

## 2021 Notice of Annual Meeting and Management Information Circular

with respect to the  
Annual Meeting of Shareholders  
to be held on **MAY 7, 2021**

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**MARCH 19, 2021**

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# Notice of Annual Meeting of Shareholders and Availability of Proxy Materials

You are invited to the Annual Meeting of the shareholders (the “Meeting”) of **LUNDIN MINING CORPORATION** (“we”, the “Corporation” or “Lundin Mining”). The Meeting will be held:

When	Time	Where
Friday May 7, 2021	10:00 a.m. (Toronto time)	virtual-only shareholders Meeting via live audio webcast online at <a href="https://web.lumiagm.com/286254568">https://web.lumiagm.com/286254568</a>

We are using “Notice and Access” for the first time this year to provide you with easy electronic access to our Management Information Circular (the “Circular”), other meeting materials and with copies of our audited consolidated financial statements for the year ended December 31, 2020 and the auditor’s report thereon together with the associated management’s discussion and analysis, rather than mailing paper copies. This shift to electronic delivery is environmentally friendly and saves money.

The purpose of the Meeting is:

- To receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2020 and the report of the auditors thereon
- To elect the directors for the ensuing year
- To appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants as auditors of the Corporation for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditors
- To provide shareholders with an advisory vote on Executive Compensation
- To consider, and if deemed advisable, to confirm, with or without variation, the Amended and Restated By-Law No. 1 of the Corporation, in the form of the resolution presented and all as more fully described in the Circular
- To transact such further and other business as may properly be brought before the Meeting or any adjournment or postponement thereof

The Circular provides additional information relating to the above items for consideration at the Meeting under the heading “Business of the Meeting” beginning on page 10.

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## Why a Virtual-Only Meeting

The ongoing impact of the COVID-19 pandemic and the current and anticipated public health guidelines and restrictions respecting large group gatherings make it unclear as to whether it will be safe or permissible for the Meeting to be held in person this year. Therefore, to ensure the health and safety of the employees, shareholders and representatives of the Corporation, we have made arrangements to enable shareholders and proxyholders to attend and vote virtually at this year's Meeting.

## How Can I Access the Virtual-Only Shareholders Meeting?

Registered shareholders as of March 19, 2021 and duly appointed proxyholders will be able to participate in the Meeting, submit questions and vote, all in real time, by connecting to the meeting via the internet to <https://web.lumiagm.com/286254568> using the latest version of Chrome, Safari, Edge or Firefox on your computer, tablet or smartphone. Please note that the meeting portal is *not* supported on Internet Explorer. Beneficial shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, but guests will not be able to vote or ask questions at the Meeting.

Any shareholder that wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form (including a beneficial shareholder who wishes to appoint themselves to attend) must carefully follow the instructions in the Circular and on the form of proxy or voting instruction form. These instructions include the important additional step of registering proxyholders with our transfer agent, Computershare Trust Company of Canada ("Computershare"), after submitting the form of proxy or voting instruction form but prior to the proxy deadline. You must follow these instructions closely as the steps for voting and appointing a proxyholder are different than for in-person meetings.

Detailed information on how shareholders can participate in and vote at the Meeting is available starting on page 3 of the Circular.

It is important to note that shareholders will not be able to attend this year's Meeting in person. Shareholders participating in the virtual shareholders Meeting must remain connected to the internet during the Meeting in order to vote when balloting commences. It is the shareholders' responsibility to ensure internet connectivity for the duration of the Meeting.

## How Do I Vote My Shares in Advance?

You may vote in advance by proxy in any of the following ways. You will need the control number contained in the accompanying form of proxy or voting instruction form in order to vote in advance or to appoint a proxyholder (including beneficial shareholders wishing to appoint themselves as proxyholder to attend and vote at the meeting).

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### Telephone Voting

Vote by calling the toll-free number shown on the form of proxy or voting instruction form

### Internet Voting

Vote online by logging on to the website indicated on the form of proxy or voting instruction form

### Mail-in Voting

Complete the form of proxy or voting instruction form and return it in the envelope provided

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To be valid, your vote or proxy appointment must be received by our transfer agent, Computershare, by no later than 10:00 a.m. (Toronto time) on May 5, 2021, or not less than 48 hours prior to any adjournment or postponement thereof. Non-registered (beneficial) shareholders should return their voting instruction forms to their intermediary using one of the above methods by the date specified in their voting instruction form, and in any case at least one business day in advance of the proxy deadline. The Corporation reserves the right to accept late proxies and to waive the proxy deadline, with or without notice, but is under no obligation to accept or reject any particular late proxy.

Detailed information on how shareholders can vote in advance of the meeting is available starting on page 3 of the Circular.

## How Do I Get an Electronic Copy of the Circular?

Electronic copies of the Circular and our 2020 audited consolidated financial statements may be accessed online on the Corporation's website at <https://www.lundinmining.com/investors/corporate-filings> or under the Corporation's profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). You can also access our 2020 Extractive Sector Transparency Measures Act annual report online on the Corporation's website as indicated above.

## How Do I Get a Paper Copy of the Circular?

In addition to being able to quickly view or print the Circular and our 2020 audited consolidated financial statements online at our website, shareholders can request that a paper copy of either or both documents be sent by regular postal delivery, free of charge. For holders of 15-digit control numbers, requests may be made by calling Toll Free 1-866-962-0498 or outside of North America +1-514-982-8716 and enter your 15-digit control number. For holders of 16-digit control numbers, requests may be made by calling Toll Free 1-877-907-7643 or outside of North America +1-303-562-9305 for English and +1-303-562-9306 for French and enter your 16-digit control number.

To receive the Meeting materials prior to the proxy deadline for the Meeting, you should make your request before 10:00 a.m. (Toronto time) on April 27, 2021. For requests received on or after the date of the Meeting, please call 416-342-6961, and a paper copy will be mailed to you within 10 calendar days after receiving your request. The Meeting materials will also remain available at <https://www.lundinmining.com/investors/corporate-filings/> for a period of at least one year after SEDAR filing.

This notice is not a ballot or proxy card. You cannot use this notice to vote your shares. This communication presents only an overview of the more complete proxy materials that are available to you on the internet.

We strongly encourage you to review the Circular and to vote well in advance of the Meeting. If you have any questions concerning Notice and Access, please call Computershare at 1-866-964-0492 (toll-free). The contents of the Circular and the sending thereof to the shareholders have been approved by the Corporation's board of directors.

DATED at Toronto, Ontario this 19<sup>th</sup> day of March 2021.

### BY ORDER OF THE BOARD OF DIRECTORS

Annie Laurenson  
*Corporate Secretary*

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# Letter to Shareholders

Reliable and consistent performance has been a defining characteristic of Lundin Mining for over the past half decade. 2020 was a year unlike any other, testing our resolve.

In the face of an evolving global pandemic and unforeseen operational challenges, we are incredibly proud of how we responded. Above all, our response to these challenges showcased our ability to execute when guided by our core values of Safety, Respect, Integrity and Excellence.

We are pleased to present this Management Information Circular which speaks in detail to the year's operational, financial, health, safety, and environmental performance compared to our targets.

While we moved quickly and decisively to address near-term challenges, we did not lose sight of strategic progress and advanced key priorities to ensure we live up to our mission, positioning Lundin Mining well for many years ahead.

Our ongoing commitment to responsible mining is reflected in our daily actions, captured in our annual Sustainability Report to be released mid-year which highlights our accomplishments in Governance, Health & Safety, Economic Performance, our People, Social Performance, Materials and Product Stewardship, and the Environment.

This year, we formalized our written Human Rights Standard to complement and enhance prior commitments to Human Rights in our core documents. The protection and promotion of human rights is not a new concept for Lundin Mining. It is implicit in our guiding values. Our approach is supported by the conviction that our activities have a positive impact on the lives, livelihoods and rights of individuals and communities.

To enhance our commitment to diversity and inclusion outlined in our Responsible Mining Policy, we established a Diversity, Inclusion, Anti-Racism & Discrimination Committee (DIARD) in June 2020. In collaboration with the Human Resources department, DIARD is tasked with promoting

resources and forums to enable important and, at times, uncomfortable conversations, and recommending concrete actions to create and foster a workplace that reflects and contributes to the diverse, global communities in which we do business.

In February 2021, we updated our written Diversity & Inclusion Policy to include the specific target that Board and executive officer positions be comprised of at least 30% women. If all nominees are elected at this Annual Meeting, 33% of our directors will be women. Of the fourteen executive officers at Lundin Mining, 36% are women.

We believe there is significant value in continuity of directors who bring their skills, experience and familiarity of the Corporation to add value to the Board's discussions. At the same time, we recognize the benefits and have taken action to ensure renewal of the people and perspectives on the Board, including age limits, outlined in this Management Circular.

We thank long-standing directors Mr. William Rand and Mr. John Craig for their leadership after a number of years of service; and, we welcome our new directors Ms. Karen Poniachik and Mr. Jack Lundin. They join Mr. Ashley Heppenstall, who was elected to the board for the first time last year.

In an effort to further align with shareholder interests, our share ownership guidelines for the directors of the Corporation was amended in February 2021. The amended guidelines require a minimum share ownership of three times the annual retainer; an increase from the prior requirement of two times.

We enter 2021 with a portfolio of high-quality operations and a robust balance sheet, well positioned to take advantage of improving metals prices and create significant shareholder value.

On behalf of the management team and Board of Lundin Mining, thank you for your continued support.

**Marie Inkster**  
*President, CEO  
and Director*

**Lukas Lundin**  
*Chair of the Board*



# Management Information Circular

You have received this Management Information Circular (“Circular”) because you owned Lundin Mining Common Shares as of the close of business on March 19, 2021 (the “record date”) and are entitled to attend and vote at the Meeting of Lundin Mining’s shareholders to be held on Friday May 7, 2021 (the “Meeting”) at the time and for the purposes set out in the accompanying Notice of Annual Meeting of Shareholders or at any adjournment or postponement of the Meeting.

## Management of the Corporation is soliciting your proxy for the Meeting.

Management’s solicitation of proxies will primarily be by mail, but you may be contacted by telephone or other means of communication by employees, directors or officers of the Corporation or by employees of Computershare, our transfer agent, in each case without compensation other than their regular fees or salaries. The cost of solicitation by management will be borne by the Corporation.

In this Circular, references to “we”, “us” and “our” or to “Lundin Mining” or “the Corporation” are to Lundin Mining Corporation, references to “Common Shares” are to the Common Shares in the capital of Lundin Mining, and references to “shareholders”, “you” and “your” are to the holders of Common Shares.

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 6, 2021. Unless otherwise stated, the information contained in this Circular is as of March 19, 2021.

## Currency

The Corporation’s reporting currency is United States Dollars. References in this Circular to (i) US\$ or \$ is to United States Dollars; (ii) C\$ is to Canadian Dollars;

(iii) SEK is to Swedish Kronor. The Corporation has used the following annual average exchange rate for each year for all currency conversions throughout this Circular, unless indicated otherwise:

	C\$	SEK
2020	US \$0.7462 to C \$1.00	US \$0.1089 to SEK 1.00
2019	US \$0.7537 to C \$1.00	US \$0.1058 to SEK 1.00
2018	US \$0.7719 to C \$1.00	US \$0.1153 to SEK 1.00

## Delivery of Proxy Materials

As permitted by applicable Canadian securities laws, we are providing shareholders with electronic access to the Circular for the Meeting instead of mailing out paper copies. Electronic delivery is environmentally friendly and saves money.

Shareholders will receive a notice of availability of proxy materials together with a form of proxy or voting instruction form. The notice provides instructions on how shareholders may access and review an electronic copy of the Circular and how to request a paper copy. Shareholders who have already provided instructions on their account to receive paper copies of the Circular will also receive a paper copy of the Circular with a copy of the notice regarding electronic availability. The notice also provides instructions on voting at the Meeting.

Proxy materials are being sent to registered shareholders directly and will be sent to intermediaries to be forwarded to all non-registered (beneficial) shareholders. We pay the cost of proxy solicitation for all registered shareholders and for non-registered shareholders, including non-registered shareholders who object to their name and address being given to the Corporation.



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# Information About Voting

## Why Is This Year's Meeting Virtual-Only?

The ongoing impact of the COVID-19 pandemic and the current and anticipated public health guidelines and restrictions respecting large group gatherings make it unclear as to whether it will be safe or permissible for the Meeting to be held in person this year. Therefore, to ensure the health and safety of the employees, shareholders and representatives of the Corporation, we have made arrangements to enable shareholders and proxyholders to attend and vote virtually at this year's Meeting.

The Meeting will be entirely virtual and shareholders and proxyholders will not be able to attend in person. If you are a registered shareholder or a duly appointed proxyholder (including non-registered shareholders who have duly appointed themselves as proxyholder), you will be able to attend, vote and ask questions at the Meeting, all in real time. If you are a non-registered shareholder who does not appoint themselves as proxyholder then you may attend the Meeting as a guest, but you will not be able to vote or to ask questions at the Meeting.

## Who Can Vote at the Meeting?

Shareholders who held Common Shares as of the record date are entitled to one vote per common share held as of that date.

## How Can I Vote?

You have various options for voting. You may vote in advance of the Meeting online or by phone, fax or mail. You may also attend and vote in person during the live webcast or you may appoint another person (called a proxyholder) to attend the Meeting and vote on your behalf. If you are a registered shareholder, we mail the notification directly to you and your package will include a form of proxy. We distribute the notification to intermediaries to forward to our non-registered shareholders. For most non-registered shareholders, your package is sent by Broadridge and includes a voting instruction form. We pay the cost of proxy solicitation for all registered and non-registered shareholders.

However you choose to vote, please carefully follow the instructions below for the option you select and note that the process for appointing proxyholders and for voting in person at the Meeting is different this year than it has been in the past.

You must also make sure you allow enough time for your instructions to reach our transfer agent if you are sending the completed form of proxy or voting instruction form by mail. To be valid, Computershare, our transfer agent, must receive your voting instructions **before 10:00 a.m. (Toronto time) on Wednesday May 5, 2021** (the "proxy deadline"). Non-registered (beneficial) shareholders must also ensure that their instructions are submitted by the deadline specified in their voting instruction form and in any case in sufficient time for their intermediary to act on those instructions prior to the proxy deadline. **Submit your voting instructions right away to meet the proxy deadline.**

	Non-Registered (Beneficial) Shareholders	Registered Shareholders
<p><b>The voting process is different depending on whether you are a registered or non-registered shareholder (see details on how to determine what you are to the right).</b></p>	<p>You are a non-registered (beneficial) shareholder if your bank, trust company, securities broker, trustee or other financial institution holds your Common Shares (your nominee). This means the Common Shares are registered in your nominee's name, and you are the beneficial shareholder. Many of our shareholders are non-registered shareholders.</p>	<p>You are a registered shareholder if your name appears on your share certificate.</p>
<p><b>How Can I Vote in Advance?</b></p>	<p>Follow the instructions on your voting instruction form to submit your voting instructions using one of the following methods:</p> <ul style="list-style-type: none"> <li>• Online: Visit <a href="http://www.proxyvote.com">www.proxyvote.com</a> and vote using the unique control number located on your voting information form</li> <li>• Mail: Using the envelope provided, send the duly completed, signed and dated voting instruction form by mail.</li> </ul> <p>You may also vote by phone or by fax if your intermediary provides this option. However you choose to vote, please follow the instructions on your voting instruction form carefully.</p> <p>Your intermediary must receive your voting instructions by the time specified on your voting information form in sufficient time to act on them, which will be at least 24 hours prior to the proxy deadline.</p>	<p>Follow the instructions on your form of proxy and return it using one of the following methods:</p> <ul style="list-style-type: none"> <li>• Online: Visit <a href="http://www.investorvote.com">www.investorvote.com</a> and vote using the control number located on your form of proxy.</li> <li>• Mail: Using the envelope provided, send the duly completed, signed and dated form of proxy by mail.</li> </ul> <p>You may also vote by phone or return your proxy in person, by courier or using the other methods described in your form of proxy. However you choose to vote, please follow the instructions on your form of proxy carefully.</p> <p>To be valid, your form of proxy must be received by our transfer agent by the proxy deadline. The online voting option will be available until the proxy deadline.</p>
<p><b>How Do I Vote at the Meeting?</b></p>	<p>If you wish to attend and vote at the Meeting you will need to appoint yourself as proxyholder and register with our transfer agent by carefully following the instructions below under the heading "How do I appoint a proxyholder?".</p>	<p>If you wish to attend and vote at the Meeting, you must follow these instructions on the day of the Meeting:</p> <ul style="list-style-type: none"> <li>• Log into the Meeting at <a href="https://web.lumiagm.com/286254568">https://web.lumiagm.com/286254568</a>.</li> <li>• Click "I have a login" and enter your Username. Your Username will be the 15-digit control number located on your form of proxy.</li> <li>• Enter the password lmc2021 (case sensitive).</li> <li>• Follow the instructions to vote your Common Shares when prompted.</li> </ul> <p>You should allow ample time (at least 15 minutes) to log into the Meeting online and complete the procedures above.</p>

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## Non-Registered (Beneficial) Shareholders

## Registered Shareholders

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### What If I Want to Change My Vote?

Contact your intermediary if you need help providing new voting instructions, appointing a new proxyholder, if you want to revoke your voting instructions (without giving new instructions) or if you want to vote at the Meeting instead.

Your new instructions must be received by Computershare by the proxy deadline. Any instructions received after this time may only be effective to revoke your previous instructions. Please remember that your intermediary must receive your instructions by the time specified on your voting information form, which will be at least 24 hours prior to the proxy deadline.

If you voted in advance of the Meeting and you wish to change your voting instructions or if you wish to appoint another person as your proxyholder, you may submit a new proxy with your new voting instructions or appointing that other person as proxyholder using the control number on your form of proxy by following the instructions on your form of proxy and using any of the methods listed above. Your new proxy must be received by Computershare by the proxy deadline. Any new proxy received after this time may only be effective to revoke your previous proxy.

