instrumental in the successful due diligence and post acquisition transition management for the Candelaria Mine. He also sits on project sponsorship committees guiding technical advancement of initiatives such as the Neves-Corvo Zinc Expansion study, the new tailings storage project at the Zinkgruvan Mine, open pit/underground mining transition at the Aguablanca Mine, Eagle Mine contractor management committees and the Tenke Mine operational performance oversight. Supporting key future staffing initiatives, Mr. Gatley champions an active graduate program across the Corporation's operations.

Under Mr. Gatley's guidance, the TSG is responsible for the formal reporting of reserves/resources and production of National Instrument 43-101 technical reports and when required Mr. Gatley serves as a Qualified Person.

Long-Term Incentive Plans

Introduction

The Corporation provides performance-based long-term incentives currently through grants of stock options and share units (collectively, the "LTIP Awards"). LTIP Awards are awarded on assessment of corporate and personal performance in a similar manner as the STIP. Also, consideration may be given to previous equity entitlements awarded, the then current level of equity held by an executive, the level of LTIP Awards granted as a percentage of the outstanding Common Shares of the Corporation, the prices of current stock options, the disposition of equity by those to which it has been granted, the remaining vesting status of outstanding LTIP Awards and such other similar information as the HRCC and Board may consider appropriate.

The Corporation believes its LTIP provides executives an opportunity to build ownership in the business and align their interests with those of shareholders. The recipients of LTIP Awards achieve an increase in value only to the extent the Corporation's shareholders benefit from the increase in the Corporation's stock price. Stock option grants vest over three years from the date of grant and have a five-year term. Share units vest 36 months after the award date.

An LTIP Award will be awarded based on a range, which varies by seniority, but is generally between 0 to 300% of an STIP Award. The HRCC will consider the Black-Scholes value as only one of the guidelines used to assist in determining the number of stock options to be granted (the volatility of resource stocks renders this methodology of less use and can result in unintended results). It will utilize the Corporation's then current fair market value (as well as a volume-weighted average price) given stock price volatility, as one of the guidelines used to assist in determining the number of share units, if applicable, to be awarded.

LTIP Awards will generally consist of a combination of stock options and share units and are currently targeted to be 100% share units for the President and CEO and approximately 65% stock options and 35% share units for the other executive officers. The HRCC and/or Board will review the composition of stock options and share units from time to time and make changes to the composition as may be required.

Consistent with the use of performance-based criteria for both the STIP and LTIP, all annual LTIP Awards are made after the release of the Corporation's annual financial statements such that STIP and LTIP Awards are considered together.

2014 LTIP Awards

The following stock options and share units were granted in 2015 with respect to 2014 compensation to each NEO. The stock options will vest one-third on the first, second and third anniversary of the date of grant and will expire in five years. The share units vest on the third anniversary of the date of grant.

NEO	Number of Stock Options Awarded	Value of Stock Options Awarded (US$)(1)(3)	% of Total Options Granted to All Employees in the Financial Year(2)	Number of Share Units Awarded	Value of Share Units Awarded (US$)(1)(4)	% of Total Share Units Granted to All Employees in the Financial Year(2)
Paul Conibear CEO	–	–	–	300,000	1,452,000	31%
Marie Inkster CFO	246,000	388,680	7.4%	54,000	261,360	5.6%
Paul McRae SVP, Projects	195,000	308,100	5.8%	42,000	203,280	4.3%
Julie Lee Harrs SVP, Corporate Development	195,000	308,100	5.8%	42,000	203,280	4.3%
Stephen Gatley VP, Technical Services	132,000	208,560	3.9%	28,000	135,520	2.9%

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

(2) A total of 3,345,970 stock options were granted with respect to the 2014 financial year, excluding 3,475,200 stock options that were granted on February 25, 2014 which related to 2013 compensation and including the 3,079,170 stock options that were granted on February 20, 2015 relating to 2014 compensation. No share units were granted with respect to the 2014 financial year, however, 967,900 share units were granted on February 20, 2015 relating to 2014 compensation and included herein.

(3) The value of the options awarded was determined based on the Black-Scholes fair value of the Common Shares on the grant date of C$1.74 (US$1.58). When determining the number of stock options to be awarded, the Black-Scholes fair value is just one of the factors considered by the HRCC.

(4) The value of share units awarded was determined based on the fair value of the Common Shares on the grant date of C$5.35 (US$4.84).

Phantom Share Appreciation Rights

Mr. Conibear's employment agreement contemplated the use of phantom share appreciation rights ("PSARs") which are tied to share performance from May 1 to April 30 of the next year. Under a grant, Mr. Conibear receives cash equal to the increase, if any, in the value of the Corporation's stock during the 12-month period following the PSAR grant date. In May 2014, Mr. Conibear received a payment of C$820,000 reflecting the share price increase from C$3.96 per share on April 30, 2013 to C$5.60 per share on April 30, 2014. This primarily related to 2013 performance. In light of the implementation of the SU Plan, Mr. Conibear's Employment Agreement was amended and no further grants of PSARs are outstanding or will be awarded.

Executive Share Ownership Guidelines

The HRCC believes it is important for senior management to have equity ownership in the Corporation. This is consistent with the nature of the Corporation's LTIP which uses both stock options and share units. While there are no target ownership guidelines in place for 2015, the HRCC has noted that the CEO holds, directly and/or indirectly, a total of 1,089,984 Common Shares (including share units) and that the NEOs as a group holds, directly and/or indirectly, 1,588,184 Common Shares (including share units). The HRCC is reviewing the potential application of Corporation Officer ownership guidelines for 2016.

EQUITY COMPENSATION PLANS

At the May 9, 2014 Annual and Special Shareholder's meeting, the shareholders approved, among other things, the adoption of a new Incentive Stock Option Plan (the "ISOP") replacing the 2006 Incentive Stock Option Plan (the "2006 ISOP") and the adoption of a new Share Unit Plan (the "SU Plan").