You can also revoke your proxy without providing new voting instructions by:

- sending a notice in writing to the Corporate Secretary of the Corporation at: 150 King Street West, Suite 2200, P.O. Box 38, Toronto, Ontario, Canada, M5H 1J9, by 5:00 p.m. (Toronto time) on the last business day before the Meeting (Thursday, May 6, 2021)
- giving notice in any other manner permitted by law.

The notice can be from you or your attorney, if he or she has your written authorization. If your Common Shares are owned by a corporation, the written notice must be from its authorized officer or attorney.

If you have voted in advance or appointed another person as your proxyholder, please note that:

- If you attend the Meeting and accept the terms and conditions you will be deemed to have revoked all prior proxies and voting instruction for all matters. In this case, you will have the opportunity to vote during the Meeting by following the instructions provided.
- If you wish to attend the Meeting but you do not wish to revoke your previous proxies and voting instructions then do not accept the terms and conditions and you may then attend the Meeting as a guest.

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### How Can I Attend the Meeting as a Guest?

Guests can log into the Meeting and view the Meeting, but they are not able to vote or ask questions at the Meeting. Guests can access the Meeting using the following instructions:

- Log into the Meeting at <https://web.lumiagm.com/286254568>.
- Click "Login" and identify yourself as a "Guest" and complete the requested information. You should be automatically redirected to the virtual Meeting.

You should allow ample time (at least 15 minutes) to log into the Meeting online and complete the procedures above.

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## How do I appoint a proxyholder?

If you vote in advance, you will be appointing the persons named as proxyholders in the enclosed form of proxy or voting instruction form as your proxyholder ("Management Proxyholders"). These persons are directors and/or officers of the Corporation. **You may also appoint a person other than the Management Proxyholders as your proxyholder to attend and vote on your behalf at the Meeting. This other person does not need to be a shareholder of the Corporation.** If you wish to do so, this appointment must be received by the proxy deadline.

If you wish to appoint another person as your proxyholder, you may do so by carefully following the instructions below. Because this year's Meeting is being held virtually, the process for appointing a proxyholder (other than the Management Proxyholders) is different and failure to register that other proxyholder as described below will result in your proxyholder not receiving the control number that is required to vote at the Meeting.

If you are a non-registered (beneficial) shareholder and you wish to attend and vote at the Meeting, you must appoint yourself as proxyholder by following the applicable instructions below.

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### Non-Registered (Beneficial) Shareholders

To appoint yourself or another person (other than the Management Proxyholders) as proxyholder you must appoint yourself or that other person as your proxyholder and register your proxyholder with our transfer agent by carefully following the instructions below.

If you wish to attend and vote at the Meeting yourself, you must appoint yourself as proxyholder by following these instructions.

If you do not complete each of the steps below then your proxyholder will not be able to attend and vote your Common Shares at the Meeting.

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### Registered Shareholders

To appoint another person (other than the Management Proxyholders) as proxyholder you must appoint that person and they must be registered with our transfer agent by carefully following the instructions below.

If you do not complete each of the steps below then your proxyholder will not be able to attend and vote your Common Shares at the Meeting.

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### Step 1

To validly appoint yourself or another person as your proxyholder you must:

- Visit [www.proxyvote.com](http://www.proxyvote.com) and enter the control number listed on your voting instruction form and insert your name (or the name of the other person you wish to appoint as your proxyholder) in the "Change Appointee" section of the voting site and follow all other instructions provided to you by your intermediary; or
- Insert your name (or the other person's name, as applicable) in the space provided on your voting instruction form and sign, date the form and return it in the envelope provided or as otherwise instructed by your intermediary; or
- If your intermediary provides another means of appointing a proxyholder, by carefully following the applicable instructions on your voting instruction form.

Your intermediary must receive your appointment by the time specified on your voting information form, which will be at least 24 hours prior to the proxy deadline.

To appoint your proxyholder you must enter their name in the space provided on your form of proxy or in the online form using any one of the methods described above under "How Can I Vote in Advance?".

This step must be completed at least 24 hours prior to the proxy deadline.

**Step 2**

Visit <https://www.computershare.com/Lundin> and follow the instructions to register yourself (or the other person, as applicable) as your proxyholder by no later than the proxy deadline.

You will need to provide your email address (or an email for the other person) so that Computershare can provide your appointed proxyholder with a Username by email.

This important additional step is necessary so that your appointed proxyholder receives their Username, which will be required for your appointed proxyholder to access and vote your Common Shares at the Meeting.

It is your responsibility to ensure that your appointed proxyholder is properly registered, receives their Username and attends and votes on your behalf at the Meeting.

Visit <https://www.computershare.com/Lundin> and follow the instructions to register your proxyholder by no later than the proxy deadline.

You will need to provide your proxyholder's email address so that Computershare can provide your proxyholder with their Username by email.

This important additional step is necessary for you to register your proxyholder with our transfer agent so that your proxyholder receives their Username, which they will require to access and vote at the Meeting.

It is your responsibility to ensure that your proxyholder is properly registered, receives their Username and attends and votes on your behalf at the Meeting.

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**Step 3**

Assuming you have validly appointed yourself (or another person, as applicable) as your proxyholder, registered them with Computershare and that your appointed proxyholder has obtained their Username, you (or that other person, as applicable) must follow these instructions on the day of the Meeting to access and vote your Common Shares at the Meeting:

- Log into the Meeting at <https://web.lumiagm.com/286254568>.
- Click "I have a login" and enter the Username provided to your proxyholder by Computershare in Step 2 above.
- Enter the password lmc2021 (case sensitive).
- Follow the instructions to vote when prompted.

Your appointed proxyholder should allow ample time (at least 15 minutes) to log into the Meeting online and complete the procedures above.

If you hold Common Shares in more than one intermediary account, consider appointing your proxyholder for all accounts concurrently so that they will only require one Username.

If you do not appoint yourself as your proxyholder, you may still attend the Meeting but you must do so as a guest and you will not be able to vote or ask questions.

Assuming you have validly appointed your proxyholder, registered them with Computershare and they have obtained their Username, your proxyholder must follow these instructions on the day of the Meeting to access and vote at the Meeting:

- Log into the Meeting at <https://web.lumiagm.com/286254568>.
- Click "I have a login" and enter the Username provided to your proxyholder by Computershare in Step 2 above.
- Enter the password lmc2021 (case sensitive).
- Follow the instructions to vote when prompted.

Your proxyholder should allow ample time (at least 15 minutes) to log into the Meeting online and complete the procedures above.

If you appoint another person as your proxyholder, you may still attend the Meeting but you must do so as a guest.

**What technology will I need to access the Meeting?**

You will be able to participate in the Meeting using an internet-connected device such as a laptop, computer, tablet or mobile phone. In order to run the Meeting platform, you will

need the latest version of Chrome, Safari, Edge or Firefox, that are running the most updated version of the applicable software plugins and that meet the minimum system requirements. If you have any doubt, please visit <https://www.lumiglobal.com/faq>.

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## What if I have difficulty accessing the Meeting?

Shareholders with questions regarding the virtual meeting portal or requiring assistance accessing the meeting website should visit <https://www.lumiglobal.com/faq> for additional information.

If you are accessing the Meeting you must remain connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting. Note that if you lose connectivity once the Meeting has commenced, there may be insufficient time to resolve your issue before ballot voting is completed.

Even if you plan to attend the Meeting, you should consider voting your Common Shares in advance so that your vote will be counted in case you later decide not to attend the Meeting or in the event that you experience any technical difficulties and are unable to access the Meeting and vote for any reason. Please note that you cannot vote if you access the Meeting by dialing in via telephone – voting at the Meeting can only be done through the Meeting portal.

## Will I be able to ask questions at the Meeting?

Yes. Lundin Mining believes that the ability to participate in the Meeting in a meaningful way, including asking questions, remains important despite the decision to hold this year's Meeting virtually. It is anticipated that registered shareholders and proxyholders (including non-registered shareholders who have appointed themselves as proxyholders) will have substantially the same opportunity to ask questions on matters of business before the Meeting as in past years when the annual shareholders meeting was held in person. Shareholders will have the opportunity to submit questions during the Meeting in writing by sending a message to the chair of the Meeting online through the meeting portal.

Questions received from shareholders which relate to the business of the Meeting are expected to be addressed in the question-and-answer session that will follow the Meeting. Such questions will be read by the chair of the Meeting or a designee of the chair and responded to by a representative of the Corporation as they would be at a shareholders meeting that was being held in person. As at an in-person meeting, to ensure fairness for all attendees, the chair of the Meeting will decide on the amount of time allocated to each question and will have the right to limit or consolidate questions and to reject questions that do not relate to the business of the Meeting or which are determined to be inappropriate or otherwise out of order.

## Voting of proxies

The form of proxy accompanying this Circular provides that the Common Shares represented by properly executed and deposited proxies will be voted or withheld from voting on each respective matter in accordance with your instructions and that, if you specify a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by your proxy will be voted accordingly.

If you appoint the Management Proxyholders but do not tell them how to vote, your Common Shares will be voted:

- (i) **FOR** the election of the persons listed as nominees under the heading "Election of Directors" as directors of the Corporation;
- (ii) **FOR** the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation and authorizing the directors to fix their remuneration;
- (iii) **FOR** the resolution approving the Corporation's approach to executive compensation on an advisory and non-binding basis; and
- (iv) **FOR** the resolution confirming the adoption of Amended and Restated By-Law No. 1.

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## Other important things to know

If for any reason a nominated director becomes unable to serve, your proxyholder has the right to vote for another nominated director at his or her discretion, unless you have indicated that you want to withhold your Common Shares from voting on the election of directors.

If there are amendments or other items of business that properly come before the Meeting, the form of proxy or voting instruction form provide that your proxyholder can vote on each matter as your proxyholder sees fit whether or not it is a routine matter, an amendment or contested item of business.

The chair of the Meeting has the discretion to accept or reject any late proxies, and can waive or extend the deadline for receiving proxy voting instructions without notice.

If the Meeting is postponed or adjourned, the deadline for Computershare to receive your voting instructions will be extended to 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting is reconvened for your new voting instructions to be valid. If you are revoking your proxy without giving new voting instructions, the corporate secretary must receive the notice by 5:00 p.m. (Toronto time) on the day before the Meeting is reconvened.

## Questions about voting

If you have questions about voting, completing the form of proxy or about the Meeting in general, please contact Computershare at:

Mail: Computershare Trust Company of Canada  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1

Email: [service@computershare.com](mailto:service@computershare.com)

Phone: 1-800-564-6253 (toll-free)

## Quorum

The quorum required at the Meeting will be not less than two shareholders together holding not less than 25% of the shares entitled to be voted at the Meeting present, each being a shareholder, a proxyholder or a representative for a shareholder, at the opening of the Meeting.

## Interest of Certain Persons or Companies in Matters to Be Acted Upon

Except as otherwise set out in this Circular, no director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of such 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 738,183,403 Common Shares and no special shares were issued and outstanding as of the Record Date. Each common share is entitled to one vote on all matters to be acted upon at the Meeting.

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

Name of Shareholder	Number of Common Shares	Percentage of Common Shares
Nemesia S.a.r.l. ("Nemesia") <sup>(1)</sup> Luxembourg	93,822,698	Approximately 12.71%

(1) Two private companies controlled by a trust settled by the late Adolf H. Lundin, together hold 100% of the outstanding Class C shares of Nemesia and control Nemesia.



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# Business of the Meeting

## Financial Statements

The audited consolidated financial statements of the Corporation for the year ended December 31, 2020, including the report of the auditors thereon, will be tabled at the Meeting and will be received by the shareholders. These audited consolidated financial statements of the Corporation for the year ended December 31, 2020 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 under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## Election of Directors and Information Regarding Proposed Directors

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

The board of directors of the Corporation (the "Board") has accepted a recommendation of the Corporate Governance and Nominating Committee (the "CGNC") of the Corporation and has determined that the size of the Board should be nine directors. The number of directors to be elected is nine. All nine nominees are presently members of the Board and the dates on which they were first elected or appointed are indicated below. Each director nominee elected will hold office until their successor is elected at the next annual meeting of shareholders, or any postponement(s) or adjournment(s) thereof, or until their successor is otherwise elected or appointed.

Unless authority to vote is withheld, the Common Shares represented by the proxies held by a Management Proxyholder will be voted by the persons named therein **FOR** the election of each of the nine nominees as directors. Management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote **FOR** another nominee in their discretion, unless the shareholder has specified in the accompanying form of proxy that such shareholder's shares are to be withheld from voting on the election of directors. Please see the summary below on our Majority Voting Policy.

## Advance Notice

The Corporation's Amended and Restated By-Law No. 1 includes an advance notice requirement for nominations of directors by shareholders in certain circumstances. Among other things, the advance notice by-law fixes a deadline by which holders of record of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation. In the case of an annual meeting of shareholders, notice to the Corporation must generally be provided not less than 30 days prior to the date of the applicable annual meeting of shareholders or, where notice and access is to be used for the delivery of the applicable meeting materials, not less than 40 days prior the date of such meeting. If the meeting date is announced less than 50 days

prior to the meeting, notice must be provided in either case by no later than the close of business on the 10<sup>th</sup> day following the date of such announcement. Please see “Shareholder Proposals” for additional information.

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

## Appointment and Remuneration of Auditors

The auditors for the Corporation will be appointed at this Meeting. Following an assessment of the effectiveness of the auditors, the directors of the Corporation recommend the re-appointment of PricewaterhouseCoopers LLP (“PwC”), Chartered Professional Accountants, Licensed Public 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. The Corporation also proposes that the remuneration to be paid to the auditors be determined by the directors of the Corporation.

The disclosure required by National Instrument 52-110 – *Audit Committees* (“NI 52-110”), including the text of the Audit Committee’s charter and the fees paid to the Corporation’s external auditors, can be found in the “Audit Committee” section of the Corporation’s Annual Information Form for the year ended December 31, 2020 as filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### Auditors’ Fees

The following table discloses the fees billed to the Corporation by its external auditors during the financial years ended December 31, 2020 and 2019. Services billed in C\$, Chilean Pesos, Brazilian Reals, Euros or SEK were converted using average exchange rates that prevailed during 2020 and 2019 (as quoted on Bloomberg).

Fiscal Year Ending	Audit Fees <sup>(1)</sup>	Audit-Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All other Fees <sup>(4)</sup>
December 31, 2020	\$1,797,298	\$10,366	\$68,667	\$nil
December 31, 2019	\$1,400,515	\$3,682	\$8,861	\$nil

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

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

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

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

**The Board recommends that shareholders vote FOR the re-appointment of PricewaterhouseCoopers LLP as auditors of the Corporation for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditors.**

In the absence of any instructions to withhold a vote, the Common Shares represented by proxies held by a Management Proxyholder will be voted **FOR** the re-appointment of PwC, Chartered Professional Accountants, Licensed Public Accountants, as auditors of the Corporation until the close of the next annual meeting of shareholders or until their successor is appointed and to authorize the directors to fix their remuneration. To pass, this resolution will require approval by a majority of the Common Shares voted at the Meeting in person or by proxy.

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## Advisory Vote on the Corporation's Approach to Executive Compensation

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

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

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

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

In the absence of any instructions to the contrary, the Common Shares represented by proxies received by management will be voted **FOR** the approval of the resolution to accept the Corporation's approach to executive compensation. To pass, this resolution will require approval by a majority of the Common Shares voted at the Meeting in person or by proxy but because your vote on this matter is advisory it will not be binding upon the Board.

## Amendment to the Corporation's By-Law No. 1

The Corporation's by-laws were last updated in 2013 (the "**2013 By-law**"). Since that time there have been significant changes in law, technology, and best corporate governance practices, including an increase in the use of virtual meetings, the prevalence of notice and access for the distribution of proxy materials to shareholders (including by CBCA corporations) and evolution in the manner of communicating between the Corporation and its stakeholders. The Corporation and the Board determined that it was desirable and in the best interests of the Corporation to amend the 2013 By-law to modernize them to reflect these developments, and to update and streamline some of the language used in the by-laws.

The Corporation, with input from external legal counsel, undertook a thorough review of the 2013 By-law through the course of late 2020 and early 2021 and the Amended and Restated By-law No. 1 (the "**A&R By-law**") was adopted by the Board on January 18, 2021. At the Meeting, shareholders will be asked to confirm this A&R By-law by approving, with or without variation, the resolution below. To facilitate shareholders' review of the A&R By-law, a redline showing all amendments is attached to this Circular as Appendix B. The amendments you will be asked to confirm include:

Key Amendments	By-law Section(s)
<p><b>Virtual Meetings</b> – Particularly in light of the ongoing COVID-19 pandemic, the Corporation determined that changes to better accommodate the holding of and voting at virtual board and shareholder meetings, including specifically contemplating the use of telephonic, webcast or other communications facilities, was desirable.</p>	4.08 – 4.11, 4.17, 10.04 –10.06, 10.20, 10.22
<p><b>Advance Notice for Director Nominations</b> – Given the advantages in cost and reduced environmental impact, the Corporation has determined to commence using the “notice and access” regime described elsewhere in this Circular for distributing meeting materials to its shareholders. Using this regime alters the time at which the Corporation must take certain steps in respect of its shareholder meetings, including the obligation to file its management information circular 30 days before the meeting date (rather than the 21 days otherwise applicable). This required the timing in the advance notice provisions to be updated to ensure alignment.</p> <p>The advance notice provision has also been updated to reflect evolution in practice and investor expectations since the 2013 By-law, including changes to guard against the risk of ‘empty voting’ (where a shareholder holds the voting power without any corresponding economic interest).</p>	4.03
<p><b>Modernization and Facilitation of Technology</b> – The changes in this regard include:</p> <ul style="list-style-type: none"> <li>• Addition of language that confirms that contracts, documents or instruments in writing may be signed by electronic signature and in counterparts. <span style="float: right;">2.05</span></li> <li>• Changes made to the Share transfer provision to reflect developments in practices relating to evidencing share ownership. <span style="float: right;">8.03</span></li> <li>• Payment mechanics for distributions have been updated to reflect that most payments made to shareholders in respect of dividends or other distributions are no longer made by cheque and to provide the board flexibility to approve more modern payment methods. <span style="float: right;">9.01 – 9.05</span></li> <li>• Changes made to provide for new contemporary methods of providing notice to directors, shareholders and others. <span style="float: right;">11.01</span></li> </ul>	
<p><b>Quorum</b> – Changes to quorum requirements for both director meetings (majority of all directors in office) and shareholder meetings (not less than 25% of shares must be represented) were made to align with current best practice.</p>	4.15, 10.13
<p><b>Further Amendments:</b></p> <ul style="list-style-type: none"> <li>• Housekeeping and drafting clean-up changes were made to streamline and modernize the by-laws, including various changes to delete unnecessary duplication of corporate law statutory requirements (i.e. relating to residency or qualification of directors) to avoid the need to further amend the by-laws should the underlying statutory provisions be amended. <span style="float: right;">Various</span></li> <li>• Changes to the provisions regarding the protection of directors and officers to better align with the associated corporate law requirements and clarify the application of these provisions. <span style="float: right;">7.02 – 7.05</span></li> <li>• A new provision has been added to clarify the business that may be transacted at annual and special meetings of shareholders. <span style="float: right;">10.10</span></li> <li>• A new provision has been added to clarify the Corporation’s obligations regarding access to proxies by shareholders prior to the meeting. <span style="float: right;">10.17</span></li> </ul>	

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At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution, in the form set out below, subject to such amendments, variations or additions as may be approved at the Meeting, the confirmation of the A&R By-law, which is currently in effect. If the A&R By-law is confirmed by at least a majority of the Common Shares voted at the Meeting in person or by proxy, it will continue in effect in the form in which it is confirmed. If the A&R By-law is not confirmed by such a majority, then it will cease to be effective following the Meeting and the 2013 By-law will be in effect.