2006 ISOP

Effective May 9, 2014, no further options may be granted under the 2006 ISOP; however, any outstanding options granted under the 2006 ISOP shall remain outstanding and shall continue to be governed by the provisions of the 2006 ISOP as set out below:

- The Board had the authority under the 2006 ISOP to establish the option price at the time each share option was granted but, the price was not to be lower than the market price of the Common Shares on the date of grant of the options. The market price was calculated as the closing market price on the TSX of the Common Shares on the date of the grant, or, if the date of grant was not a trading day, the closing price of the Common Shares on the last trading day prior to the date of grant.
- The Board had the authority at the time of grant to set the periods within which options could be exercised and the number of options which may be exercised in any such period. All options granted under the 2006 ISOP were required to be exercisable during a period not extending beyond ten years from the date of the option grant unless otherwise permitted by the TSX.
- The Board had the authority to determine the vesting terms of the options at the date of the option grant and as indicated in any option commitments related thereto.
- Options are not transferable other than by will or the laws of dissent and distribution. Typically, if an optionee ceases to be an Eligible Person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable 60 days following the termination date (being the date on which such optionee ceases to be an "Eligible Personnel", as defined by the 2006 ISOP). If an optionee dies, the legal representative of the optionee may exercise the optionee's options within 12 months after the date of the optionee's death but only up to and including the original option expiry date.
- The Corporation provides no financial assistance to facilitate the purchase of Common Shares by optionees who hold options granted under the 2006 ISOP.

As of date of this Circular, there were 9,924,784 stock options outstanding under the 2006 ISOP, representing approximately 1.4% of the Corporation's current issued and outstanding Common Shares.

ISOP

The ISOP 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 ISOP:

- The aggregate number of Common Shares available at all times for issuance under the ISOP is 30,000,000, which represents approximately 4.2% 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 ISOP will again be available under the ISOP.
- 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 options awarded under the ISOP is a maximum of five years.
- Options granted pursuant to the ISOP 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.
- In the event that the expiry of an option falls within, or within two days 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.
- The termination provisions under the ISOP are as follows: An optionee will have, in all cases subject to the original option expiry date (i) a 12 month period to exercise his/her options, which will automatically vest, in the event of retirement; (ii) 90 days to exercise his/her options, which 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, if applicable, in the event of termination without cause; (iii) 90 days to exercise his/her options that have vested, in the event of resignation; and (iv) immediate termination of the options in the event of termination with cause, except as may be set out in the optionee's option commitment or as otherwise determined by the Board in its sole discretion. In the event of the death or

disability of an optionee, all options will vest and the optionee 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.

- 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.
- The grant of options under the ISOP 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 ISOP, 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 ISOP 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 ISOP 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 ISOP 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 ISOP 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 ISOP 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 ISOP 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 ISOP reserves; and
    - amendments to reflect changes to applicable securities or tax laws.

However, 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 ISOP);
- 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 ISOP (other than by virtue of adjustments permitted under the ISOP);
- permit options to be transferred other than for normal estate settlement purposes;
- remove or exceed the insider participation limits of the ISOP;
- materially modify the eligibility requirements for participation in the ISOP; or
- modify the amending provisions of the ISOP.

As of date of this Circular, there were 5,543,170 stock options outstanding under the ISOP, representing approximately 0.8% of the Corporation's current issued and outstanding Common Shares.

SU Plan

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 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. Any Common Shares subject to an SU which has cancelled or terminated in accordance with the terms of the SU Plan without settlement will again be available for issuance under the SU Plan.
- 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.
- The SU Plan is for the benefit of 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.
- An 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 (with the exception of 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.
- 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 SUs will be forfeited and of no further force or effect at the date of termination, unless otherwise determined by the HRCC committee, provided for in the share unit grant letter or vested and are only subject to a deferred payment date, as further described under the SU Plan. In the event of the 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. In the event of the termination without cause, all unvested SUs with performance vesting criteria will remain subject to the normal vesting schedule 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 unless otherwise determined by the HRCC committee or provided for in the share unit grant letter, as further described under the SU Plan. 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, 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. 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. In the event of a change of control, all SUs outstanding will immediately vest on the date of such change of control. Notwithstanding, all of 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 dissent and distribution.

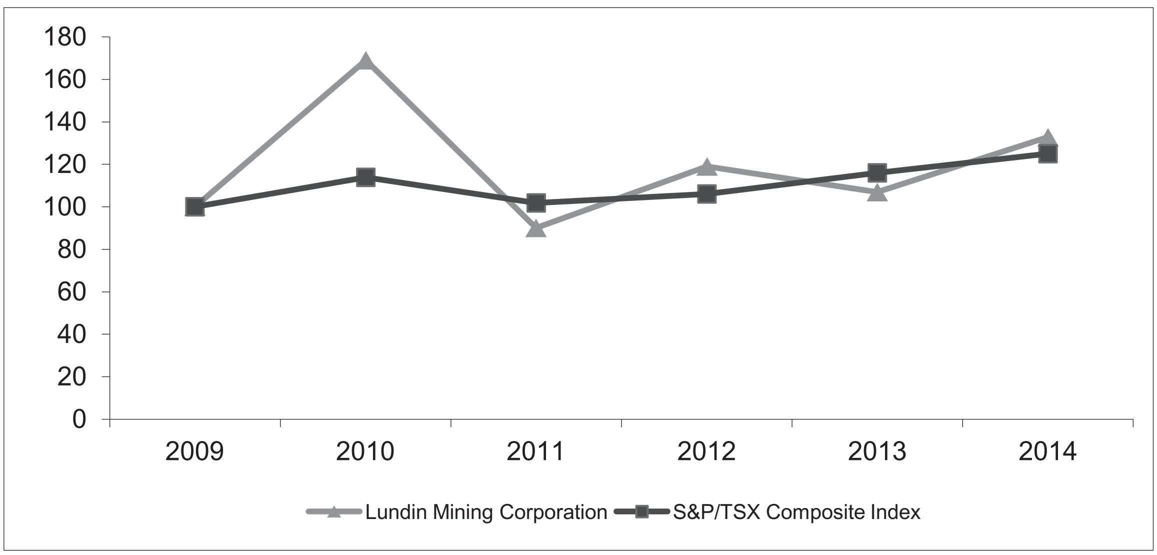
- The specific amendment provisions for the SU Plan provide the Board or committee with the power, subject to the requisite regulatory approval, to make the following amendments without shareholder approval (without limitation):
  - amendments of a housekeeping nature;
  - the addition or a change to any vesting provisions of an SU;
  - changes to the termination provisions of an SU or the SU Plan; and
  - amendments to reflect changes to applicable securities or tax laws.

  However, any of the following amendments also 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 date of this Circular, there were 967,900 SUs outstanding under the SU Plan, representing approximately 0.1% of the Corporation's current 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, 2009 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Corporation.



	31Dec2009	31Dec2010	31Dec2011	31Dec2012	31Dec2013	31Dec2014
Lundin Mining Corporation Stock Closing Price at Year End (C$)	4.30	7.26	3.87	5.12	4.60	5.72
Corporation Total Return – Base 2009 (C$)	100	169	90	119	107	133
S&P/TSX Composite Index Index Closing Price at Year End (C$)	11,746.11	13,443.22	11,955.09	12,433.53	13,621.55	14,632.44
Total Return Index – Base 2009 (C$)	100	114	102	106	116	125

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 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 with the Corporation[(1)]. The Corporation does not have a pension plan.

Name and principal position	Year	Salary (US$)	Share-based awards (US$)	Option-based awards (US$)[(5)]	Non-equity incentive plan compensation (US$) Annual incentive plans (US$)[(6)]	Non-equity incentive plan compensation (US$) Long-term incentive plans	All other compensation (US$)	Total compensation (US$)
Paul Conibear CEO	**2014**	**713,489**	**1,545,719**[(2)(4)]	**–**	**950,775**	**–**	**776,643**[(7)]	**3,986,626**
	2013	750,098	323,329[(3)]	558,000	990,129	–	62,274[(8)]	2,683,830
	2012	750,600	–	500,400	900,720	–	32,940[(9)]	2,184,660
Marie Inkster CFO	**2014**	**376,722**	**261,360**[(4)]	**388,680**	**452,750**	**–**	**33,269**[(7)]	**1,512,781**
	2013	396,051	–	521,172	380,214	–	30,767[(8)]	1,328,204
	2012	396,317	–	450,360	296,247	–	31,711[(9)]	1,174,635
Paul McRae SVP, Projects	**2014**	**542,658**	**203,280**[(4)]	**308,100**	**449,795**	**–**	**81,347**[(7)]	**1,585,180**
	2013	505,217	–	390,600	315,768	–	104,714[(8)]	1,316,299
	2012	496,992	–	958,661[(10)]	248,496	–	112,255[(9)]	1,816,404
Julie Lee Harrs SVP, Corporate Development	**2014**	**349,283**	**203,280**[(4)]	**308,100**	**452,750**	**–**	**29,348**[(7)]	**1,342,761**
	2013	350,046	–	390,600	273,035	–	26,867[(8)]	1,040,548
	2012	350,280	–	300,240	192,654	–	27,692[(9)]	870,866
Stephen Gatley[(11)] VP, Technical Services	**2014**	**436,985**	**135,520**[(4)]	**208,560**	**263,616**	**–**	**45,698**[(7)]	**1,090,379**
	2013	402,885	–	334,800	232,672	–	44,518[(8)]	1,014,875
	2012	326,751	–	476,781[(12)]	166,854	–	37,185[(9)]	1,007,571

(1) All the NEOs were paid in C$, except Messrs. McRae and Gatley who were paid in £. See heading "Currency" on page 1 for the exchange rates.

(2) This amount represents US$1,452,000 being the fair value of the SUs awarded in 2015 relating to 2014 compensation and US$93,719 being the fair value of the 250,000 PSARs, on the date of grant calculated using the Black Scholes model according to IFRS2 Share-based payment of IFRS since it is used consistently by comparable companies. These PSARs were cancelled after December 31, 2014 in accordance with the terms of Mr. Conibear's amended Employment Agreement, in light of the implementation of the SU Plan. There are currently no PSARs outstanding and no further PSARs will be granted.

The key assumptions and estimates used for the calculation of the grant date fair value under this model include the risk-free interest rate, expected stock price volatility, expected life and expected dividend yield. Fair values were calculated in C$ and translated into US$. Any actual value will depend on the value of the Common Shares on April 30, 2015 (the "Maturity Date"). On the Maturity Date of the PSARs, Mr. Conibear will receive cash equal to the increase, if any, in the value of the Common Shares from the date of grant to the Maturity Date. The value of the award will be equal to the positive difference between the closing price of the Common Shares on the TSX on the Maturity Date minus the closing price on the award date. If Mr. Conibear resigns, or his employment is terminated for just cause before the pay out of any PSAR grant, the grant will lapse immediately. If his employment is terminated by the Corporation without just cause before the pay out of any grant, the grant will be valued and paid out as of the employment termination date. In light of the implementation of the SU Plan, Mr. Conibear's Employment Agreement was amended and no further grants of PSARs are outstanding or will be awarded.

(3) This amount represents the fair value of the 500,000 PSARs, on the date of grant calculated using the Black Scholes model according to IFRS2 Share-based payment since it is used consistently by comparable companies. The key assumptions and estimates used for the calculation of the grant date fair value under this model include the risk-free interest rate, expected stock price volatility, expected life and expected dividend yield. Fair values were calculated in C$ and translated into US$. These PSARs matured on April 30, 2014 and the value is included in "Other Compensation".

(4) The value of the SUs that were granted on February 20, 2015, relating to 2014 compensation, were determined based on the fair value of the Common Shares on the grant date of C$5.35 (US$4.84).

(5) The value of the stock options that were granted on February 20, 2015, relating to 2014 compensation, were determined based on the Black-Scholes fair value of the Common Shares on the grant date of C$1.74 (US$1.58). The fair value of stock option awards on the grant date were calculated using the Black Scholes model according to IFRS2 Share-based payment of IFRS since it is used consistently by comparable companies. Below are the key assumptions and estimates:

	Volatility (%)	Risk-Free Rate (%)	Exercise Price (C$ / US$)
February 20, 2015*	43.7%	0.57%	C$5.35 / US$4.84
February 25, 2014**	48.1%	1.44%	C$5.18 / US$5.03
December 10, 2012	53.9%	1.25%	C$4.96 / US$4.82

* The 2015 stock option grants are included in 2014 compensation.

** The 2014 stock option grants are included in 2013 compensation.

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

(7) 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. As an expat, Mr. McRae also received expat benefits, education and taxable benefits for travel-related expenses and an amount representing 6% of his base salary in cash due to his inability to participate in the contributory retirement savings scheme offered in the United Kingdom. Included in this amount is the cash value of US$742,510 for Mr. Conibear's 2013 PSARs that matured in 2014.