Shareholders will be asked to vote on this matter in accordance with the following resolution:

**Resolved that:**

***The Amended and Restated By-law No. 1 of the Corporation, reflecting the amendments to the 2013 By-law in the form attached to Appendix B to this Circular, be and is hereby ratified, confirmed and approved.***

**For the reasons indicated above, the Board unanimously recommends that shareholders vote FOR the confirmation of the A&R By-law.**

In the absence of any instructions to withhold a vote, the Common Shares represented by proxies held by a Management Proxyholder will be voted **FOR** the confirmation of the A&R By-law.

# Election of Directors

## Director Nominee Profiles

This section profiles each of the nominated directors, including principal occupation and experience, participation on the Corporation's Board and Board committees and shareholdings in Lundin Mining. The Corporation has been advised that each of the nominated directors is willing to serve on the Board for the ensuing year. Each of the directors proposed for election at the Meeting is a current director. Mr. Jack Lundin and Ms. Karen Poniachik were appointed directors on February 18, 2021 and are standing for election for the first time at the Meeting. Mr. John Craig has advised the Board that he will not be standing for re-election at this year's Meeting and his term will expire at the end of the Meeting.

The nominated directors have confirmed the following information as of the date of this Circular.



### Lukas H. Lundin

Vaud, Switzerland

Chairman

Age: 62

Director since:

September 9, 1994

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

Independent<sup>(1)</sup>

#### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

#### PUBLIC COMPANY BOARD MEMBERSHIP<sup>(5)</sup>

Filo Mining Corp.  
(TSX-V, Nasdaq Stockholm)

Lucara Diamond Corp.  
(TSX, Nasdaq Stockholm)

Lundin Energy AB  
(Nasdaq Stockholm)

Lundin Gold Inc.  
(TSX, Nasdaq Stockholm)

#### Common Shares Owned<sup>(3)</sup>

**2,271,449**

(valued at C\$32,027,431)<sup>(4)</sup>

#### Total Compensation for Fiscal 2020

**US\$194,012**

#### 2020 Voting Results

**91.41% for**

**8.59% withheld**



## Marie Inkster

Ontario, Canada

Age: 49

Director since:  
September 30,  
2018

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

Non-Independent<sup>(1)</sup>

### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

Health, Safety, Environment and Community Committee

### PUBLIC COMPANY BOARD MEMBERSHIP

Lucara Diamond Corp.  
(TSX, Nasdaq Stockholm)

Common Shares Owned<sup>(3)</sup>

**451,689**

(valued at C\$6,368,815)<sup>(4)</sup>

Total Compensation for Fiscal 2020

**N/A**

2020 Voting Results

**97.35% for**

**2.65% withheld**



## Donald K. Charter

Ontario, Canada

Age: 64

Director since:  
October 31, 2006

A business executive who has held multiple executive leadership positions including public company CEO experience in both mining and financial services. Mr. Charter brings extensive experience in all aspects of executive leadership as well as in mergers, acquisitions, finance and capital markets. He has sat on multiple public and private company boards in a number of business sectors and has sat on and chaired audit, governance, compensation, health and safety, special and independent committees in multiple situations over his career.

Independent<sup>(1)</sup>

### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

Human Resources/Compensation Committee (Chair)

Audit Committee

### PUBLIC COMPANY BOARD MEMBERSHIP

DREAM Office Real Estate Investment Trust (TSX)

IAMGOLD Corporation (TSX)

International Petroleum Corporation  
(TSX, Nasdaq Stockholm)

Common Shares Owned<sup>(3)</sup>

**67,424**

(valued at C\$950,678)<sup>(6)</sup>

Total Compensation for Fiscal 2020

**US\$130,585**

2020 Voting Results

**92.64% for**

**7.36% withheld**





Lead Director of the Corporation since May 2020. Mr. Heppenstall served as the President and Chief Executive Officer of Lundin Petroleum AB from 2002 until his retirement in 2015. Mr. Heppenstall holds a degree in Mathematics from Durham University.

Independent<sup>(1)(2)</sup>

## C. Ashley Heppenstall

London,  
United Kingdom

Age: 58

Director since:

May 11, 2020

### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

Human Resources/Compensation Committee

Corporate Governance and Nominating Committee

### PUBLIC COMPANY BOARD MEMBERSHIP

International Petroleum Corporation  
(TSX, Nasdaq Stockholm)

Josemaría Resources Inc.  
(TSX, Nasdaq Stockholm)

Lundin Energy AB (Nasdaq Stockholm)

Lundin Gold Inc. (TSX, Nasdaq Stockholm)

Common Shares Owned<sup>(3)</sup>  
Nil<sup>(4)</sup>

Total Compensation for  
Fiscal 2020  
**US\$94,519**

2020 Voting Results  
**87.41% for**  
**12.59% withheld**



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.

Independent<sup>(1)</sup>

## Peter C. Jones

Alberta, Canada

Age: 73

Director since:

September 20,  
2013

### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

Health, Safety, Environment and Community Committee (Chair)

Human Resources/Compensation Committee

### PUBLIC COMPANY BOARD MEMBERSHIP

N/A

Common Shares Owned<sup>(3)</sup>  
**76,482**

(valued at C\$1,078,396)<sup>(4)</sup>

Total Compensation for  
Fiscal 2020  
**US\$126,854**

2020 Voting Results  
**99.56% for**  
**0.44% withheld**



## Jack O. Lundin

British Columbia,  
Canada

Age: 31

Director since:

February 18, 2021

Mr. J. Lundin is currently the CEO and a director of Bluestone Resources Inc. He has been involved in the natural resource industry his entire life through exposure to several Lundin Group companies. Prior to joining Bluestone Resources, Mr. J. Lundin was involved in the successful development of Lundin Gold Inc.'s Fruta del Norte Gold Mine in southern Ecuador where he served as the Project Superintendent. He began his career in the sector working prospecting jobs on various early-stage projects in Canada, Russia, Ireland, and Portugal. Mr. J. Lundin holds a Bachelor of Science degree in Business Administration from Chapman University and a Master of Engineering degree in Mineral Resource Engineering from the University of Arizona. Mr. J. Lundin currently sits on the board of directors of Denison Mines Corp. (until May 6, 2021) and serves on the board of The University of Arizona's Lowell Institute for Mineral Resources.

Independent<sup>(1)</sup>

### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

### PUBLIC COMPANY BOARD MEMBERSHIP

Bluestone Resources Inc. (TSX-V)

Denison Mines Corp. (TSX, NYSE MKT)<sup>(5)</sup>  
(term ends on May 6, 2021)

### Common Shares Owned<sup>(3)</sup>

**120,000**

(valued at C\$1,692,000)<sup>(4)</sup>

### 2020 Voting Results

**N/A**



## Dale C. Peniuk

British Columbia,  
Canada

Age: 61

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.

Independent<sup>(1)(6)</sup>

### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

Audit Committee (Chair)<sup>(6)</sup>

Corporate Governance and  
Nominating Committee

### PUBLIC COMPANY BOARD MEMBERSHIP

Argonaut Gold Inc. (TSX)

Capstone Mining Corp. (TSX)

Kuya Silver Resources (CSE)  
(formerly Miramont Resources Corp.)

### Common Shares Owned<sup>(3)</sup>

**50,000**

(valued at C\$705,000)<sup>(4)</sup>

### Total Compensation for Fiscal 2020

**US\$134,316**

### 2020 Voting Results

**94.88% for**

**5.12% withheld**



## Karen P. Poniachik

Santiago, Chile

Age: 56

Director since:

February 18, 2021

Independent<sup>(1)</sup>

### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

### PUBLIC COMPANY BOARD MEMBERSHIP

N/A

Common Shares Owned<sup>(3)</sup>  
Nil<sup>(4)</sup>

Total Compensation for  
Fiscal 2020

N/A

2020 Voting Results

N/A

Ms. Poniachik is currently the Director of Columbia University's Global Centers Santiago, an ESG Lecturer for Thomson Reuters Latam and a member of the advisory boards of Microsoft #Transforma Chile and Chilemujeres. Previously, Ms. Poniachik served as Chile's Minister of Mining from 2006-2008, during which time she chaired the boards of directors of state-owned companies Codelco, Enap and Enami. She was Chile's Special Envoy to the Organization for Economic Co-operation and Development (OECD) in charge of the country's accession process to the organization (completed in 2010). Currently she is a member of the board of directors of Chilean companies Jetsmart Airlines and Interchile ISA and is part of the advisory board of the Chilean American Chamber of Commerce, AmCham Chile, where she served as chair of the Corporate Governance, Ethics & Compliance Committee for the last two years.



## Catherine J. G. Stefan

Ontario, Canada

Age: 68

Director since:

May 8, 2015

Independent<sup>(1)</sup>

### LUNDIN MINING BOARD AND BOARD COMMITTEES

Board

Audit Committee

Corporate Governance and Nominating  
Committee (Chair)

### PUBLIC COMPANY BOARD MEMBERSHIP

Denison Mines Corp. (TSX, NYSE MKT)<sup>(5)</sup>  
(term ends on May 6, 2021)

Common Shares Owned<sup>(3)</sup>  
56,400  
(valued at C\$795,240)<sup>(4)</sup>

Total Compensation for  
Fiscal 2020

US\$130,585

2020 Voting Results

98.52% for  
1.48% withheld

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

(1) "Independent" refers to the Board's determination of whether a director is "independent" as described under the heading "Independence" on page 28.

(2) Please see the discussion under the heading "Lead Director and In Camera Meetings" on page 29.

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

(4) Calculated using the closing market price of the Common Shares on the TSX as at the March 19, 2021 (being C\$14.10). Values have been rounded. All applicable directors comply with the Corporation's Director Share Ownership Guidelines, based on current market value. Mr. Heppenstall and Ms. Poniachik each have five years from the date of their respective elections to the Board to attain the required level of Common Share ownership. Ms. Inkster's ownership of Common Shares complies with the requirements of the Executive Share Ownership Guidelines. See "Director Share Ownership Requirements" and "Executive Share Ownership Guidelines" for additional information.

(5) Mr. J. Lundin and Ms. Stefan are currently directors of Denison Mines Corp. They have each indicated that they will not be standing for re-election as directors of Denison Mines Corp. and their respective terms will end on May 6, 2021.

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

## Director Nominee Skills and Experience

The Corporation's Board is a strategic asset adding value through the collective judgment of its members. This collective judgment guides the Corporation and is derived not only from the deep expertise individual directors bring on specific topics, but also from their respective professional experiences and track records in guiding and growing large and successful organizations. Diversity of perspectives is essential, particularly in defining strategy and managing risk. The Corporation's director nominees bring a depth of knowledge, a mix of skills and experiences and the necessary strategic mindset to drive the Corporation's business forward in a disciplined and well-governed manner. The specific skills and expertise of our directors are set forth below:

Overview of Board Profile		
Composition	Average Age	58
	Average Board Tenure	8 years
	Female	3 of 9
	Male	6 of 9
	Independent*	8 of 9
Experience and expertise	Capital Allocation & Financial Acumen	9 of 9
	Communications, Investor Relations, Public Relations, Media	9 of 9
	Corporate Responsibility, Sustainable Development and Climate Change	3 of 9
	Executive Leadership and Strategic Planning	9 of 9
	Executive Compensation	7 of 9
	Extractive Industry and Operational Experience	9 of 9
	Financial Literacy	9 of 9
	Government, Regulatory Affairs and Community Relations	7 of 9
	Governance/Board – experience as board member of a major organization	9 of 9
	Health, Safety & Environment	4 of 9
	International Business Experience and Global Partnerships	9 of 9
	M&A Execution and Financing	8 of 9
	Risk Management	9 of 9
	Senior Officer Experience (CEO or other Senior Officer of a publicly listed company or major organization)	7 of 9

\* Ms. Inkster is the President and CEO and therefore is a non-independent director.

## Director Compensation

The following table provides information regarding compensation paid to the Corporation's non-executive directors during the financial year ended December 31, 2020:

Name	Fees earned (US\$) <sup>(1)</sup>	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)	Pension value (US\$)	All other compensation (US\$)	Total (US\$) <sup>(1)</sup>
Lukas H. Lundin	194,012	-	-	-	-	-	194,012
Donald K. Charter	130,585	-	-	-	-	-	130,585
John H. Craig <sup>(2)</sup>	115,661	-	-	-	-	-	115,661
C. Ashley Heppenstall <sup>(3)</sup>	94,519	-	-	-	-	-	94,519
Peter C. Jones	126,854	-	-	-	-	-	126,854
Dale C. Peniuk	134,316	-	-	-	-	-	134,316
William A. Rand <sup>(3)</sup>	62,183	-	-	-	-	-	62,183
Catherine J. G. Stefan	130,585	-	-	-	-	-	130,585

(1) See heading "Currency" on page 2 for the exchange rates.

(2) Mr. Craig will not be standing for re-election at the Meeting.

(3) Mr. Rand retired from and Mr. Heppenstall joined the Board on May 11, 2020.

Ms. Inkster, the Corporation's CEO does not receive any compensation for her services as a director.

The following table sets out details of the flat fee structure for the non-executive directors for 2020. No changes were made to the fee structure in respect of the 2020 fiscal year compared to the prior year.

Description of fee	2020 fees (C\$)
Chairman of Board	260,000
Lead Director	175,000
Annual Retainer for other Directors	150,000
<b>Committee Chair:</b>	
Audit Committee	25,000
Human Resources/Compensation Committee	20,000
Health, Safety, Environment and Community Committee	10,000
Corporate Governance and Nominating Committee	10,000
<b>Committee Membership Fee:</b>	
Audit Committee	15,000
Human Resources/Compensation Committee	10,000
Health, Safety, Environment and Community Committee	5,000
Corporate Governance and Nominating Committee	5,000

The Corporation also reimburses directors for reasonable travel and out-of-pocket expenses relating to their duties as directors. In 2016, after the review by the Board, the independent directors of the Board approved an arrangement for the provision of offices and administrative services for the Board Chair and for its other directors and officers when they are in Geneva,

Switzerland. The services are being provided for a monthly fee of C\$10,000, effective June 1, 2016, by a company which is owned by a relative of the Board Chair but who does not serve in any capacity with the Corporation.

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

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.

## Directors' Outstanding Share-Based Awards and Option-Based Awards

No share-based awards or option-based awards were outstanding for non-management directors at December 31, 2020, and the Corporation does not currently issue any share-based awards to directors.

## Director Share Ownership Requirements

On July 27, 2010, the Board approved a share ownership guideline for the directors of the Corporation, recently amended in February 2021. All directors are required to own, at a minimum, three 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 after becoming a director. Furthermore, if the annual retainer fees increase, directors will have an additional three years to attain the new required level.

Director	Annual Retainer (C\$)	Number and value (in C\$) of Common Shares Owned <sup>(4)</sup>	Multiple of Director Share Ownership Requirement	Meets Current Director Share Ownership Requirement
Lukas H. Lundin	260,000	2,271,449 (\$32,027,431)	123.2	Yes
Marie Inkster <sup>(1)</sup>	n/a	426,653 (\$6,368,815)	n/a	n/a
Donald K. Charter	150,000	67,424 (\$950,678)	6.3	Yes
C. Ashley Heppenstall <sup>(2)</sup>	175,000	Nil	-	-
Peter C. Jones	150,000	76,482 (\$1,078,396)	7.2	Yes
Jack O. Lundin <sup>(2)(3)</sup>	150,000	120,000 (\$1,692,000)	11.3	Yes
Dale C. Peniuk	150,000	50,000 (\$705,000)	4.7	Yes
Karen Poniachik <sup>(2)(3)</sup>	150,000	Nil	-	-
Catherine J. G. Stefan	150,000	56,400 (\$795,240)	5.3	Yes

(1) Ms. Inkster is also the President and CEO of the Corporation. Ms. Inkster's ownership of Common Shares complies with the requirements of the Executive Share Ownership Guidelines.

(2) Mr. Heppenstall and Ms. Poniachik each have five years from the date of their respective appointments to the Board to attain the required level of Common Share ownership. Mr. J. Lundin already meets the requirement.

(3) Ms. Poniachik and Mr. J. Lundin were appointed as Directors on February 18, 2021.

(4) Value calculated using the closing market price of the Common Shares on the TSX as at March 19<sup>th</sup>, 2021 (being C\$14.10).

## 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, 2020 to December 31, 2020:

Director	Board		Audit		Human Resources/ Compensation Committee		Corporate Governance and Nominating Committee		Health, Safety, Environment and Community Committee	
	# of Meetings attended	% of Meetings attended <sup>(1)</sup>	# of Meetings attended	% of Meetings attended <sup>(1)</sup>	# of Meetings attended	% of Meetings attended <sup>(1)</sup>	# of Meetings attended	% of Meetings attended <sup>(1)</sup>	# of Meetings attended	% of Meetings attended <sup>(1)</sup>
Lukas H. Lundin	7 of 7	100%	-	-	-	-	-	-	-	-
Donald K. Charter <sup>(2)</sup>	7 of 7	100%	2 of 2	100%	5 of 5	100%	2 of 2	100%	-	-
John H. Craig <sup>(3)</sup>	7 of 7	100%	-	-	-	-	-	-	5 of 5	100%
C. Ashley Heppenstall <sup>(4)</sup>	4 of 4	100%	-	-	2 of 2	100%	1 of 1	100%	-	-
Marie Inkster	7 of 7	100%	-	-	-	-	-	-	5 of 5	100%
Peter C. Jones	7 of 7	100%	-	-	5 of 5	100%	-	-	5 of 5	100%
Dale C. Peniuk	7 of 7	100%	5 of 5	100%	-	-	3 of 3	100%	-	-
William A. Rand <sup>(5)</sup>	3 of 3	100%	3 of 3	100%	2 of 2	100%	-	-	-	-
Catherine J. G. Stefan	7 of 7	100%	5 of 5	100%	-	-	3 of 3	100%	-	-

(1) Represents percentage of meetings attended during the year while serving on the Board or a given committee.

(2) Mr. Charter became a member of the Audit Committee and stepped off the Corporate Governance and Nominating Committee on May 11, 2020.

(3) Mr. Craig will not be standing for re-election at the Meeting.

(4) Mr. Heppenstall became a director of the Corporation on May 11, 2020 and became a member of the Human Resources/Compensation Committee and the Corporate Governance and Nominating Committee on the same date.

(5) Mr. Rand retired May 11, 2020.



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## 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.

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

Mr. L. Lundin was a director of Sirocco Mining Inc. ("Sirocco"). Pursuant to a plan of arrangement completed on January 31, 2014, Canadian Lithium Corp. acquired Sirocco. Under the plan of arrangement, Canadian Lithium Corp. amalgamated with Sirocco to form RB Energy Inc. ("RBI").

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

Mr. L. Lundin was not a director or an officer or insider of RBI. However, he was a director of Sirocco within the 12-month period prior to RBI filing under the CCAA.

## Individual Bankruptcies

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

## Penalties or Sanctions

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

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# Statement of Corporate Governance Practices

## Introduction

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

## Overview of Governance

The CGNC oversees our governance policies and practices with a view to ensuring that they are sound and support the Board in carrying out its duties.

### WHAT WE DO

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#### ✔ Independent Board

Eight of our nine director nominees or 89% are independent.

➔ see page 28

#### ✔ Lead Director

To assist the Chair, we have a Lead Director.

➔ see page 29

Mr. Heppenstall was appointed Lead Director on May 11, 2020.

#### ✔ Director Share Ownership

We require our directors to own a significant number of shares in the Corporation to align their interests with those of our shareholders.

➔ see page 22

#### ✔ Regular In Camera Sessions

We hold in camera (independent directors only) discussions at each meeting of the Board and regular in camera discussions at Board committee meetings.

➔ see page 29

#### ✔ Independent Director Committees

The Audit Committee, the CGNC and the HRCC are comprised entirely of independent directors.

#### ✔ Board Diversity

The Board has a diverse mix of skills, background and experience. The Diversity & Inclusion Policy includes a target of 30% female directors on the Board. If all nominees are elected, female directors will comprise 33% of our Board.

➔ see page 33

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## WHAT WE DO

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### ✔ Risk Oversight

The Board and committees oversee the Corporation's risk management and strategic, financial, operational and other risks. Board members meet periodically to review and discuss risk factors of the Corporation and the effective management of them.

➔ see page 26

### ✔ Environmental, Social and Sustainability Risk Oversight

The Health, Safety, Environment and Community Committee oversees risk management for environmental, social and sustainability (including climate change) risks.

➔ see page 40

### ✔ Say-on-Pay

The Board has included a shareholder advisory vote on the Corporation's approach to executive compensation. In 2020, 97.68% of shareholders voted **FOR** the Corporation's approach to executive compensation.

### ✔ Executive Share Ownership Guidelines

We have guidelines for our executives to own shares in the Corporation to align their interests with those of our shareholders.

➔ see page 63

### ✔ Recoupment Policy (clawback)

We have a Recoupment Policy that requires executives to return a portion of their incentive compensation in certain circumstances.

➔ see page 76

### ✔ No Equity Awards for Non-Executive Directors

We do not award any stock options or other forms of equity to non-executive directors.

### ✔ No Hedging

The Corporation has a policy prohibiting executives, directors and employees from hedging personal holdings against a decrease in the price of our Common Shares.

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# Governance Principles

## POLICIES AND GUIDELINES

### Ethical Business Conduct

The Board has adopted a formal written Code of Conduct, Ethical Values and Anti-Corruption Policy (the “Code of Conduct”) with which all directors, officers, employees, consultants and contractors of Lundin Mining and its subsidiaries are expected to comply in conducting the business and affairs of the Corporation. The Board believes that the Code of Conduct helps to support our culture of ethical business conduct by promoting a culture of open communication, honesty and accountability, by providing guidance to help directors, officers and employees recognize and deal with ethical issues, and by specifying the potential disciplinary actions that may be taken for violations of the Code of Conduct, including the sanctions for any person retaliating against any person who makes a good faith report under the Code of Conduct.

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

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

does, or is seeking to do, business with the Corporation.

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

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

Individuals governed by the Code of Conduct are required to report violations or suspected violations of the Code of Conduct on a confidential and, if preferred, anonymous basis by raising such concern with his or her

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

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

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

## **Whistleblower Policy**

The Board, through the Audit Committee and the CGNC, has also established a Whistleblower Policy to establish procedures for the receipt, retention and treatment by the Corporation and its subsidiaries of concerns reported by its directors, officers, employees, consultants and contractors regarding known or suspected accounting, financial or auditing irregularities

or other known or suspected violations of the Corporation's Code of Conduct. Individuals governed by the Whistleblower Policy are required to report such improper conduct on a confidential and, if preferred, anonymous basis which includes submitting a report via the Corporation's independently hosted online and telephone reporting service, or by sending a letter to the applicable Committee Chair. The applicable Committee Chair is responsible for assessing and evaluating any such reports or letters and conducting investigations and may engage management and/or independent advisors to assist in investigations and recommend appropriate action.

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

## **About the Board**

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

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

## **Independence**

Currently, the Corporation has nine independent directors representing 90% of the ten directors and three female directors representing 30% of the ten directors. If all the nominated directors are elected at the Meeting, the Board will consist of nine directors, eight of whom will be considered independent under Canadian securities laws (representing 89% of the Board), which defines an independent

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director to be one who is free from any direct or indirect relationship that could, in the view of the Board, reasonably be expected to interfere with that individual's independent judgment in respect of the Corporation.

The only non-independent director of the Board is Ms. Marie Inkster. Ms. Inkster is not independent as a result of her position as President and CEO of the Corporation. This year, the Board has determined that Mr. Lukas Lundin, Chair of the Board, is independent. The Board considered a range of factors in making this determination, including that Mr. L. Lundin's involvement with the Corporation has followed a similar trajectory to the other mining companies with which he has been involved. Mr. L. Lundin has a long and successful history of creating and investing in multiple extractive sector companies. As those companies mature and their management teams become established, Mr. L. Lundin's level of involvement changes. As has been the trend for many years now, Mr. L. Lundin's involvement in the Corporation's business has been increasingly focused on providing strategic guidance and perspective consistent with his role as an independent Chair of the Board rather than involvement in the day-to-day operations of the Corporation's business. This role began to evolve with a series of acquisitions in the mid-2000s, followed by the relocation of the Corporation's head office to Toronto and the installation of a new management team in late 2008. The Corporation and its management structures have continued to evolve and mature since that time, with the acquisition of the Eagle (2013), Candelaria (2014) and Chapada (2019) mines as well as the sale of the Corporation's interest in the Tenke Fungurume mine (2016). The Board also specifically considered a range of other factors, including (i) the long-standing existence of an independent executive team and that team's multi-year track record of managing the business; (ii) Mr. L. Lundin's current and historical pay for his services as Chair (which

is at or below that provided to comparable companies with independent Chairs); (iii) the part-time nature of Mr. L. Lundin's service as Board Chair; (iv) the absence of any material relationship between Mr. L. Lundin and the Corporation or its management; (v) the absence of any dedicated office space for Mr. L. Lundin at the Corporation's head office; and (vi) the absence of any authority for Mr. L. Lundin to act on behalf of the Corporation with respect to any operational decision pursuant to the Corporation's Board-approved delegation of authorities. While in prior years the Board had determined that Mr. L. Lundin was not independent, that determination was a conservative one made primarily as a matter of good governance to allow sufficient time to pass from the earlier stages of the Corporation's growth. Given this passage of time, the evolution of Mr. L. Lundin's involvement in the Corporation's business and the other factors considered by the Board, the Board has now determined it is appropriate to consider Mr. L. Lundin to be independent.

The Board has also determined that Mr. Jack Lundin is independent. Although Mr. J. Lundin is Mr. L. Lundin's son, the Board has determined that Mr. J. Lundin does not have any relationship of a type that the Board believed would reasonably be expected to interfere with the exercise of his independent judgment with respect to the Corporation. Mr. J. Lundin's business and engineering background and his operational and executive experience will further supplement the existing strengths of the Board. The Board assesses the independence of each director on an annual basis.

### **Lead Director and In Camera Meetings**

Annually, and for a one-year term, the Board appoints a Lead Director to provide leadership to the Board and support the Chair. The Lead Director, among other things, presides at meetings of the Board and of the Corporation's shareholders, works to ensure that the Board is

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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. On May 11, 2020, the Board appointed Mr. Heppenstall as Lead Director.

The Board sets aside a portion of each Board meeting to meet in camera without management and non-independent directors present. During the financial year ended December 31, 2020, there were seven such meetings. The Board committees also regularly hold in camera sessions at their meetings. In addition, the mandates of the Board and the CGNC require that procedures be implemented at such times as are desirable or necessary to enable the Board to function independently of management and to facilitate open and candid discussion among its independent directors.

### **Our Expectations for Directors**

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

We also expect each director to:

- Comply with our Code of Conduct
- Promptly report on any perceived, potential or actual conflicts of interest
- Develop an understanding of the Corporation's strategy, business environment, operations, performance, financial position and markets in which we operate
- Diligently prepare for each Board and committee meeting

- Attend all Board meetings, their committee meetings and the annual meeting of shareholders
- Actively participate in each meeting and seek clarification from management and outside advisors to fully understand the issues
- Participate in the annual Board, committee and director assessment process

### **Majority Voting Policy**

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



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or her resignation will not generally participate in the deliberations of the Board or any of its committees pertaining to the resignation.

### **Internal Controls**

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

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

### **Board Succession Planning**

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

In assessing the composition of the Board, the CGNC takes into account a range of considerations, including: the independence of each director; diversity of the Board, including gender representation, the competencies and skills that the Board, as a whole, should possess, and the current strengths, skills and experience represented by each director and other matters. Nominees to the Board proposed for election at the Meeting are elected by individual voting on each nominee to the Board.

### **Term and Age Limits**

The Board believes there is value to having continuity of directors who have experience with the Corporation, possess the skills and other experiences to add value to the Board's discussions and who continue to perform at a high level, including based on the director's attendance record and the results of the Board's annual assessment process. The Board has adopted an age limit policy pursuant to which directors will not be appointed or nominated for (re)election in the calendar year following which he/she has reached 70 years of age, unless otherwise determined by the Board. To allow for appropriate planning and transition, the age limit will take effect from January 1, 2022. With age limits assuring that there will be regular and ongoing Board renewal, in the coming years and for the other reasons set out above, the Board has not adopted specific term limits on individual directors. We do however review the average tenure of the Board when assessing renewal. Concerning Board renewal, the Board has recently undertaken a number of steps to ensure new perspectives are brought to the Board, with three long-standing directors having retired after a number of years of service on the Board and four new directors having joined the Board since 2018 (Ms. Inkster in 2018, Mr. Heppenstall in 2020 and Ms. Poniachik and Mr. J. Lundin in 2021). If all nominee directors are elected, following the Meeting, the average tenure of directors will be 8 years, down from 11 years in 2020 and 13 years in 2019.

### **Annual Assessments of the Board**

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

The CGNC prepares and delivers an annual Board Effectiveness Assessment questionnaire to each member of the Board. The questionnaire is divided into four parts

dealing with: (i) Board responsibility; (ii) Board operations; (iii) Board effectiveness; and (iv) individual assessments (including a self-assessment and a peer review). Each director must complete the entire questionnaire including the rating of each other director and a self-assessment. The CGNC also prepares and delivers an annual Board skills self-assessment form to each member of the Board. The Chair of the CGNC also conducts one-on-one interviews with each of the directors upon receipt of the completed questionnaire and skills self-assessment. The CGNC reviews and considers the responses received and makes a final report, with recommendations, if any, to the Board. This process occurs prior to the consideration by the CGNC of nominations for director elections at the Corporation's annual meeting of shareholders each year.

## Orientation and Education

The Corporation provides new directors with an electronic orientation package upon joining the Corporation that includes financial and technical information relevant to the Corporation's operations and provides one-on-one discussion opportunities to address questions a new director may have. On an ongoing basis, the Board believes that it is important for its members to keep themselves current with trends and developments in matters affecting the Corporation and

its operations, including with respect to corporate governance, human resources talent development, and developments in the broader mining industry. To facilitate this, 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 Board and Committees receive regular presentations from senior management updating directors about market and industry conditions and trends that may impact the Corporation's business and influence its strategy. Annually, the Board is also provided with opportunities to visit at least one operation to familiarize members of the Board with the Corporation's operations and frontline leadership and to ensure that their knowledge and understanding of the Corporation's business remains current. From time to time, the Board receives specialized presentations on various matters of significance to the Corporation and Board members are also encouraged to attend relevant seminars, conferences and similar events.

Through the course of 2020, the following events, seminars and other events were attended by the Corporation's directors:

Topic/Event	Date	Participants
<b>Site Visit to Chapada Mine, Brazil<sup>(1)</sup></b>	January 27 – 30, 2020	Board members
<b>Brazil Tax Regime Overview</b>	April 28, 2020	Audit Committee
<b>Governance and Regulatory Updates</b>		Corporate Governance and Nominating Committee
• <i>Canada Business Corporations Act</i> diversity disclosure requirements	February 19, 2020	
• Capital Markets Modernization Taskforce Report 2021 Proxy Season Review	October 27, 2020	
<b>Capital Markets, Metal and Industry Updates</b>	Quarterly	Board members

(1) Mr. Peniuk was unable to attend due to a prior engagement.

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## Diversity and Inclusion

The Corporation is a global company and believes that its workforce should reflect the diversity of the countries and communities in which it operates. The Corporation believes that diversity promotes the inclusion of different perspectives and ideas, encourages independent thinking and ensures that the Corporation benefits from all available talent. It also values the benefits that diversity can bring to the Board, members of senior management and employees of the Corporation and its subsidiaries.

In furtherance of those beliefs, the Corporation adopted an updated written Diversity & Inclusion Policy on March 19, 2020 which was further amended in February 2021. The amended and expanded Diversity & Inclusion Policy reflects the Corporation's ongoing commitment to promoting diversity at the highest levels of the Corporation in order to set the "tone at the top" and demonstrate the Corporation's commitment to diversity at all levels within the organization, and its commitment to fostering an inclusive culture based on merit and free of conscious or unconscious bias. Diversity is defined broadly to include a range of personal characteristics, including gender and members of the other "designated groups" prescribed under the CBCA diversity disclosure requirements, (Aboriginal peoples, persons with disabilities and members of visible minorities, each as defined in the *Employment Equity Act (Canada)*).

The Diversity & Inclusion Policy provides that the Corporation seeks to have directors and executive officers that are comprised of talented and dedicated individuals with a diverse mix of experience, skills, knowledge, education, personal qualities and backgrounds collectively reflecting the strategic needs of the business and the nature of the environment in which the Corporation operates.

When assessing Board and committee composition or identifying suitable individuals for appointment or re-election to the Board or as executive officers, the CGNC, the Board and/or the Corporation (as applicable) will consider candidates using objective criteria and on their merit, having due regard to the needs of the Board or the Corporation (as applicable) and to diversity, including the current level of representation of women and each of the other designated groups on the Board or among the Corporation's executive officers (as applicable).

The Corporation has chosen to focus on the level of representation of women on the Board at this time, as women represent approximately half the population in each of the jurisdictions in which the Corporation operates and the other designated groups do not represent as high a proportion of the population in these jurisdictions.

However, the Corporation considers the extent to which members of the Board and executive officers are comprised of individuals who reflect diverse characteristics (which includes members of each of the designated groups). In particular, in order to increase the representation of individuals who are members of the designated groups (including women) on the Board and in executive officer positions, the Diversity & Inclusion Policy specifically provides that, when recruiting new candidates for director or executive officer positions, the Corporation adopt search protocols and specifically instruct external consultants engaged to help identify such candidates to include the identification of a reasonable proportion of candidates who are members of the designated groups (including and in addition to women) for consideration by the CGNC, the Board and/or the Corporation (as applicable).