(8) 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. As an expat, Mr. McRae also received expat benefits, education and taxable benefits for travel-related expenses and an amount representing 6% of his base salary in cash due to his inability to participate in the contributory retirement savings scheme offered in the United Kingdom. Mr. Conibear received the cash value for his 2011 PSARs that matured in 2013.

(9) These amounts typically consist of, but are not limited to, benefits such as retirement savings benefits. As an expat, Mr. McRae also received education and housing allowances in 2012 and received an amount representing 6% of his base salary in cash due to his inability to participate in the contributory retirement savings scheme offered in the United Kingdom.

(10) A stock option grant of was made to Mr. McRae in late 2011 related to his new employment with the Corporation starting on January 1, 2012 and has been included in the 2012 total.

(11) Mr. Gatley was promoted to the position of General Manager, Technical Services in August 2007 and on June 30, 2012 was appointed Vice President, Technical Services.

(12) A stock option grant of 60,000 options was made to Mr. Gatley on May 28, 2012 relating to his appointment to Vice President, Technical Services and an annual stock option grant of 180,000 options was made to Mr. Gatley on December 10, 2012.

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.

		Option-based Awards				Share-based Awards		
NEO	Grant date	Number of securities underlying unexercised options (#)	Option exercise price (US$)	Option expiration date	Value of unexercised in-the-money options (US$)[(1)(2)]	Number of shares or units of shares that have not vested (#)	Market payout value of share-based awards that have not vested (US$)[(1)]	Market payout value of share-based awards not paid out or distributed (US$)
Paul Conibear CEO	Dec 10/12	250,000	4.32	Dec 9/17	152,500[(4)]	-	-	-
	Feb 25/14	300,000	4.47	Feb 24/19	138,000[(5)]	-	-	-
	May 1/14	-	-	-	-	250,000[(3)]	25,000[(3)]	-
Marie Inkster CFO	Dec 12/11	300,000	3.35	Dec 11/16	474,000[(6)]	-	-	-
	Dec 10/12	225,000	4.32	Dec 9/17	137,250[(4)]	-	-	-
	Feb 25/14	280,200	4.47	Feb 24/19	128,892[(5)]	-	-	-
Paul McRae SVP, Projects	Oct 31/11	300,000	3.37	Jan 2/17	468,000[(4)]	-	-	-
	Dec 10/12	150,000	4.32	Dec 9/17	91,500[(4)]	-	-	-
	Feb 25/14	210,000	4.47	Feb 24/19	96,600[(5)]	-	-	-
Julie Lee Harrs SVP, Corporate Development	Nov 7/11	250,000	3.44	Nov 6/16	372,500[(6)]	-	-	-
	Dec 10/12	150,000	4.32	Dec 9/17	91,500[(4)]	-	-	-
	Feb 25/14	210,000	4.47	Feb 24/19	96,600[(5)]	-	-	-
Stephen Gatley VP, Technical Services	Dec 12/11	150,000	3.35	Dec 11/16	237,000[(6)]	-	-	-
	May 28/12	60,000	3.48	May 27/17	87,000[(7)]	-	-	-
	Dec 10/12	180,000	4.32	Dec 9/17	109,800[(4)]	-	-	-
	Feb 25/14	180,000	4.47	Feb 25/19	82,800[(5)]	-	-	-

(1) Based on the closing exchange rate of C$1.00:US$0.8620 on December 31, 2014.

(2) Based on the closing price of the Common Shares on the TSX on December 31, 2014 of C$5.72 (US$4.93) per Common Share, less the exercise price of the in-the-money stock options. These 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.

(3) Phantom Share Appreciation Rights. Based on the closing price of the Common Shares on the TSX on December 31, 2014 of C$5.72 (US$4.93) per Common Share, less the grant price of the PSARS on the grant date of C$5.60 (US$4.83). These PSARs were cancelled after December 31, 2014 in accordance with the terms of Mr. Conibear's amended Employment Agreement, in light of the implementation of the SU Plan. There are currently no PSARs outstanding and no further PSARs will be granted.

(4) These values represent two-thirds vested options and one-third unvested options. The remaining one-third will vest on December 10, 2015

(5) These values represent all unvested options. One-third vesting will occur on the 12, 24 and 36 month after the date of grant, being February 25, 2015, February 25, 2016 and February 25, 2017, respectively.

(6) These values represent all vested options.

(7) This value represents 40,000 vested options and 20,000 unvested options. The remaining one-third will vest on May 28, 2015.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED IN 2014

The following table provides information regarding the value on vesting of incentive plan awards for the financial year ended December 31, 2014, plus a summary of cash awards made under the STIP for 2014 performance.

Incentive Plan Awards Vested or Earned in 2014

NEO	Option-based awards – value vested during the year (US$)[1][2]	Share-based awards – value vested during year (US$)[1]	Non-equity incentive plan compensation – value earned during year (US$)[1][4]
Paul Conibear CEO	21,667[5]	706,840[3]	905,100
Marie Inkster CFO	125,500[6][7]	-	431,000
Paul McRae SVP, Projects	76,000[8][9]	-	425,252
Julie Lee Harrs SVP, Corporate Development	114,667[9][10]	-	431,000
Stephen Gatley VP, Technical Services	98,400[11][12][13]	-	249,232

(1) Based on the closing exchange rate of C$1.00:US$0.8620 and £$1.00:US$1.5577 on December 31, 2014.

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

(3) Represents the value received by Mr. Conibear on the maturity date, April 30, 2014, from a grant a grant of 500,000 PSARS on May 1, 2013 reflecting the share price increase from C$3.96 per share on April 30, 2013 to C$5.60 per share on April 30, 2014. This primarily related to 2013 performance. In light of the implementation of the SU Plan, Mr. Conibear's Employment Agreement was amended and no further grants of PSARs are outstanding or will be awarded.

(4) This column represents only the cash STIP payments referred to earlier in the Circular. STIP is paid in 2015 for 2014 performance.

(5) 83,333 options which have an exercise price of C$5.01 (US$4.32) vested during 2014. The TSX closing price of the Common Shares on the vesting date (December 10, 2014) was C$5.31(US$4.58).