In June 2020, the Corporation formally established a Diversity, Inclusion, Anti-Racism & Discrimination Committee (DIARD). The Committee, chaired by Annie Laurenson, the Corporation's Corporate Secretary, is a

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multi-disciplinary working group established to further the Corporation's diversity and inclusion agenda, which aims to create and foster a workplace that reflects and contributes to the diverse, global communities in which we do business, and provide recommendations to address institutional and systemic inequalities and biases that may exist. In collaboration with the Human Resources department, DIARD is tasked with promoting resources and forums to enable important and, at times, uncomfortable conversations; and recommending concrete actions in support of its mandate, all within the framework of the Corporation's core corporate values of Safety, Respect, Integrity and Excellence. As with all aspects of our business, we are constantly evaluating the effectiveness of our programs and will modify our approach to ensure we are keeping up with best practices.

If all nominees proposed for election at the Meeting are elected, there will be three women on the Board, representing 33% of the directors, representing an 8% change from last year as a result of one additional woman being elected to the Board. The Corporation has ten executive officers, of whom four (or 40%) are women. A material subsidiary of the Corporation has four additional executive officers, of which one (or 25%) is a woman. Of the 14 total executive officers at the Corporation and its material subsidiary, five (or 36%) are women. There are no members of the other designated groups on the Board and two members of other designated groups in executive officer positions. The Corporation has based all information provided in respect of the representation of each designated group on the Board or among the Corporation's executive officers on information provided by the directors and executive officers, who have been requested, but are not required, to identify whether they are a member of a designated group.

## Targets

In February 2021, the Corporation adopted a target providing that the Board and executive officer positions should at all times be comprised of at least 30% women. If all of the nominees proposed for election at the Meeting are elected, the Board will have achieved this target, and the Corporation currently exceeds this target at the executive officer level. The Corporation has not adopted specific targets for directors or executive officers in respect of any of the other designated groups. The Corporation believes that the number of women on the Board and the number of women and members of other designated groups in executive officer positions reflects the Corporation's commitment to and success in promoting diversity. However, the Board has determined to revisit its determination regarding a target for members of the other designated groups in advance of the next annual meeting of shareholders and as noted above, it has amended its Diversity & Inclusion Policy to specifically provide that members of women and the other designated groups be specifically identified in the Corporation's recruiting efforts for directors and executive officers going forward.

## Reporting

As part of its consideration of Board and senior management succession and in furtherance of the Corporation's commitment to diversity, the CGNC: (i) monitors the proportion of the Corporation's directors and executive officers and other members of senior management that are members of each of the designated groups; (ii) reviews the Corporation's determination regarding the adoption of specific diversity targets for directors and executive officers from other designated groups; and (iii) monitors compliance with the Diversity & Inclusion Policy and the annual and cumulative progress made by the Corporation in achieving the objectives of that policy. The CGNC provides reports to the Board on these matters on a periodic basis.

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It will also review and, if necessary, recommend amendments to the Diversity & Inclusion Policy on an annual basis.

## **CEO Succession Planning and Leadership Development**

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

The HRCC also monitors progress in succession for executive positions reporting to the CEO to ensure that the Corporation's business will continue to be strongly managed in the future. In 2020, the Corporation rolled out a competency model to identify core and complementary leadership competencies required of its top leadership. This competency model cascades down through other levels of the organization and will allow for defined succession planning throughout the key roles in the organization. The use of this competency model will be further enhanced in 2021 with the rollout of individual development plans and regular review and follow-up on progress against those plans. The Corporation also regularly conducts talent management review sessions in conjunction with performance reviews and identifies high performing individuals and leadership staffing needs in the organization. This is periodically supplemented with individualized development and awareness building tools, such as career coaching, mentorship, specialized educational and work opportunities and 360° reviews.

## **Role of the Board**

### **Board Mandate**

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

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

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

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the advice of and delegate powers, duties and responsibilities to committees of the Board.

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

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

## **Position Descriptions**

The Board has adopted a written position description for each of the Chair, Lead Director, the Chair of each Board Committee, and the CEO. A copy of the description of these positions is available on the Corporation's website at [www.lundinmining.com](http://www.lundinmining.com).

### ***Chair of the Board***

The Chair of the Board is Mr. L. Lundin. The Board has established a standalone, written position description for the Chair of the Board. The Chair is responsible for the management, the development and the effective performance of the Board, and for providing leadership to the Board for all aspects of its work. The Chair acts in an advisory capacity to the CEO and to

other officers on all matters concerning the interests and management of the Corporation and, in coordination with the Lead Director and CEO, may play a role in the Corporation's external relationships.

### ***Lead Director***

The Lead Director is Mr. Heppenstall. The Board has established a standalone, written position description for the Lead Director of the Board. The primary role of the Lead Director is to provide leadership to the Board and support the Chair. The Lead Director, among other things, presides at meetings of the Board and of the Corporation's shareholders, works to ensure 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.

### ***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 and risk management.

### ***Chair of the Corporate Governance and Nominating Committee***

The Chair of the Corporate Governance and Nominating Committee ("CGNC") is Ms. Stefan. The Board has established a written position description for the Chair of the CGNC, who is

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responsible for, among other things, acting as liaison between the CGNC and the Board, chairing all meetings of the CGNC, proposing nominees for the Board and each committee of the Board, ensuring that the meetings of the CGNC are held as required, monitoring the preparation of the statement of corporate governance to be provided to the shareholders of the Corporation each year, and reporting regularly to the Board on matters within the authority of the CGNC.

#### ***Chair of the Health, Safety, Environment and Community Committee***

The Chair of the Health, Safety, Environment and Community Committee ("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 Human Resources/ Compensation Committee ("HRCC") is Mr. Charter. The Board has established a written position description for the Chair of the HRCC, who is responsible for, among other things, acting as liaison between the HRCC, the Board, the CEO and management, chairing all meetings of the HRCC, ensuring that the meetings of the HRCC are held as required, overseeing succession planning and the processes whereby annual salary, bonus, equity awards and other benefits of the Corporation's executive officers (other than the CEO) are reviewed and assessed following discussion with and with consideration for the recommendations of the CEO, reviewing the directors' and CEO 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 Ms. Inkster. The Board has established a written position description for the CEO, who is responsible for, among other things, the day-to-day management of the business and the affairs of the Corporation. The CEO is also responsible for assisting the Chair of the Board, the Lead Director and the Chairs of the Board committees to develop agendas for the Board and Board committee meetings to enable these entities to carry out their responsibilities, reporting to the Board in an accurate, timely and clear manner on all aspects of the business that are relevant so that the directors may carry out their responsibilities, making recommendations to the Board on those matters on which the Board is required to make decisions, ensuring that the financial statements and other financial information contained in regulatory filings and other public disclosure fairly present the financial condition of the Corporation, ensuring the integrity of the financial and other internal control and management information systems and risk management systems, the promoting of ethical conduct within the Corporation and its subsidiaries, recruiting of senior management as may be directed by the Board, senior management development and succession, acting as the principal interface between the Board and senior management, promoting a safe work environment that is conducive to attracting, retaining and motivating a diverse group of high-quality employees, promoting continuous improvement in the timeliness, quality, value and results of the work of the employees of the Corporation, and speaking on behalf of the Corporation in its communications to its shareholders, government and the public.

#### **Board Committees**

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

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### **Audit Committee**

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

The Audit Committee's purpose is to ensure that management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material risks and facts. The Audit Committee assists the Board in the discharge of its responsibilities in this regard. Its other duties and responsibilities include: (i) making recommendations to the Board regarding the Corporation's external auditors, their independence and remuneration; (ii) ensuring that management has designed, implemented and is maintaining an effective system of internal financial controls; (iii) reviewing and approving the fee, scope and timing of the audit and other related services rendered by the external auditors and reviewing any unresolved issues between management and the external auditors; (iv) reviewing the Corporation's quarterly statement of earnings and regulatory filings and decisions as they relate to the Corporation's consolidated financial statements; (v) reviewing and approving the internal audit plan; (vi) reviewing the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to risk management; (vii) reviewing compliance under the Corporation's Code of Conduct, Ethical Values and Anti-Corruption Policy; (viii) establishing procedures for the receipt, retention and treatment of complaints received

by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; (ix) reviewing financial risk management programs (such as material commodity, currency or interest rate hedging); and (x) coordinating with the HSEC (in respect of relevant risks) and review with management the effectiveness of the Corporation's procedures with respect to risk identification, assessment and management, the Corporation's major risk exposures and the steps taken to monitor and control such exposures and the effect of relevant regulatory initiatives and trends.

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, 2020, a copy of which is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.lundinmining.com](http://www.lundinmining.com) in the section titled "About Us – Governance – Audit Committee".



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### ***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. Heppenstall.

The principal purpose of the HRCC is to implement and oversee human resources and compensation policies approved by the Board and reviews all aspects of the Corporation's and directors' compensation program. The duties and responsibilities of the HRCC include overseeing succession planning and recommending to the Board the annual salary, bonus, equity awards and other benefits, direct and indirect, for the CEO, and 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 to perform its duties and responsibilities.

### ***Corporate Governance and Nominating Committee***

The CGNC comprises three directors, all of whom are independent within the meaning of the Governance Guidelines. The current members of the CGNC are Ms. Stefan (Chair), Mr. Heppenstall and Mr. Peniuk.

The principal purpose of the CGNC is to provide a focus on corporate governance that will enhance the Corporation's performance, and to oversee on behalf of the Board the Corporation's corporate governance system and its effectiveness in facilitating the discharge of the Board's obligations to the Corporation's stakeholders. The duties and responsibilities of the CGNC include: (i) 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; (ii) recommendation of nominees to the Board for election as directors of the Corporation at the annual meeting of shareholders; (iii) reporting annually to the Corporation's shareholders, through the Corporation's annual management information circular to shareholders, on the Corporation's system of corporate governance and the operation of its system of governance (including the Corporation's Code of Conduct and Whistleblower Policy in respect of concerns reported regarding known or suspected violations of the Code of Conduct other than those matters under the power of the Audit Committee); (iv) 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; (v) 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; and (vi) in the event of a vacancy on the Board, whether to

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recommend to the Board to fill the vacancy and if the vacancy is to be filled, to recommend an individual to the Board to fill such vacancy, and, in the event of a vacancy occurring on a committee of the Board, to recommend to the Board an individual for appointment as a member to the applicable committee of the Board to fill such vacancy.

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

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

#### ***Health, Safety, Environment and Community Committee***

The HSEC comprises three directors. The current members of the HSEC are Mr. Jones (Chair), Ms. Inkster and Mr. Craig. As Mr. Craig is not standing for re-election at the Meeting, his successor is expected to be appointed from among the independent directors elected at the Meeting.

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

The Board appoints the members of the HSEC for the ensuing year at its organizational meeting held in conjunction with each annual general meeting of the shareholders of the Corporation. The Board may at any time remove or replace any member of the HSEC and may fill any vacancy in the HSEC. The HSEC meets a minimum of four times a year. The HSEC has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

#### **Risk Management and Oversight**

The Board believes that an enterprise-wide approach to risk management allows the Corporation to successfully assess and mitigate risks. The Board therefore requires management to maintain a framework that ensures that the Corporation effectively and efficiently identifies, manages and mitigates risk in a manner that creates the greatest value; integrates procedures for managing and mitigating risk into key decision-making processes; ensures the development, implementation and monitoring of key controls; and provides for periodic risk reporting and assurance to the executive team and relevant committees of the Board.

In this respect, the Corporation has established and implemented a Risk Management Statement, Risk Management Framework, Responsible Mining Policy, and Responsible Mining Management System standard. These documents establish the Corporation's approach and processes for risk governance, risk identification, risk management and responsible mining. The approach and related processes consider a broad spectrum of stakeholders and potential internal and external risk exposures and also is used to identify and leverage potential up-side risk related opportunities. Quarterly risk reviews are conducted by functional risk owners, site-based

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risk champions, and by senior leaders at the enterprise, functional, and site levels. Based on these reviews, a quarterly corporate risk report and listing of material enterprise risks is prepared under the guidance of the Vice President, Health, Safety and Risk for review by an Executive Risk Committee ("ERC") comprised of members of the senior leadership team.

A formal quarterly risk report is prepared on behalf of the ERC for submission and review by the HSEC and Audit Committee with follow-on reporting and discussion with the Board.

The Board and its Committees are responsible for overseeing enterprise level effectiveness of the Corporation's risk management program, and for knowing and understanding the details of the principal risks of the business. As part of its oversight responsibility, the Board is tasked with ensuring that the Corporation maintains a proper balance between risks incurred and potential return to shareholders, for assuring that risk management programs are in place and effective, including internal control frameworks and insurance and loss prevention efforts, and to implement policies and standards for monitoring and managing risks. A detailed enterprise risk review is also performed as part of the Board's approval of the Corporation's Annual Information Form each March.

## **Managing Climate Change Risks**

The Corporation recognizes the need for effective approaches to managing climate-related responsibilities and risks, especially considering the locations in which the Corporation operates and the energy-intensive nature of the extractive industry sector. The Corporation's responsible management of climate change risks and opportunities is coupled with our important role in sustainably providing raw materials to support the global transition to a low-carbon future.

Climate change physical and transitional risks are managed under the risk management system described above in "Risk Management and Oversight". The Corporation reports annually on climate-related disclosures such

as governance, strategy, risk management and metrics via the CDP (formerly Carbon Disclosure Project) Climate Change program, which is aligned with the Task Force on Climate-related Financial Disclosures. In addition, the Corporation reports third-party verified Scope 1, 2 and 3 greenhouse gas emission data in its annual Sustainability Report.

At the Board level, the HSEC meets quarterly and is responsible for overseeing the Corporation's policies, programs, and performance relating to the environment, including climate change. Both HSEC and Audit Committee, and thereafter the full Board, review and comment on the Corporation's public disclosure relating to climate change risks and initiatives.

## **Related Party Transactions**

In the case of any transaction or agreement in respect of which a director or executive officer of the Corporation has a material interest, the director or officer is required to disclose his or her interest. Where applicable, he or she is also generally required to exclude himself or herself from any deliberations or votes relating to that transaction or agreement. The full Board reviews all proposed related party transactions and situations involving a potential conflict of interest that are not required to be dealt with by a committee consisting solely of independent directors under applicable corporate or securities laws.

Further, each of our officers and employees are required to avoid situations in which their personal interest conflict or might conflict with their duties to the Corporation or with the economic interest of the Corporation. Our annual directors and officers questionnaires also include questions regarding related party transactions and any affirmative responses would be forwarded to the Board for consideration. There were no material conflicts of interest, related party transactions or waivers of our Code of Conduct reported by or granted in favour of any of our directors, CEO or other executive officers in 2020.

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# Message from the Human Resources/ Compensation Committee

On behalf of the Human Resources/ Compensation Committee (“HRCC”), we are pleased to share with you our report on executive compensation. What follows under the “Compensation Discussion and Analysis” is a detailed review of the compensation policies and procedures which are followed and applied in determining the annual salaries, cash incentive and equity incentive awards for our executives. In addition, there is also the mandated disclosure of compensation in the format required by the applicable regulatory rules and regulations. To assist shareholders in understanding this disclosure, the following is a summary of the HRCC’s approach. In reviewing the detailed information in the Compensation Discussion and Analysis, it is important to keep our basic approach and philosophy in mind.

## Performance Based

In a commodity business such as ours we believe that shareholders and other stakeholders are best served when executives manage the business throughout the entire commodity business cycle.

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

Another fundamental premise is that our programs, while being directly connected to performance, must also be straightforward and easy to understand and not be applied as rigid formulas. These are guidelines and ultimately they are applied with board discretion where appropriate to ensure fair outcomes. External, unexpected or unforeseen events and transactions are recognized through the exercise of discretion to ensure a fair outcome to all stakeholders where warranted. The process ensures flexibility and discretion so that we can respond to changes in the market and the business and to avoid results that are unfair to the various stakeholders.

To date, we believe the result has shown a strong relationship of executive “at risk” compensation to long-term corporate and executive performance.

## Cash Incentive

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

The cash incentive, while an annual score card, has a significant long-term shareholder value component due to the long-term planning necessity of the annual budget. It is important to understand the annual budget process, discussed below, to appreciate the connection of the annual cash incentive awards to long-term shareholder value creation.

The Cash Incentive compensation is based on four basic measures:

- Operational and financial targets including per share operating cash flow, comparative total shareholder return (“TSR”) and project execution (commodity price effects are netted out in the assessments of cash flow).

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- Health and safety of our people, sustainability and community involvement.
  - Execution against long-term strategy.
  - Individual contribution based on specified key performance indicators (“KPI”).

It is important to remember that the results of operational and financial performance can often take time to be reflected in the share price which is why only one part of corporate performance is current share price return and longer term TSR performance is part of the equity plan. Outstanding work may take more than one year to be reflected in the market price of the shares. This format best reflects this reality.

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

### ***Performance Equity Incentive***

The performance equity incentive plan connects to long-term performance in a number of ways both before and post grant. The amount of equity awarded each year is based on long-term performance measures. Once granted, the vesting of the performance equity is over a long-term period as well as for a portion of the award vesting is tied directly to comparative TSR performance over a three-year period. The result is that both the amount granted and the value realized have long-term performance factors over the duration of the ongoing commodity cycles.

The amount of performance equity awarded under the plan is based on:

- Comparative TSR over both the historical three- and five-year periods. In addition, the performance against other metrics such as the S&P/TSX Global Base Metals Index and copper price as reviewed.
- Three year historical performance against the cash incentive measures which, as discussed, include long-term planning factors and execution against the long-term strategic plans.
- Prior performance equity grants, dilution and “burn rate” which ensure that the outcome is fair to all stakeholders and to avoid any unusual or unforeseen outcomes resulting from share price volatility.

The structure of the performance equity incentive plan provides continued post award long-term performance incentives to link the incentive further to the shareholder experience.

- Vesting of 50% of the share units granted are tied to relative TSR performance over a three-year period.
- All equity vests over a three-year period to ensure that executives are continually participating in the TSR and share value fluctuations over the commodity cycles.
- All executives have a minimum shareholding requirement to ensure that they have ongoing exposure to shareholder value experience regardless of the vesting of awarded equity.

In assessing comparative total shareholder return we normally use a December-to-December volume weighted average price ("VWAP"). When determining the amount of performance equity to award we use a 20-day VWAP ending at the meeting date on which the HRCC determined the number of share units and options to grant. This will vary from the one-day spot price required to be used in reporting values under securities laws regulation. This approach ensures that short-term share price volatility is eliminated to a large extent and provides a more fair outcome. Generally, the allocation of performance equity awards for all executives is an approximate 50/50 split between stock options and share units.

In addition, the HRCC makes all of its determinations in C\$. In C\$ terms the total compensation for all NEOs for 2020 was less than or in line with 2019. In the Summary Compensation Table on page 71, it appears as if it were higher. This is a result of the sudden significant increase in value experienced by the Corporation's Common Shares between February 10, 2021 the determination date of the 20-day VWAP and February 23, 2021 (the technical grant date used for reporting purposes) which created a significant difference between the price used to determine the award (C\$11.83) and the price required to be used in the Summary Compensation Table. Readers should recognize that the Summary Compensation Table is a regulatory requirement which reflects total value on a specific day and as such is inherently limited in its ability to adequately illustrate the overall approach to executive compensation. In the discussion of the 2020 Performance Equity Awards found later in this Circular, the Corporation has provided details on both the 2020 and 2019 Performance Equity Awards so that our shareholders and other stakeholders can better understand the Corporation's consistent and thoughtful approach to compensation.

Compensation is determined in C\$. Accordingly, from year to year, the exchange rate will have a variance in the comparative year over year numbers in the regulatory reporting chart on page 71 reflecting the change in relative currencies. This is a reporting anomaly that does not reflect the outcomes of the Committee determinations.

## 2020 Performance

How did we apply these guidelines for 2020 performance? While the Corporation faced a number of challenges during 2020 the end result has been strong. The Corporation's share price reached multi-year highs late in 2020 and has continued to perform strongly in 2021. While forced to adjust guidance as a result of external events, the Corporation was able to achieve its revised guidance. It generated cash flow from operations of \$566 million. The balance sheet is very strong with net debt of \$63 million as of December 31, 2020.<sup>(1)</sup> The quarterly dividend was increased in February 2021 by 50% to C\$0.06 per share (or C\$0.24 per share on an annualized basis). The Corporation has exited 2020 well positioned to benefit from increasing commodity prices.

The purpose of our message is to provide a high-level insight into how the compensation guidelines were applied and where and why board discretion was applied.

### *Cash Incentive*

2020 had a number of factors, all of which were beyond the control of management and were unforeseen, which were taken into consideration in assessing overall management performance and compensation levels. The main factors examined were the implications of the COVID-19 global pandemic, the Chapada shut down and the Candelaria labour action. The targets set in 2019 for 2020 would have been different had we been aware of these events. One important part of the use of

(1) "Net debt" is a non-GAAP measure (refer to the Section entitled "Non-GAAP Performance Measures" on page 26 of the Corporation's Management's Discussion and Analysis for the year ended December 31, 2020).

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discretion is to determine if the targets were not directly applicable due to significant events. 2020 was a year in which some discretion was required to be exercised to reach the proper outcomes.

When we look at the potential implications we could have experienced, and were experienced by others resulting from the pandemic, the performance of the management team was considered to be very strong. With operations in five countries with various levels of outbreaks and different government responses and regulation, management was able to achieve no COVID-19-related production shutdowns or stoppages and we had no material COVID-19-related labour disruptions all while operating with remote management. Having no production loss due to COVID-19 is a major achievement which was due to management's fast, thoughtful and committed response. In addition, the other non COVID-19 challenges were all magnified when it was necessary to address them during a pandemic.

With respect to production losses at Chapada arising from an unanticipated power outage and resulting damage to the mill motors, the response was excellent. The recovery of production was better than initially anticipated due to quick and innovative thinking reflecting management's entrepreneurial spirit positioning the Corporation well for 2021.

The intensity and duration of the labour action at Candelaria was not anticipated. However, management maintained and implemented a disciplined and thoughtful response in handling what was capable of becoming a very volatile situation and achieved a settlement that preserved long-term value. The post-strike reintegration of the workforce in December 2020 was better than expected which allowed the Corporation to safely resume historical production levels quickly and eliminated residual risk to 2021 production.

The Zinc Expansion Project was proactively temporarily suspended in March 2020 to ensure employee, contractor and community health and safety. The close confines environment at ZEP could have led to a serious outbreak not just at Neves-Corvo and its surrounding communities, but also internationally as many contractors are drawn from other parts of Portugal, Spain which had a high number of cases and other parts of the world. Taking all these factors into consideration it was determined that ZEP was not a relevant KPI and to neutralize it at target score was appropriate.

The relative TSR performance as calculated against the selected peer group did not meet the threshold levels for calendar 2020. However, the Corporation achieved a multi-year high share price and outperformed both the copper price and the S&P/TSX Global Base Metals Index in 2020. In fact, the Corporation has outperformed each of the peer group, the copper price and the S&P/TSX Global Base Metals Index on the three- and five-year metrics. Nevertheless, the share performance did not achieve the comparative threshold and the longer-term metrics were properly considered in the equity awards and accordingly no adjustment was made.

Overall, operational and financial performance was strong in a difficult year. Accordingly, it was determined that an adjustment was appropriate with respect to the scoring of the operational cash flow sub-category. This resulted in an overall adjusted scoring of 24 out of the 40 points available for this category.

While the Corporation achieved its lowest ever total reportable injury frequency rate in 2020, tragically on September 25, 2020 a fatal accident occurred at the Corporation's Neves-Corvo mine resulting in the death of a long-time employee, Mr. Sergio Delfino. It is the

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job of management to ensure people go home safe and healthy every day. Both the Board and management have consistently maintained that in the event of a fatality – regardless of the success of other safety metrics – the score would automatically be zero for the health and safety portion of the ESG category. The other targets in this category achieved target or stretch, resulting in an unadjusted score of 16 points out of 20.

Regarding execution against corporate strategy, it was determined that management exceeded target when factoring in the added challenges faced while continuing to move all goals forward. A score of 30 points out of 20 (the maximum is 40 at stretch) was considered appropriate as having exceeded target.

Taking all this into account, the HRCC determined that an overall corporate score of 70 out of 80 was appropriate and reflective of the actual performance in 2020. You will see below under “Compensation Discussion and Analysis” the various levels of achievement against the corporate, operational and individual performance goals which were set for 2020.

For each Named Executive Officer (“NEO”), individual achievement, represents 20% of their total incentive award potential. We assessed the performance of management based on their specific key performance indicators as well as the achievements discussed above including the recommendations of the CEO. The HRCC was of the view that management individual performance in all cases met expectations. The result is that for the 20 points attributable to individual performance executives were all at target for this portion of the incentive awards.

These scores for the four categories, when combined, achieved an overall score of 90 out of 100 resulting in cash incentives at 90% of target.

### ***Performance Equity Incentive***

With respect to the performance equity incentive awards the scoring is based on different criteria as set out above.

The Corporation's TSR outperformed its peer group over both the three- and five-year periods. It also outperformed the copper price and the S&P/TSX Global Base Metals Index on the three- and five-year metrics. We also noted that the Corporation has since achieved a record share price in 2021 and outperformed both the copper price and the S&P/TSX Global Base Metals Index in 2020.

In reviewing the three-year history of achievement on the cash incentive scorecard management has generally achieved an average close to target.

The target incentive awards are generally set at twice the value of the targeted cash incentive award for each executive. There is a range of up or down 20% based on performance. In looking at the scorecard measures above and looking at the overall performance of management and the Corporation it was determined that the appropriate equity awards should be 1.1 times the target value.

As set out in the guidelines the Committee then reviews dilution. The number of performance equity awards was based on the 20-day VWAP ended February 10, 2021, which was a price of C\$11.83. With this value representing near an all-time high share price, the resulting number of performance equity awards (options and share units) represents 0.34% of the outstanding capital as at the date of this Circular. This represents a low level of dilution to shareholders and no adjustment was considered appropriate.

This equity incentive grant was seen as properly meeting the dual roles of providing appropriate incentive for future performance as well as appropriate retention of senior executives.



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It is noted that the share price has seen further appreciation since the date of determination of the number of performance equity awards. The exercise price of the options is C\$14.90 being the closing price as required under the plan. The result is the value of options is slightly higher than the value used to set the equity award. For the share units, the value is reported for securities and accounting purposes as the closing price on date of grant which was C\$14.90 which is higher than the 20-day VWAP value of C\$11.83 used to determine the performance equity awards. The use of 20-day VWAP is an important method in determining the number of shares and options to award to avoid share price volatility unfairly impacting the various stakeholders. Share performance in 2021 will be factored into compensation for 2021 determined in 2022.

### **CEO Compensation**

The CEO compensation was in line with the scoring of the entire management team reflecting a strong cooperative team spirit within the Corporation. In assessing the individual performance score of the CEO, the HRCC recommended to the Board of Directors and the Board of Directors agreed that her individual performance met expectations with the result that she received a cash incentive award of 90% of her target and a performance equity award of 1.1 times of her target.

The CEO total compensation is paid in C\$ and, for the 2020 Performance Equity Awards, uses the 20-day VWAP for valuation purposes. On a comparative basis as against 2019 CEO total compensation the total compensation is slightly higher due to a 2020 salary increase to keep her salary competitive as she gains experience as the CEO.

Compensation is determined in C\$. Accordingly, from year to year the exchange rate will have a variance in the comparative year-over-year numbers reflecting the change in relative currencies. This is a reporting anomaly that does not reflect the outcomes of the Committee determinations.

In the Summary Compensation Table on page 71, it appears as if it were higher. As previously described, the Summary Compensation Table is a snapshot in time using values based on the date of grant which this year were higher due to a sudden increase in share price and as such is inherently limited in its ability to adequately illustrate the Corporation's overall approach to executive compensation, which approach we describe in detail through this Circular. Our approach is specifically designed to avoid the impact of sudden share price volatility impacting the long-term approach used. Using the 20-day VWAP approach of the Committee the CEO total compensation for 2020 was C\$5,223,939 compared to C\$5,109,020 for 2019. The actual number of options and share units granted for 2020 was significantly less than in 2019.

### **Conclusion**

The HRCC is of the view that this compensation outcome is consistent with our philosophy of pay for performance. It reflects strong achievements in 2020 by the management team led by the CEO. The end result was cash incentive awards 10% below target and below 2019 awards and equity awards 10% percent above target but less than 2019. Total compensation was generally at target for senior executives and less than 2019 with the dilution to shareholders at a low level compared to prior years. This outcome was considered from an overall perspective fair when balancing the high TSR enjoyed by shareholders while recognizing that certain targets were not met.

**Signed,**

*Human Resources/Compensation Committee*

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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 current Chief Executive Officer, Chief Financial Officer and its three other most highly compensated executives during the financial year ended December 31, 2020 (the "NEOs"). While this discussion relates to the NEOs, the other executives of the Corporation who report directly to the CEO participate in the same plans and are subject to a similar process. The NEOs for the financial year ended December 31, 2020 were:

Name	Title
Marie Inkster	President and Chief Executive Officer ("CEO")
Jinhee Magie	Senior Vice President and Chief Financial Officer ("CFO")
Peter Richardson	Senior Vice President and Chief Operating Officer ("COO")
Peter Rockandel	Senior Vice President, Corporate Development and Investor Relations ("SVP, Corporate Development & IR")
Andrew Hastings	Senior Vice President and General Counsel ("SVP and General Counsel")

## Compensation Governance

### Role of the Human Resources/ Compensation Committee

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

- recommending to the Board human resources and compensation policies and guidelines for application to the Corporation;
- ensuring that the Corporation has in place programs to attract and develop management of the highest calibre and a process to provide for appropriate succession planning;

- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and, in light of those goals and objectives, recommending to the Board the annual salary, bonus, performance 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*

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*Governance Practices* ("NI 58-101") and who are knowledgeable about issues related to human resources, talent management, compensation, governance and risk management.

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

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

Mr. Charter is an executive with career experience in executive leadership positions, including CEO experience, in mining and financial services. Mr. Charter's business experience relevant to the HRCC includes being the President and CEO of a publicly traded mining company; the Chief Executive Officer of a large financial services company; and a member or former member of the compensation committees of several Canadian publicly traded companies. As such, Mr. Charter has been directly involved with compensation matters. Accordingly, Mr. Charter has the requisite experience and knowledge in reviewing and approving compensation programs, policies and guidelines in the mining industry for the CEO 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 experience which is relevant to the HRCC includes serving as Interim President and CEO of IAMGOLD Corporation, President and COO of Inco Ltd., and President and CEO of Hudson Bay Mining & Smelting Co. Mr. Jones has been a director of public companies for over 20 years. Mr. Jones is the former chairman of the compensation committee of Century

Aluminum Co. and IAMGOLD Corporation and a former member of the compensation committee of Concordia Resources and Red Crescent Resources. As such, Mr. Jones has been directly involved with compensation matters. As a member of these committees and his executive positions, Mr. Jones has developed the requisite experience in reviewing and approving compensation programs, policies and guidelines in the mining industry for the CEO level, other executive officers and senior management, to ensure that such compensation programs are relevant to the goals of the Corporation.

Mr. Heppenstall has over 30 years of experience in the oil and gas and resource sectors. From 2001-2015, Mr. Heppenstall served as the President, Chief Executive Officer and Finance Director of Lundin Petroleum AB, an oil and gas exploration and production company with core assets in Norway and South East Asia (and now named Lundin Energy AB). Early in his career, Mr. Heppenstall worked in the banking sector where he was involved in project financing of oil and resource sector businesses. In 1998 he was appointed Finance Director of Lundin Oil AB. Following the acquisition of Lundin Oil by Talisman Energy in 2001, Lundin Petroleum was formed, and Mr. Heppenstall was appointed President and Chief Executive Officer in 2002 until his retirement in 2015. Mr. Heppenstall holds a degree in Mathematics from Durham University. As such, Mr. Heppenstall has been directly involved with compensation matters as a member of these committees and his executive positions, Mr. Heppenstall has developed the requisite experience in reviewing and approving compensation programs, policies and guidelines in extractive industries for the CEO level, other executive officers and senior management, to ensure that such compensation programs are relevant to the goals of the Corporation.

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## Objectives of Compensation Program

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

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

- compensation must be guided by a pay for performance philosophy;
- compensation must be market-competitive to attract and retain the leadership talent required to drive business results;
- compensation must incorporate an appropriate balance of short-term and long-term performance;
- compensation must foster an environment of accountability, teamwork, and cross-functional collaboration;
- compensation must be linked to specific corporate, operational, functional and/or individual performance objectives of the

Corporation while not encouraging excessive or inappropriate risk taking, in order to maximize shareholder return, promote sustainable growth and constantly improve the performance of the Corporation's operations; and

- compensation must motivate high performers to achieve exceptional levels of performance.

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

- simple to understand and communicate;
- linked to measurable benchmarks; and
- motivating.

## Compensation Structure and Decision-making Process

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

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

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<b>Review structure</b>	Annually, the HRCC reviews the Corporation's compensation philosophy and structure for the executive officers and, if applicable, recommends any changes to the Board for approval.
<b>Confirm peer group</b>	Annually, the HRCC reviews, among other things, the Corporation's peer groups for total direct compensation and for total shareholder return performance (see "Peer Groups" below).
<b>Establish performance measures</b>	The HRCC works with management to develop performance measures and levels that will be used to assess corporate performance and determine the cash bonus and performance equity incentives for the executive officers. Management provides quarterly updates to the Board on the Corporation's performance against these corporate objectives.
<b>Assess risk and confirm approach</b>	The HRCC reviews the overall executive cash and performance equity incentive plan design and the selected performance measures to: <ul style="list-style-type: none"><li>• consider potential payouts under different scenarios;</li><li>• ensure a balanced approach to risk; and</li><li>• ensure the decision-making process, cash and performance equity incentive plans and compensation governance do not provide executives incentive to take excessive risks or make inappropriate decisions.</li></ul>

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<b>Review performance</b>	Management reviews executives' performance at mid-year and at the end of the year. The HRCC assesses the performance of the executive officers throughout the year and an extensive review process is conducted during the first quarter of each year, on the performance of the preceding year.
<b>Review past compensation</b>	The HRCC reviews historical cash bonus and performance equity incentive compensation for the executive officers for the previous three years to assess the longer-term performance against benchmarks.
<b>Awards</b>	<p>The CEO reviews proposed compensation for each executive officer based on the results of the Corporation's annual corporate objectives and each executive's individual performance (based on the results of their KPIs set at the beginning of the year). The CEO will recommend each executive officer's annual salary adjustments, cash bonus incentives and performance equity incentives to the HRCC.</p> <p>The HRCC will review each executive officer's annual performance, competitive positioning, past compensation and the recommendations from the CEO. The HRCC will also discuss total compensation based on performance, market practice and Board-approved compensation philosophy and consulting with independent consultants (if required).</p> <p>The HRCC approves the compensation of all executive officers, excluding the CEO. The CEO's compensation is reviewed by the HRCC on the same metrics described above and recommended to the Board for approval.</p>

## Peer Groups

The HRCC assesses the competitiveness of the Corporation's executive compensation program by examining compensation practices of a group of mining companies that are considered peers of the Corporation. The HRCC utilizes similar, but different peer groups for Total Direct Compensation and Total Shareholder Return Performance. On an annual basis, the HRCC evaluates and, if appropriate, updates the composition of the peer groups to ensure it remains relevant to the markets in which the Corporation competes.

### *Total Direct Compensation Peer Group*

For purposes of benchmarking total direct compensation for executives, the HRCC selected a peer group based on mining companies trading on the TSX with which the Corporation believes it competes for qualified and experienced executive talent in the mining industry (the "Total Direct Compensation Peer Group"). The Corporation's 2020 Total Direct Compensation Peer Group is set out in the table below. After consideration, for 2021 the HRCC maintained the same peer group for benchmarking executive compensation, that was used in 2020.