(6) 75,000 options which have an exercise price of C$5.01 (US$4.32) vested during 2014. The TSX closing price of the Common Shares on the vesting date (December 10, 2014) was C$5.31(US$4.58).

(7) 100,000 options which have an exercise price of C$3.89 (US$3.35) vested during 2014. The TSX closing price of the Common Shares on the vesting date (December 12, 2014) was C$5.12(US$4.41).

(8) 100,000 options which have an exercise price of C$3.91 (US$3.37) vested during 2014. The TSX closing price of the Common Shares on the vesting date (January 3, 2014) was C$4.64(US$4.00).

(9) 50,000 options which have an exercise price of C$5.01 (US$4.32) vested during 2014. The TSX closing price of the Common Shares on the vesting date (December 10, 2014) was C$5.31(US$4.58).

(10) 83,334 options which have an exercise price of C$3.99 (US$3.44) vested during 2014. The TSX closing price of the Common Shares on the vesting date (November 7, 2014) was C$5.40(US$4.66).

(11) 50,000 options which have an exercise price of C$3.89 (US$3.35) vested during 2014. The TSX closing price of the Common Shares on the vesting date (December 12, 2014) was C$5.12(US$4.41).

(12) 60,000 options which have an exercise price of C$5.01 (US$4.32) vested during 2014. The TSX closing price of the Common Shares on the vesting date (December 10, 2014) was C$5.31(US$4.58).

(13) 20,000 options which have an exercise price of C$4.04 (US$3.48) vested during 2014. The TSX closing price of the Common Shares on the vesting date (May 28, 2014) was C$5.77 (US4.97).

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 short-term, and granting of LTIP Awards provides a balanced performance focus;
- capped payout opportunity within the STIP of 1.5 times the target STIP % which is subject to Board discretion;
- awards are granted annually;
- stock options vest over three years and have a five year term; and
- SUs vest three years after the award date.

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

HEDGING

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.

MANAGEMENT'S ROLE IN COMPENSATION DECISION MAKING

The CEO and 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, short-term and long-term incentives for the executives and other members of management, excluding the CEO. The HRCC approves any base salary adjustments, short-term and long-term 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 context of total direct compensation. As part of final determination of the total direct compensation, the HRCC also refers to compensation to the executives among the selected peer group.

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

COMPENSATION CONSULTANTS

In 2014, Mercer was retained to review the peer group of the Corporation and to perform an executive benchmarking review for the senior executives, including base salary, short-term incentives, long-term incentives, total cash compensation, total direct compensation and compensation mix. The HRCC also independently engaged Hugessen Consulting Inc. ("Hugessen") to confirm the findings. Neither consultant provided services to the Corporation, its affiliated or subsidiary entities, or to any of its directors of members of management, other than those related to compensation. At the May 9, 2014 Annual and Special Shareholder's meeting, the shareholders approved, among other things, the adoption of the ISOP and SU Plan. Following the acquisition of the Candelaria Mine, Mercer updated the compensation peer group analysis and NEO benchmarking and the Board approved a new peer group for 2015 total executive compensation.

Advisor	Type of Work	2014 Fees (C$)	2013 Fees (C$)
Mercer	Executive Compensation-Related Fees	57,040	91,051
	All Other Fees	-	-
Hugessen	Executive Compensation-Related Fees	59,672	20,405
	All Other Fees	-	-

TERMINATION AND CHANGE OF CONTROL BENEFITS

INTRODUCTION

Each of the Corporation's NEOs as of December 31, 2014 is a party to an indefinite term employment agreement with the Corporation that sets forth certain instances where payments and other obligations arise on the termination of their employment or in the situation of a change of control of the Corporation.

TERMINATION WITHOUT CAUSE

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

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

In light of the implementation of the SU Plan, Mr. Conibear's Employment Agreement was amended in 2015 and no further grants of PSARs are outstanding or will be awarded. Furthermore, his contract was amended to include that all unvested SUs will automatically vest and that all unvested stock options awarded pursuant to the Corporation's ISOP or as amended or replaced from time to time, shall automatically vest and Mr. Conibear will have 90 days from the date following termination to exercise these stock options. Furthermore, the terms of termination without just cause as set out in Mr. Conibear's Employment Agreement will prevail over the terms of termination without just cause as contained in the SU Plan and/or ISOP, as may be amended or replaced from time to time, unless such terms contained in the SU Plan and/or ISOP are more favourable, then the terms in the SU Plan and/or ISOP shall prevail.

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

Following the termination of Mr. McRae's employment by the Corporation without cause, Mr. McRae will receive an amount equal to the Salary that would have been payable to him had his employment with the Corporation continued for a period of 12 months 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, plus pro-rated bonus averaged over the last two performance years, and pro-rated benefits.

Following the termination of Ms. Lee Harrs' employment by the Corporation without cause, Ms. Lee Harrs will receive an amount equal to the Salary that would have been payable to her had her employment with the Corporation continued for a period of 12 months after the termination date in full satisfaction of any notice periods, severance or other payments to which she may be entitled to under statute or otherwise in respect of the termination of her employment with the Corporation. "Salary" is defined as base salary, plus pro-rated bonus averaged over the last two performance years, and pro-rated benefits.

Following the termination of Mr. Gatley's employment by the Corporation without cause, Mr. Gatley is entitled to 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"). In the event that 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 up to six months' Salary is determined at the sole discretion of the Corporation.

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

Other than as set forth above, the Corporation has no compensatory plan, contract or arrangement where 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 termination of employment without cause on December 31, 2014.

NEO	Base Salary (US$)[1]	STIP (US$)[1]	Value of Benefits (US$)[1]	Equity (US$)[1][2]	Total (US$)[1]
Paul Conibear CEO	1,358,426	1,605,782	78,386	255,466[3]	**3,298,060**
Marie Inkster CFO	358,625	286,905	35,700	675,900	**1,357,130**
Paul McRae SVP, Projects	513,049	279,272	57,494	455,800	**1,305,615**
Julie Lee Harrs SVP, Corporate Development	332,504	197,366	35,175	516,300	**1,081,345**
Stephen Gatley VP, Technical Services	95,340	-	-	437,200	**532,540**

(1) Based on the closing exchange rate of C$1.00:US$0.8620 and £$1.00:US$1.5577 on December 31, 2014.