#### 2020/2021 Total Direct Compensation Peer Group

Agnico Eagle Mines Limited	Kinross Gold Corp.
B2Gold Corp.	Kirkland Lake Gold Ltd.
Centerra Gold Inc.	Pan American Silver Corp.
HudBay Minerals Inc.	Yamana Gold Inc.
IAMGOLD Corp.	

## Total Shareholder Return Performance Peer Group

For purposes of measuring the Corporation's relative total shareholder return ("TSR") performance, the HRCC selected a peer group based on mining companies that have similar operational and/or metals characteristics and therefore are considered key competitors with the Corporation for shareholders, capital and mineral properties (the "TSR Performance Peer Group"). The HRCC believes that this

peer group of key competitors will provide an accurate and fair measure of the Corporation's relative TSR performance. The Corporation's 2020 TSR Performance Peer Group is set out in the table below. After consideration, for 2021 the HRCC maintained the same peer group for measuring relative TSR performance that was used in 2020. The TSR Performance Peer Group is relatively small so the HRCC also considered, on an indicative basis, other comparators as previously discussed.

### 2020/2021 TSR Performance Peer Group

Antofagasta PLC	Freeport McMoRan Inc.
Boliden AB	HudBay Minerals Inc.
Capstone Mining Corp.	Nexa Resources S.A.
Ero Copper Corp.	Southern Copper Corporation
First Quantum Minerals Ltd.	Turquoise Hill Resources Ltd.

## Elements of Compensation

The Corporation's compensation program has three primary elements: base salary, cash bonus incentive and performance equity incentive. The combination of elements is designed to encourage executives to

achieve strong results which drive long-term sustainable growth and long-term shareholder value. The Corporation regularly reviews all elements of executive compensation to ensure that it continues to be aligned with the strategic plan of the Corporation and industry practices.

Compensation Component	Objectives	Form
<b>Base Salary</b>	To provide fixed compensation that reflects the market value of the role, skills and experience of the executive. To attract, retain and motivate a competent, strong and effective executive management group.	Cash
<b>Cash Bonus Incentive</b>	To pay for performance and provide alignment with the Corporation's annual and long-term business strategy. This is "at risk" compensation.	Cash
<b>Performance Equity Incentive</b>	To provide alignment with shareholder interests and the Corporation's long-term business strategy. This is "at risk" compensation.	Equity

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

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

## 2020 Compensation

The following provides a summary of the 2020 performance highlights followed by a detailed discussion of the decisions made to determine each NEO’s total compensation for 2020, which comprises base salary, cash and performance equity incentives.

### Summary of 2020 Performance Highlights

As noted above in the discussion under “2020 Performance” in the “Message from the Human Resources/Compensation Committee”, the HRCC considered several factors when assessing specific KPI performance and unforeseen events which required decisive action by the management team. The HRCC determined that an overall corporate score of 88% was appropriate and reflective of the actual performance.

The HRCC is of the view that the corporate score yields a compensation outcome consistent with our philosophy of pay for performance and is fair to shareholders and other stakeholders. Details of each component are described in more detail below.

**Relative TSR Performance:** Measured on the comparison of the December to December VWAPs, the Corporation’s share price increased by 35.3% in 2020, underperforming the 2020 TSR Performance Peer Group and below the threshold resulting in an unadjusted weighted score of nil for this metric. Over three-year and five-year periods the Corporation’s relative TSR performance has significantly outperformed the TSR Performance Peer Group and the Corporation continues to receive strong support from both the analyst community and the Corporation’s top shareholders. This is a factor in the performance equity award scorecard.

**Adjusted Operating Cash Flow<sup>(1)</sup>:** With Adjusted Operating Cash Flow per share before working capital of \$0.88, the Corporation came in below the target of \$1.26 per share, and below the threshold of \$0.94 per share (all adjusted for actual commodity prices and foreign exchange). This resulted in an unadjusted weighted score of nil for this metric. However, the HRCC and the Board believed that overall operational and financial performance was strong in what was a difficult year, with the complications of COVID-19, required continuous change and adaptation. Accordingly, it was determined that an adjustment was appropriate. The adjusted

(1) “Adjusted Operating Cash Flow per share before working capital” is a non-GAAP measure (refer to the section entitled “Non-GAAP Performance Measures” on page 26 of the Corporation’s Management’s Discussion and Analysis for the year ended December 31, 2020).

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score was 14 out of the 20 points available for this category.

**Capital Investments:** 2020 capital investment for ZEP was temporarily suspended in March 2020 to ensure employee, contractor and community health and safety. The close confines environment at ZEP could have led to a serious COVID-19 outbreak. Given that prior to the temporary suspension the project had been tracking on budget and on schedule and taking these factors into consideration it was determined that ZEP was not a relevant KPI and, to neutralize it, an at target score was appropriate, which resulted in a weighted score of 10% for this metric.

**Health/Safety and Environment/ESG:**

The Corporation achieved a best-ever Total Recordable Injury Frequency ("TRIF") rate of 0.55 bettering the target of 0.60. On September 25, 2020, an employee of the Corporation was fatally injured at its Neves-Corvo operation. The fatality resulted in an automatic weighted score of nil for the Health & Safety metric in accordance with the Corporation's compensation guidelines. On the ESG metrics, the Corporation recorded zero level 3 environmental incidents during 2020 against a target of zero. It also met or exceeded other targets for ESG initiatives, which resulted in an aggregate weighted score of 16% for the Health/Safety and Environment/ESG metric.

**Strategic Execution:** The HRCC assessed the achievement of the Corporation's One Page Plan, a comprehensive set of goals and initiatives designed to drive the strategic direction in a value-creating and sustainable manner. Despite managing numerous challenges presented during 2020 the Corporation was able to remain focused on priorities and deliver results, which the HRCC agreed exceeded target expectations set at

the beginning of the year. This resulted in a weighted score of 30% for this metric.

**Overall Performance:** Total sales for the year were \$2,401.5 million, with cash flow from operations of \$565.9 million. Cash and cash equivalents decreased \$109.1 million over the year, from \$250.6 million at December 31, 2019, to \$141.4 million at December 31, 2020, compared to a decrease of \$564.9 million in 2019. Gross profit for the year was \$498.1 million, an increase of \$57.7 million in comparison to the prior year due primarily to a full year of operating results from Chapada which was acquired in July 2019, partially offset by lower overall copper sales volumes at the other operations, particularly at Candelaria due to the labour action in the fourth quarter, as well as higher depreciation expense. Net earnings of \$189.1 million were generally in-line with the prior year as higher gross profit and lower general exploration costs were offset by higher deferred tax expense. Adjusted earnings for the year were higher than the prior year primarily due to higher gross profit and reduced general exploration costs. The Corporation continues to maintain a healthy balance sheet with a net debt position of \$63.2 million as at December 31, 2020, relatively unchanged from the \$60.2 million at the prior year-end. "Adjusted earnings" and "net debt" are non-GAAP measures (refer to the section entitled "Non-GAAP Performance Measures" on page 26 of the Corporation's Management's Discussion and Analysis for the year ended December 31, 2020).

**Base Salary**

The overall objective of the base salary paid to the Corporation's executives is to provide fixed compensation that reflects the market value of the role, skills and experience of the



executive. The salary structure includes market competitive ranges for the executives.

The HRCC reviewed base salaries by analyzing industry trends, competitive market data, the 2020 Total Direct Compensation Peer Group compensation practices (including

base salary levels), internal equity among executive positions and individual performance measured against the achievement of business and operating goals. The change in the size and complexity of the Corporation is also taken into account over time. The following table summarizes each NEO's annual base salary.

Named Executive Officer	2020 Base Salary (C\$)	2020 Base Salary (US\$) <sup>(1)</sup>	Increase to Base Salary for 2021	2021 Base Salary (C\$)	2021 Base Salary (US\$) <sup>(1)</sup>
<b>Marie Inkster</b> CEO	1,100,000	829,070	2.55%	1,128,000	885,931
<b>Jinhee Magie</b> CFO	490,000	369,313	2.65%	503,000	395,056
<b>Peter Richardson</b> COO	570,000	429,609	2.63%	585,000	459,459
<b>Peter Rockandel</b> SVP, Corporate Development & IR	480,000	361,776	2.50%	492,000	386,416
<b>Andrew Hastings</b> SVP and General Counsel	445,000	335,397	2.70%	457,000	358,937

(1) During 2020, all the NEOs were paid in Canadian dollars. See "Currency" on page 2 for the applicable exchange rates.

## Cash Bonus Incentive Plan

### Introduction

The Corporation's Cash Bonus Incentive ("CBI") Plan provides a performance-based "at risk" annual cash payment based on a targeted amount for each position based on results measured against specific performance measures, including corporate level objectives together with each executive's "individual objectives". The amount of the target CBI award is set as a percent of base salary and is divided between corporate targets and individual objectives all as set out below and is subject to an overall cap of 2.0 times target, subject to HRCC discretion to grant a higher award where considered appropriate. Consistent with the overriding discretion of the HRCC, all CBI awards are subject to the ability of the

Corporation to make such awards based upon its financial performance and situation.

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

the long-term outlook and are set to achieve long-term value. The CBI links the award amount to management's performance relative to these benchmarks. Accordingly, the targets for the CBI all reflect goals which are aimed at long-term shareholder value. The proportion of cash bonus incentive linked to corporate objectives and individual objectives is based on the position of the individual; however, that proportion is identical for each NEO.

With respect to individual performance each executive is scored on one of three possible outcomes; Meets Expectations (scored at 100% of target), Exceeds Expectations (scored at 120% of target) or Developing (scored at 80% of target). The HRCC can exercise its discretion to provide for an individual performance in excess of 120%. There also remains the possibility to assess individual performance as Does Not Meet Expectations, resulting in a score of 0% of target.

Target levels of performance are established as guidelines and are not applied as an absolute formula. The HRCC believes that fixed formulas may lead to a CBI award that does

not accurately reflect actual performance, and accordingly, the knowledge and experience of the HRCC should be the ultimate determinant of final, overall compensation within the context of those predetermined guidelines.

### 2020 CBI Award

With respect to the corporate performance benchmarks of operational and financial performance, health/safety and environmental/ ESG performance and strategic execution result of 88% was achieved. The corporate objective weighting is 80% of the each NEO's CBI target and the individual performance weighting is 20% of each NEO's CBI target. In view of the overall performance for the year discussed above together with the CBI guidelines, each NEO achieved their KPIs and received an individual performance weighting at his/her respective target. The total result was an aggregate score of 90 out of 100 (or 90%).

The table below sets out each NEO's 2020 target CBI with the respective corporate and individual performance results and the 2020 actual CBI paid:

Named Executive Officer	2020 Target CBI as a Percentage of Base Salary	2020 Actual CBI as a Percentage of Base Salary	2020 CBI Paid (C\$) <sup>(1)</sup>	2020 CBI Paid (US\$)
<b>Marie Inkster</b> CEO	120%	108%	1,193,000	936,982
<b>Jinhee Magie</b> CFO	75%	68%	332,000	260,753
<b>Peter Richardson</b> COO	80%	72%	412,000	323,585
<b>Peter Rockandel</b> SVP, Corporate Development & IR	70%	63%	304,000	238,762
<b>Andrew Hastings</b> SVP and General Counsel	70%	63%	282,000	221,483

(1) During 2020, all the NEOs were paid in Canadian dollars. See "Currency" on page 2 for the applicable exchange rates.

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## **Cash Bonus Incentive Plan – Corporate Performance**

The table below outlines the 2020 corporate performance targets and results for the scorecard metrics of operational and financial performance, health/safety and environmental/ESG performance, and strategic execution. The 2020 TSR performance objectives were measured against the 2020 TSR Performance Peer Group and other criteria discussed earlier. In all categories, if the overall results of the corporate objectives are at (i) Target, 100% of the Target payment will be allocated, (ii) Stretch, 200% of the Target payment will be allocated, and (iii) Threshold, 50% of the Target payment will be allocated. The amounts in between are not necessarily determined on a straight-line basis but rather at the discretion of the HRCC. Subject to the discretion of the HRCC and/or the Board, below threshold it is a zero and there are caps in place to limit the maximum award.

As discussed at “Summary of 2020 Performance Highlights” above, the corporate result was awarded at a score of 70 out of 80 (or 88%) of each executive’s corporate objective weighting.

## **Cash Bonus Incentive Plan – Individual Performance Measurement**

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

As discussed above, 2020 was a year for unplanned events, adaptation and crisis management. The defining event of the year was the global COVID-19 pandemic, requiring adaptation to a rapidly evolving crisis and a reprioritization of activities. A number of other unforeseen events challenged the organization to respond quickly while preserving the long-term sustainability of the business. Despite these challenges numerous initiatives were still delivered, providing shareholders with value, and each NEO achieved their KPIs – receiving an individual performance weighting at his/her respective target resulting in a score of 20 out of 20 (or 100%).

The total result was a score of 90 out of 100 (or 90%). The table below outlines the actual 2020 corporate and individual performance results.

<b>Financial and Operational (40%)</b>	2020 Actual	Threshold 0.5x	On Target 1.0x	Stretch 2.0x	Category Weighting	Overall Weighting	Unadj. Score	Adj Score
<b>Adjusted Operating Cash Flow per share<sup>(1)(2)</sup></b> (target factored for actual metal prices and exchange rates)	\$0.88	\$0.94	\$1.26	\$1.84	50%	20%	0%	14%
<b>Total Shareholder Return Performance vs Peers<sup>(3)</sup></b>	35.3%	51.6%	60.7%	72.8%	25%	10%	0%	0%
<b>Capital Investments - ZEP</b>	N/A <sup>(4)</sup>	+10% of budget/schedule	On budget/schedule	-10% of budget/schedule	25%	10%	10%	10%
<b>Financial &amp; Operational Assessment</b>						<b>40%</b>	<b>10%</b>	<b>24%</b>
<b>Health/Safety and Environment/ESG (20%)</b>	2020 Actual	Threshold 0.5x	On Target 1.0x	Stretch 2.0x	Category Weighting	Overall Weighting	Unadj. Score	Adj Score
<b>Total Recordable Incident Frequency<sup>(5)</sup></b>	0.55	0.8	0.6	0.5	40%	8%	0%	0%
<b>Environment level 3 incidents</b>	0	2	0	20% reduction of Level 2 vs 2019	40%	8%	8%	8%
<b>Environment Initiatives</b>	Define industry best practice fugitive dust measurement methodology and start defining baseline levels. <b>Met target.</b>							
<b>ESG: Initiatives</b>	Define industry best practice social performance perception measurement methodology and develop action plan for implementation. Target: develop specific action plans for 3 sites; Threshold: 2 sites; and Stretch: 4 sites. <b>Met Stretch.</b>				20%	4%	8%	8%
<b>Health/Safety and Environment/ESG Assessment</b>						<b>20%</b>	<b>16%</b>	<b>16%</b>

Strategic Execution (20%)	Threshold 0.5x	On Target 1.0x	Stretch 2.0x	Category Weighting	Overall Weighting	Unadj. Score	Adj Score
Performance related to 2020 OPP	Achieved 75% of objectives	Fully achieved objectives	Significantly exceeded objectives	100%	20%	30%	30%
<b>Strategic Execution Assessment</b>					<b>20%</b>	<b>30%</b>	<b>30%</b>
Individual Performance (20%)	Threshold 0.80x	On Target 1.0x	Stretch 1.2x	Category Weighting	Overall Weighting	Unadj. Score	Adj Score
Individual Performance	Achieved 75% of objectives	Fully achieved objectives	Significantly exceeded objectives	100%	20%	20%	20%
<b>Individual Performance Assessment</b>					<b>20%</b>	<b>20%</b>	<b>20%</b>
<b>Overall CBI score</b> (80% Corporate/20% Individual)					<b>100%</b>	<b>76%</b>	<b>90%</b>

- (1) "Adjusted Operating Cash Flow per share before working capital" is a non-GAAP measure (refer to the section entitled "Non-GAAP Performance Measures" on page 26 of the Corporation's Management's Discussion and Analysis for the year ended December 31, 2020).
- (2) Actual realized metal prices and average foreign exchange rates for the year were used for each of these calculations.
- (3) Measured as December 2019 to December 2020 VWAP. VWAP is the ratio of the value traded to total volume traded over a period. 60.7% is equal to the average TSR performance of the Corporation's 2020 TSR Performance Peer Group.
- (4) As discussed in the "Capital Investment" subsection of "Summary of 2020 Performance Highlights" above, 2020 capital investment for ZEP was temporarily suspended in March 2020 to ensure employee, contractor and community health and safety due to the risk of a serious COVID-19 outbreak. Given that prior to the temporary suspension the project had been tracking on budget and on schedule and taking these factors into consideration it was determined that ZEP was not a relevant KPI and, to neutralize it, an at target score was appropriate.
- (5) In the event of a fatality the TRIF score is zero.

## Performance Equity Incentive Plans

### Introduction

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

The Corporation believes its performance equity incentive plans are directly tied to executive and corporate performance and provides executives an opportunity to build ownership in the business and align their interests with those of shareholders by rewarding consistent long-term performance. The recipients of Performance Equity Awards only receive awards based on long-term performance metrics and achieve an increase in value only to the extent the Corporation's shareholders benefit from the increase in the Corporation's stock price both on an absolute and relative basis to our peers. Typically, share

units vest 36 months after the award date (subject, in part, to certain future performance-based vesting criteria) and stock option grants vest over three years from the date of grant and have a seven-year term.

The Corporation's Performance Equity Awards connect to long-term performance in a versatile and thoughtful manner by assessing and rewarding consistent multi-year performance. This is achieved both in the grant and vest process for all Performance Equity Awards. The amount of Performance Equity Awards granted each year is based on a combination of factors including three- and five-year historical TSR performance. The amount of Performance Equity Awards and the actual value realized are affected positively or negatively by anywhere from one to seven years of future performance. This is achieved through the grant of Performance Equity Awards that contain future performance-based vesting conditions which require superior comparative

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returns over a three-year future time period relative to our TSR Performance Peer Group and through the grant of Performance Equity Awards that contain time-based vesting conditions and, in the case of stock options a seven-year life, which has the effect of deferring value realization for executives. These core elements of the Corporation's Performance Equity Awards have the effect of incentivizing and rewarding a continuous management focus on long-term, year-over-year value growth for the Corporation's shareholders and other stakeholders.