(2) Values represent the gain on all vested options, assuming a TSX closing price on December 31, 2014 of C$5.72 (US$4.93).

(3) Value includes 250,000 PSARS based on value on the grant date of C$5.60 (US$4.83) less the TSX closing price on December 31, 2014 of C$5.72 (US$4.93). Based on the closing exchange rate of US$0.8620:C$1.00 on December 31, 2014. These PSARs were cancelled after December 31, 2014 in accordance with the terms of Mr. Conibear's amended Employment Agreement, in light of the implementation of the SU Plan. There are currently no PSARs outstanding and no further PSARs will be granted.

CHANGE OF CONTROL

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

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

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

After the expiration of the 6-month period following a change of control of the Corporation, Ms. Lee Harrs may be eligible to terminate her employment with the Corporation and be entitled to a termination payment of 12 months' Salary. "Salary" is defined as base salary, plus pro-rated bonus averaged over the last two performance years, and pro-rated benefits. If this election is not made within 12 months of the date of the change of control then this right will lapse.

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 are 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.

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, 2014.

NEO	Severance: Base Salary (US$)[1]	Severance: STIP (US$)[1]	Severance: Value of Benefits (US$)[1]	Equity (US$)[1][2]	Total (US$)[1]
Paul Conibear CEO	1,358,426	1,605,782	78,386	315,500[3]	**3,358,094**
Marie Inkster CFO	358,625	-	2,975	740,142	**1,101,742**
Paul McRae SVP, Projects	-	-	-	656,100	**656,100**
Julie Lee Harrs SVP, Corporate Development	332,504	197,366	35,175	560,600	**1,125,645**
Stephen Gatley VP, Technical Services	826,282	-	52,000	516,600	**1,394,882**

(1) Based on the closing exchange rate of C$1.00:US$0.8620 and £$1.00:US$1.5577 on December 31, 2014.

(2) In accordance with the ISOP, all options vest and become exercisable following a change of control. Values represent the gain on all vested and unvested options, assuming a TSX closing price on December 31, 2014 of C$5.72 (US$4.93).

(3) Value includes 250,000 PSARS based on value on the grant date of C$5.60 (US$4.83) less the TSX closing price on December 31, 2014 of C$5.72 (US$4.93). Based on the closing exchange rate of US$0.8620:C$1.00 on December 31, 2014. These PSARs were cancelled after December 31, 2014 in accordance with the terms of Mr. Conibear's amended Employment Agreement, in light of the implementation of the SU Plan. There are currently no PSARs outstanding and no further PSARs will be granted.

DIRECTOR COMPENSATION

DIRECTOR COMPENSATION TABLE

The following table provides information regarding compensation paid to the Corporation's non-executive directors during the financial year ended December 31, 2014:

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	212,793	-	-	-	-	-	212,793
Donald K. Charter	144,880	-	-	-	-	-	144,880
John H. Craig	117,715	-	-	-	-	-	117,715
Brian D. Edgar[2]	126,770	-	-	-	-	-	126,770
Peter C. Jones	131,298	-	-	-	-	-	131,298
Dale C. Peniuk	140,452	-	-	-	-	-	140,452
William A. Rand	158,463	-	-	-	-	-	158,463

(1) See heading "Currency" on page 1 for the exchange rates.
(2) Mr. Edgar is not standing for re-election as a Director at the Meeting.

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

For the year ended December 31, 2014, the Chairman of the Board received annual remuneration in the amount of C$235,000. The Lead Director received annual base remuneration of C$150,000 and each non-executive director received annual base remuneration of C$125,000. The Chair of the Audit Committee received annual remuneration of C$25,000 and each committee member received annual remuneration of C$15,000. The Chair of the HRCC received annual remuneration of C$20,000 and each committee member received annual remuneration of C$10,000. The Chair of each of the other Board committees received annual remuneration of C$10,000 and each committee member received annual remuneration of C$5,000. All of these amounts were paid in monthly installments.

During 2014, the HRCC performed internal benchmarking for director compensation. The benchmarking concluded that the directors' fees were below the median of the 2015 peer group and therefore adjustments were recommend and approved by the Board to align the Corporation's director compensation with its peers. Effective January 1, 2015, the Chairman of the Board's annual remuneration was increased from C$235,000 to C$260,000, the Lead Director's annual base remuneration was increased from C$150,000 to C$175,000 and each non-executive directors' annual base remuneration was increased from C$125,000 to C$150,000. All other director-related fees, as noted above, remain unchanged for 2015.

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

Namdo Management Services Ltd. ("Namdo"), a private corporation owned by Mr. Lundin, Chairman and a director of the Corporation, was paid or accrued the amount of approximately C$280,000 for services rendered during the fiscal year ended December 31, 2014, plus reimbursement of out-of-pocket expenses at cost. Namdo has approximately 10 employees and provides administrative and corporate development services to a number of public companies. Mr. Lundin did not receive compensation from Namdo during 2014.

During the most recently completed financial year, an amount of approximately C$3.9 million was paid or accrued to the law firm of Cassels Brock & Blackwell LLP, of which Mr. Craig, a director of the Corporation, is a partner, for legal services rendered to the Corporation.

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

DIRECTOR OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

No share-based or option-based awards were outstanding for directors at December 31, 2014.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The Corporation's ISOP, 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 ISOP.

Equity Compensation Plan Information as of December 31, 2014:

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 the plans
Equity Compensation Plans approved by security holders	11,934,984 (stock options) Nil (SUs)	$4.66 (stock options) N/A (SUs)	28,272,500 (stock options) 6,000,000 (SUs)
Equity Compensation Plans not approved by security holders	-	-	-
Total	11,934,984 (stock options) Nil (SUs)	-	28,272,500 (stock options) 6,000,000 (SUs)

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

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

BOARD OF DIRECTORS

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

The independent directors standing for election/re-election at the Meeting are Messrs. Charter, Jones, Peniuk and Rand and Ms. Stefan (Nominee). Mr. Edgar, who is not standing for re-election at the Meeting is also an independent director. Each of these directors do not have any material business relationships with the Corporation and are therefore considered independent under the Governance Guidelines and otherwise independent under National Instrument 52-110 – *Audit Committees* ("NI 52-110") for the purposes of sitting on the Corporation's Audit Committee.

The non-independent directors of the Board are Messrs. Craig, Conibear and Lundin. Mr. Craig has been determined by the Board to not be independent as a result of the legal fees charged by Mr. Craig's law firm during 2014. The fees for legal services significantly increased during 2014 from prior years as a result of certain corporate activities and therefore, he is no longer considered independent. Mr. Conibear is not independent because of his current role as President and Chief Executive Officer of the Corporation. Mr. Lundin, Chairman of the Board, is not considered independent due to his direct involvement with management of the Corporation.

The Board regularly sets aside a portion of each Board meeting to meet in camera without management and non-independent directors present. 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.

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

Directors' Attendance Record at Board and Board Committee Meetings

Below is the attendance record of each director for all Board and Board committee meetings held during the period from January 1, 2014 to December 31, 2014:

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	10	11	4	5	7	7	-	-	-	-
Paul K. Conibear	11	11	-	-	-	-	-	-	4	4
John H. Craig	11	11	-	-	-	-	1	1	-	-
Brian D. Edgar(2)	11	11	-	-	-	-	1	1	4	4
Peter C. Jones	11	11	-	-	6	7	-	-	4	4
Lukas H. Lundin	11	11	-	-	-	-	-	-	-	-
Dale C. Peniuk	11	11	5	5	-	-	1	1	-	-
William A. Rand	11	11	5	5	7	7	-	-	-	-

(1) Represents number of meetings the Director was eligible to attend.
(2) Mr. Edgar is not standing for re-election as a Director at the Meeting.

Directors' Other Board Memberships

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

Director	Public Company Board Membership
Donald K. Charter	Adriana Resources Inc. (TSX-V), DREAM Real Estate Investment Trust (TSX), IAMGOLD Corporation (TSX)
Paul K. Conibear	Lucara Diamond Corp. (TSX/OMX-Nasdaq), NGEx Resources Inc. (TSX/OMX-Nasdaq)
John H. Craig	Africa Oil Corp. (TSX), BlackPearl Resources Inc. (TSX), Consolidated HCI Holdings Corp. (TSX), Corsa Coal Corp. (TSX-V), Denison Mines Corp. (TSX/NYSE MKT)
Peter C. Jones	Royal Nickel Corporation (TSX),
Lukas H. Lundin	Denison Mines Corp. (TSX/NYSE MKT), Lucara Diamond Corp. (TSX/OMX-Nasdaq), Lundin Gold Inc. (formerly, Fortress Minerals Corp.) (TSX/OMX-Nasdaq); Lundin Petroleum AB (TSX/OMX-Nasdaq), Newmarket Gold Inc. (TSVX-V), NGEx Resources Inc. (TSX; OMX-Nasdaq)
Dale C. Peniuk	Argonaut Gold Inc. (TSX), Capstone Mining Corp. (TSX)
William A. Rand	Denison Mines Corp. (TSX/NYSE MKT); Lundin Petroleum AB (TSX/OMX-Nasdaq), New West Energy Services Inc. (TSX-V), NGEx Resources Inc. (TSX/OMX-Nasdaq)
Catherine J. G. Stefan (Nominee)	Denison Mines Corp. (TSX/NYSE MKT)

Legend:

TSX	Toronto Stock Exchange
TSX-V	TSX Venture Exchange
NYSE	New York Stock Exchange
NYSE MKT	NYSE MKT LLC
OMX-Nasdaq	Nasdaq OMX Stockholm Exchange

BOARD MANDATE

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

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its 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 the public. The Corporation has established a Disclosure and Confidentiality Policy. The Board monitors the policies and procedures that are in place to provide for effective communication by the Corporation with its shareholders and with the public generally, including effective means to enable shareholders to communicate with senior management and the Board. The Board also monitors the policies and procedures that are in place to ensure a strong, cohesive, sustained and positive image of the Corporation with shareholders, governments and the public generally. Significant shareholder concerns are brought to the attention of management or the Board. Shareholders are informed of corporate developments by the issuance of timely press releases which are concurrently posted to the Corporation's website and are available on SEDAR at www.sedar.com.

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

POSITION DESCRIPTIONS

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

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 Mr. Edgar, who is not standing for re-election as a Director at the Meeting. Assuming the election of the nominee directors at the Meeting, it is expected that Ms. Stefan will be appointed as the Chair of the CGNC. 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 given 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 and the CEO, chairing all meetings of the HRCC, ensuring that the meetings of the HRCC are held as required, overseeing the process whereby annual salary, bonus and other benefits of the Corporation's executive officers are reviewed assessed and revised in accordance with the recommendations of the CEO, reviewing the directors' compensation and reporting regularly to the Board on matters within the authority of the HRCC.

President and Chief Executive Officer

The President and Chief Executive Officer is Mr. Conibear. The Board has established a written position description for the President and Chief Executive Officer, who is responsible for, among other things, the day to day management of the business and the affairs of the Corporation. The President and Chief Executive Officer is also responsible for assisting the 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 work environment that is conducive to attracting, retaining and motivating a diverse group of high-quality employees, promoting continuous improvement in the timeliness, quality, value and results of the work of the employees of the corporation, and speaking for the Corporation in its communications to its shareholders and the public.

ORIENTATION AND EDUCATION

The Corporation provides new directors with an orientation package upon joining the Corporation that includes financial and technical information relevant to the Corporation's operations, and periodically arranges for project site visits to familiarize members of the Board with the Corporation's operations and to ensure that their knowledge and understanding of the Corporation's business remains current. During 2014, two of the non-executive directors visited the Eagle Mine and two non-executive directors visited the Zinkgruvan Mine and were able to meet with on-site personnel to further acquaint themselves with these key mining assets.

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 to any other corporate governance matters. In addition, the Board will provide any further continuing education opportunities for all directors, where required, so that individual directors may maintain or enhance their skills and abilities as directors. Each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director.

ETHICAL BUSINESS CONDUCT

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

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

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

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

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

NOMINATION OF DIRECTORS

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

In response to the capital markets' desire for more clarity and information, the Board has adopted a position regarding diversity including gender diversity which is set out below. However, the Corporation does not have a written policy relating specifically to the identification and nomination of women directors and have not adopted a target regarding the number of women on the Board or in executive officer positions. The Corporation does not believe that having specific quotas or strict rules or targets will necessarily result in the identification and selection of the best candidates for Board positions, and may compromise other important factors in selecting the Corporation's directors and executive officers, such as skill, experience, and core competencies. The Board believes that it is in the best interest of the organization to promote the most qualified talent to deliver growth and create value for shareholders, taking into account diversity, and as such, does not support mandated percentages or timelines in respect of the number of women on its Board.

All directors must possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. Each director should also have outstanding ability in his or her individual fields of expertise and be able to devote necessary time to Board matters. The Board strongly support the principle of boardroom diversity, of which gender is one important aspect. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit and against objective criteria, including diversity. Board and committee members engaged in nominations are to conduct searches for potential nominees so as to put forward a diverse range of candidates, including women candidates. There are currently no women directors (0%); however, the newly constituted Board, assuming the election of the new nominee director at the Meeting will have one woman director representing 20% of the five independent directors or 12.5% of the eight directors, who will then sit on the Board. The executive officers of the Corporation, including the Corporation's major subsidiaries comprises four women executives representing approximately 36% of the 11 executive officers. There are no executive officer positions at any of the Corporation's major subsidiaries.

The Corporation does not impose term limits on our directors, believing that this arbitrary mechanism for removing directors can result in valuable, experienced directors being forced to leave the Board. The Corporate 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 existing tenure and diversity, when identifying and selecting candidates for election or re-election to the Board.

In February 2013, the Board adopted a Majority Voting Policy as part of its commitment to best practices for corporate governance. The policy is described above under "Election of Directors and Information Regarding Proposed Directors".

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, this committee considers the time commitment, risks and responsibilities involved in being a director with the Corporation as well as market data pertinent to the compensation paid to directors of peer group companies.

Please review the section in this Circular titled "Director Compensation" for further information concerning director compensation.

BOARD COMMITTEES

To assist the Board in its responsibilities, the Board has established four standing committees including the Audit Committee, the 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. Charter and Mr. Rand, all of whom are independent and financially literate for the purposes of NI 52-110. Assuming the election of the nominee directors at the Meeting, it is expected that Mr. Charter will be replaced by Ms. Stefan (Nominee) as a member of the Audit Committee.

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation, on behalf of the Board, and has general responsibility for oversight of internal controls, and accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation's auditors are pre-approved by the 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, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, the quarterly review engagements, the Corporation's internal accounting controls, the Corporation's Fraud Reporting and Investigation (Whistle blower) Policy, any complaints and concerns regarding accounting, internal control or audit matters, and the resolution of issues identified by the Corporation's external auditors. The Audit Committee recommends to the Board annually the firm of independent auditors to be nominated for appointment by the shareholders at the shareholders annual meeting.

The Board appoints the members of the 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, 2014, 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 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 Mr. Edgar (Chair), Mr. Craig and Mr. Peniuk. Mr. Edgar is not standing for re-election as a Director at the Meeting. Assuming the election of the nominee directors at the Meeting, it is expected that Mr. Edgar will be replaced by Ms. Stefan (Nominee) as Chair of the CGNC and Mr. Craig will be replaced by Mr. Charter as a member of the CGNC.

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 to the Board nominees for election as directors of the Corporation at the Annual Meeting of Shareholders, reporting annually to the Corporation's shareholders, through the Corporation's annual management information circular or annual reports to shareholders, on the Corporation's system of corporate governance and the operation of its system of governance, analyzing and reporting annually to the Board the relationship of each director to the Corporation as to whether such director is an independent director or not an independent director, 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), Mr. Conibear and Mr. Edgar. Mr. Edgar is not standing for re-election as a Director at the Meeting. Assuming the election of the nominee directors at the Meeting, it is expected that Mr. Edgar will be replaced by Mr. Craig as a member of the HSEC.

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

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

The HSEC meets a minimum of 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.

ASSESSMENTS OF THE BOARD

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

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

MANAGEMENT CONTRACTS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

OTHER BUSINESS

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

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website under the Corporation's profile at www.sedar.com. Financial information related to the Corporation is contained in the Corporation's financial statements and related management's discussion and analysis. Copies of the Corporation's consolidated audited financial statements, related management's discussion and analysis and Annual Information Form prepared for its fiscal year ended December 31, 2014 may be obtained free of charge by writing to the Corporate Secretary of the Corporation at Suite 1500, 150 King Street West, P.O. Box 38, Toronto, Ontario, Canada, M5H 1J9 or may be accessed on the Corporation's website at www.lundinmining.com or under the Corporation's profile on the SEDAR website at www.sedar.com.

CERTIFICATE OF APPROVAL

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

DATED at Toronto, Ontario this 2nd day of April, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

Paul K. Conibear

Paul K. Conibear
President, Chief Executive Officer and Director

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 endeavouring to have a majority of independent directors as well as an independent Chair or an independent Lead Director, as the term "independent" is defined in National Instrument 58-101 "Disclosure of Corporate Governance Practices".

3. Strategy Determination

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

4. Managing Risk

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

5. Division of Responsibilities

The Board has the responsibility to:

(a) appoint and delegate responsibilities to committees where appropriate to do so; and

(b) develop position descriptions for:

   (i) the Board;

   (ii) the Chairman, Vice-Chairman and Lead Director of the Board;

   (iii) the Chair of each Board Committee;

   (iv) the President and Chief Executive Officer;

   (v) the Chief Financial Officer; and

   (vi) the Chief Operating Officer;

(c) ensure that the directors of the Corporation's subsidiaries are qualified and appropriate in keeping with the Corporation's guidelines and that they are provided with copies of the Corporation's policies for implementation by the subsidiaries.

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

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

6. Appointment, Training and Monitoring Senior Management

The Board has the responsibility:

(a) to appoint the Chief Executive Officer, to monitor and assess the Chief Executive Officer's performance, to satisfy itself as to the integrity of the Chief Executive Officer, and to provide advice and counsel in the execution of the Chief Executive Officer's duties;

(b) to develop or approve the corporate goals or objectives that the Chief Executive Officer is responsible for;

(c) to approve the appointment of all senior corporate officers, acting upon the advice of the Chief Executive Officer and to satisfy itself as to the integrity of such corporate officers;

(d) to ensure that adequate provision has been made to train, develop and compensate management and 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 it 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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