Specifically, the amount of performance equity awarded under the plan is based on:

- Comparative TSR over both the historical three- and five-year periods. In addition, the performance against other metrics such as the S&P/TSX Global Base Metals Index and copper price are reviewed;
- Three-year historical performance against the CBI measures which include long-term planning factors and execution against the long-term strategic plans;
- Prior Performance Equity Award grants, dilution and "burn rate" which ensure that the outcome is fair to all stakeholders and to avoid any unusual or unforeseen outcomes resulting from share price volatility;
- The structure of the Performance Equity Award plan provides continued post-award long-term performance incentives to link the incentive further to the shareholder experience;
- Vesting of 50% of the share units granted under the Corporation's Performance Equity Award plan are tied to relative TSR performance over a three-year future time period;
- All Performance Equity Awards vest over a three-year period to ensure that executives are continually participating in the TSR and share value fluctuations over the commodity cycles;

- Stock options have a seven-year life, which provides a longer-term value appreciation time period that can maximize value realization; and
- All executives have a meaningful, minimum shareholding requirement to ensure that they have ongoing exposure to shareholder value experience regardless of the vesting of Performance Equity Awards.

In assessing comparative total shareholder return we normally use a December-to-December volume weighted average price ("VWAP"). When determining the amount of performance equity to award we use a 20-day VWAP ending at the meeting date on which the HRCC determined the number of Performance Equity Awards to grant. This will vary from the one-day spot price required to be used in reporting values under securities laws regulations. This approach ensures that short-term share price volatility is eliminated to a large extent and provides a fairer outcome. Generally, the allocation of Performance Equity Awards for all executives is an approximate 50/50 split between stock options and share units.

The value of Performance Equity Awards is targeted at two times an executive's CBI award. Generally, the Performance Equity Award value will be increased or decreased on the performance measures discussed above with a 20% range up and down from target. However, no Performance Equity Award is guaranteed, the actual award could be zero if warranted by performance or the Corporation's circumstances and the HRCC and Board retain absolute discretion in determining the quantum of each Performance Equity Award. The evaluation period and vesting periods ensure a long-term performance connection for executives and provides a significant retention factor, particularly in connection with the Corporation's executive share ownership guidelines.

Performance Equity Awards are targeted to be approximately 50% stock options and 50% share units for all executives. The HRCC and/or Board reviews the composition of Performance Equity Awards from time to time and may make changes to the composition as may be required. Performance Equity Awards are made after the release of the Corporation's annual financial statements.

### **Performance Equity Award – Stock Option Vesting Conditions**

Once the number of stock options to be granted as part of a Performance Equity Award is determined (pursuant to the performance metrics described above), the stock options will vest in equal amounts over three years and have a term of seven years.

### **Performance Equity Award – Share Unit Vesting Conditions**

Once the number of share units to be granted as part of a Performance Equity Award is determined (pursuant to the performance metrics described above), all share units will time vest in three years with the additional post-grant vesting requirement that 50% of

the share units granted will vest conditional on the Corporation's future performance. This future performance vesting requirement only provides reward to executives if the Corporation achieves targets related to TSR over a three-year future time period as measured against the Corporation's 2021 TSR Performance Peer Group. If the Corporation outperforms the TSR Performance Peer Group, the number of share units subject to this future performance condition which actually vest can be increased to as much as 2.0x. Conversely, if the Corporation underperforms the TSR Performance Peer Group, the number of share units subject to this future performance condition which actually vest can be decreased to as little as zero times – meaning executives receive no reward for poor performance. To the extent any such share units vest at the end of the three-year time period, they are settled in Common Shares issued from treasury. The table below sets out the targets and vesting percentages for those share units that are subject to the additional future performance vesting condition of achieving relative TSR targets (being 50% of all share units awarded as part of an executive's Performance Equity Award).

Relative TSR Performance vs Peer Group		Vesting (% of Award)
<b>Max</b>	Above 85 <sup>th</sup> percentile	200%
<b>Stretch</b>	At or above 75 <sup>th</sup> percentile	150%
<b>Target</b>	At or above 50 <sup>th</sup> percentile	100%
<b>Threshold</b>	At or above 25 <sup>th</sup> percentile	50%
<b>Minimum</b>	Below 25 <sup>th</sup> percentile	0%

### **2020 Performance Equity Awards**

The following Performance Equity Awards were granted in February 2021 with respect to 2020 performance to each NEO. Share units vest on the third anniversary of the date of grant and, for 50% of such share units granted, assuming the established future performance targets are met. The stock options will vest one-third

on the first, second and third anniversary of the date of grant and expire seven years after the date of grant. The HRCC, in determining the number of share units and stock options to be granted to each NEO, considered several factors only one of which was a Black Scholes option valuation.

The share unit and stock option valuation is calibrated off of a reference point, which is the weighted average closing price of the Corporation's Common Shares on the 20 consecutive trading days prior to the February 2021 HRCC meeting. This process resulted in values of C\$11.83 (versus C\$14.90 grant date value and C\$18.83 IFRS Monte Carlo valuation determined on the date of grant) and C\$4.86 (versus C\$5.19 valuation determined on the date of grant) to be used for

calculating the award of share units and stock options, respectively. This value is different from the accounting values typically used and as shown in the Summary Compensation Table which is required to be the closing price of the Corporation's Common Shares on the grant date of February 22, 2021; however, the HRCC believes the values selected produced a more meaningful and reasonable estimate of the value than utilizing a single day price.

#### 2020 Performance Equity Awards

Named Executive Officer	Number of Share Units Awarded	Value of Share Units Awarded (C\$)	Number of Stock Options Awarded	Value of Stock Options Awarded (C\$)
<b>Marie Inkster</b> CEO	122,700	1,451,541	298,800	1,452,168
<b>Jinhee Magie</b> CFO	34,200	404,586	83,200	404,352
<b>Peter Richardson</b> COO	42,400	501,592	103,200	501,552
<b>Peter Rockandel</b> SVP, Corporate Development & IR	31,200	369,096	76,000	369,360
<b>Andrew Hastings</b> SVP and General Counsel	29,000	343,070	70,500	342,630

In calculating the 2020 Performance Equity Awards, the HRCC also reviewed and, after confirming its appropriateness, replicated the methodology applied to the 2019 Performance Equity Awards which resulted in very similar values for the 2019 Performance Equity Awards as seen in the table below:

#### 2019 Performance Equity Awards

Named Executive Officer	Number of Share Units Awarded	Value of Share Units Awarded (C\$)	Number of Stock Options Awarded	Value of Stock Options Awarded (C\$)
<b>Marie Inkster</b> CEO	192,000	1,441,920	588,000	1,440,600
<b>Jinhee Magie</b> CFO	53,000	398,030	163,000	399,350
<b>Peter Richardson</b> COO	70,000	525,700	216,000	529,200
<b>Peter Rockandel</b> SVP, Corporate Development & IR	50,000	375,500	155,000	379,750
<b>Andrew Hastings</b> SVP and General Counsel	47,000	352,970	144,000	352,800



The HRCC and the Board believe that 2020 Performance Equity Awards are fair and appropriate on both an absolute and relative basis when compared to historical compensation levels and given the unforeseen circumstances faced by management in 2020.

## Executive Share Ownership Guidelines

To further align the interests of the Corporation's executives with the interests of the Corporation's shareholders the HRCC has implemented specific executive share ownership guidelines that tie to each executive's base salary. Pursuant to these guidelines, executives are expected to acquire and retain Common Shares of the Corporation as set out in the table below:

Position	Share Ownership Target (multiple of base salary)
Chief Executive Officer	3.0 times
Senior Vice President	1.5 times
Vice President (officers)	1.0 times

Executives will have five years from January 1, 2020 (or from the date of their respective appointments) to attain the share ownership guidelines above. The HRCC in its discretion may extend the period of time for attainment of these ownership levels in appropriate circumstances. For purposes of these guidelines an executive's share ownership shall include the following:

- Common Shares purchased on the open market;
- Common Shares owned jointly with, or separately, by the executive officer's immediate family members (spouse and/or dependent children);
- Common Shares held in trust for the executive officer or immediate family member;
- Common Shares obtained through the exercise of stock options; and

- Invested share units (counted at target) and any other form of equity compensation as determined by the HRCC and/or Board

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

As at the date of this Circular, all the executives of the Corporation meet or exceed the Executive Share Ownership Guidelines.

Using the March 19, 2021 closing price of the Common Shares of C\$14.10 per share, Ms. Inkster has 451,689 Common Shares with a value of C\$6,368,815, and 576,700 Share Units with a value of C\$8,131,470 for an aggregate value of C\$14,500,285.

## Performance Equity Compensation Plans

At the Annual and Special Shareholder's Meeting held on May 9, 2014, the shareholders approved, among other things, the adoption of a new Share Unit Plan (the "SU Plan"), and the adoption of the Stock Option Plan. The SU Plan was subsequently amended and approved by shareholders on May 10, 2019 and the Stock Option Plan was subsequently amended and approved by the shareholders on May 10, 2019 and May 11, 2020. Both performance equity incentive plans were further amended and approved by the Board on November 30, 2020 and did not require shareholder approval.

### Stock Option Plan

The Stock Option Plan 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.

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As noted above, the Board approved amendments to the Stock Option Plan in 2020. These amendments included: (1) providing that, upon retirement, only those unvested stock options that were granted to the optionee 12 months or more prior to the date of retirement will continue to vest and that all stock options granted to the optionee during the 12-month period immediately prior to the optionee's retirement will become void on the date of retirement; (2) providing that, upon termination of employment without cause of an employee who has been continuously employed for at least two years, only those unvested stock options that were granted to the optionee 12 months or more prior to the date of termination will vest and that all stock options granted to the optionee during the 12-month period immediately prior to the optionee's termination date will become void on the date of termination; (3) clarifying existing treatment of stock options and the optionee's entitlements upon cessation of employment with the Corporation in all circumstances; and (4) updating and improving defined terms and other minor housekeeping changes.

The following is a summary of the key terms of the Stock Option Plan:

- Prior to March 19, 2020, the term of all stock options awarded under the Stock Option Plan was a maximum of five years. Subsequent to March 19, 2020, the term of all stock options awarded under the Stock Option Plan is a maximum of seven years.
- 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 market price is calculated as the closing market price on the TSX of the Common Shares on the date of the grant.
- Stock options granted pursuant to the Stock Option Plan shall vest and become exercisable by an optionee at such time or times as may be determined by the Board at the date of grant and as indicated in the option commitment. Stock options generally vest on each of the first, second and third anniversary of the grant date.
- In the event that the expiry of an option falls within a trading blackout period imposed by the Corporation, the expiry date of the option shall be automatically extended to the tenth business day following the end of the blackout period as permitted by applicable TSX policies.
- Options are not transferable other than by will or the laws of descent and distribution.
- Employees and consultants of the Corporation or its affiliates are eligible to receive option grants.
- For stock options granted prior to March 21, 2019, the termination provisions under the Stock Option Plan are as follows and, in all cases subject to the original option expiry date: (i) in the event of retirement, all options will automatically vest and the optionee will have a 12-month period to exercise his/her options; (ii) in the event of termination without cause, all options will automatically vest for optionees who have been continuously employed by the Corporation or by a company providing management services to the Corporation for at least two years including any notice period, as applicable; (iii) in the event of resignation, the optionee will have 90 days to exercise his/her options that have vested as of the date of resignation; and (iv) in the event of termination with cause, all options will immediately be terminated, except as may be set out in the optionee's grant agreement or as otherwise determined by the Board in its sole discretion.

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- For stock options granted on or after March 21, 2019 and on or prior to November 30, 2020, the termination provisions under the Stock Option Plan are the same as those granted prior to March 21, 2019, except as follows: (i) in the event of retirement, all options will continue to vest in accordance with their normal vesting schedule and the optionee will have a 12-month period after the final vesting date of his/her options to exercise his/her options, subject to the optionee complying with any obligations set out in the Corporation's retirement statement; and (ii) in the event of termination without cause, all options, other than those awarded in the year of termination (which will be forfeited), will automatically vest for optionees who have been continuously employed by the Corporation or by a company providing management services to the Corporation for at least two years including any notice period, as applicable, and the optionee will have 90 days to exercise his/her options.
  - For stock options granted after November 30, 2020, the termination provisions under the Stock Option Plan are the same as those granted on or prior to November 30, 2020, except as follows: in the event of termination without cause, all options, other than those awarded in the 12-month period immediately prior to the optionee's termination (which will be forfeited), will automatically vest for optionees who have been continuously employed by the Corporation or by a company providing management services to the Corporation for at least two years including any notice period, as applicable, and the optionee will have 90 days to exercise his/her options.
  - For stock options granted prior to March 21, 2019: in the event of a change of control, all unvested options shall automatically vest on the date of the change of control and options may be cancelled if such options are out of the money.
  - Stock options granted on or after March 21, 2019 are subject to "double-trigger" vesting conditions. In the event of a change of control any surviving, successor or acquiring entity shall assume outstanding stock options or substitute similar awards and the vesting of stock options will only accelerate if the optionee's employment is terminated without cause within 12 months following a change of control, in which case the optionee will have 90 days to exercise his/her options, subject to the original option expiry date. If, however, the surviving, successor or acquiring entity does not assume the outstanding stock options, in connection with the change of control, the stock options will immediately vest on the date of such change of control, and options may be cancelled if such options are out of the money. If any options are subject to performance vesting criteria, the level of achievement of the applicable performance vesting criteria will be deemed to be achieved at target.
  - Change of control is defined as the occurrence of any one or more of the following events: (1) a consolidation, merger, amalgamation or other reorganization or acquisition involving the Corporation or any of its affiliates as a result of which the Corporation's shareholders immediately prior to the transaction hold less than 50% of the outstanding shares of the successor corporation; (2) the sale, lease, exchange or disposition of all or substantially all of the assets of the Corporation or its subsidiaries on a consolidated basis; (3) a resolution to wind-up dissolve or liquidate the Corporation; (4) any person or group of persons acting jointly or in concert acquires 50% or more of the Corporation's outstanding voting securities; (5) as a result of or in connection with a contested election of directors or a transaction, fewer than 50% of the directors of the Corporation immediately prior to such transaction remain directors of the Corporation; or (6) the Board adopts a resolution to the effect that a change of control has occurred.

- In the event of the death or disability of an optionee, all options will vest and the optionee's estate or the optionee, as applicable, will have, subject to the original option expiry date, 12 months to exercise his/her options.
  - Notwithstanding the foregoing, all of the termination provisions shall be subject to the terms of any written employment/severance agreement between the optionee and the Corporation which specifically addresses the treatment of options.
  - All stock options granted on or after March 21, 2019 are subject to the Corporation's recoupment policy.
  - The grant of stock options under the Stock Option 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 Stock Option Plan, 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 Stock Option Plan does not provide for a maximum number of shares which may be issued to an individual pursuant to the plan and any other security-based compensation arrangement.
  - The Board may delegate, to the extent permitted by applicable law and by resolution of the Board, its powers under the Stock Option Plan to the HRCC, or such other committee as the Board may determine from time to time.
  - The specific amendment provisions for the Stock Option 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 option;
    - changes to the termination provisions of an option or the Stock Option Plan 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 Stock Option Plan reserves; and
    - amendments to reflect changes to applicable securities or tax laws.
  - Any of the following amendments shall 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;
    - 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 Stock Option Plan (other than by virtue of adjustments permitted under the Stock Option Plan);
    - permit options to be transferred other than for normal estate settlement purposes;
    - remove or exceed the insider participation limits of the Stock Option Plan;
    - materially modify the eligibility requirements for participation in the Stock Option Plan, including the re-introduction of non-employee directors as participants; or
    - modify the amending provisions of the Stock Option Plan.
- The Stock Option Plan currently has reserved 18,525,325 Common Shares for issuance under the Stock Option Plan, which represents approximately 2.51% of the Corporation's issued and outstanding Common Shares as of the date of this Circular.

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As of December 31, 2020, there were 9,676,245 stock options outstanding under the Stock Option Plan, representing approximately 1.31% of the Corporation's issued and outstanding Common Shares. As of December 31, 2020, there were an aggregate of 20,418,325 stock options available for grant under the Stock Option Plan, representing 2.77% of the Corporation's issued and outstanding Common Shares.

### **Share Unit 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.

As noted above, the Board approved amendments to the SU Plan in 2020. These amendments included: (1) providing that, upon retirement, only those unvested share units that were granted to the participant 12 months or more prior to the date of retirement will continue to vest and that all share units granted to the participant during the 12-month period immediately prior to the optionee's retirement will become void on the date of retirement; (2) providing that, upon termination of employment without cause of an employee who has been continuously employed for at least two years, only those unvested stock options that were granted to the participant 12 months or more prior to the date of termination will vest and that all stock options granted to the participant during the 12-month period immediately prior to the participant's termination date will become void on the date of termination; (3) clarifying existing treatment of share units and the participant's entitlements upon cessation of employment with the Corporation in all circumstances; and (4) updating and improving defined terms and other minor housekeeping changes.

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. Effective March 19, 2020, the SU Plan was amended to include additional provisions to allow for the award of SUs that are subject to performance vesting criteria.
- Any Common Shares subject to a SU (whether time-vesting or performance-vesting) which has been cancelled or terminated in accordance with the terms of the SU Plan without settlement will again be available for issuance under the SU Plan.
- 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 does not provide for a maximum number of Common Shares which may be issued to an individual pursuant to the plan and any other security-based compensation arrangement.
- Employees of the Corporation or any affiliate, including any senior executive, vice president, and/or member of the management team of the Corporation or its affiliates, are eligible to participate in the SU Plan. Non-employee directors are not eligible to participate in the SU Plan.
- A SU is a unit credited by means of an entry on the books of the Corporation to a participant, representing the right to receive one Common Share (subject to adjustments) issued from treasury. SUs are subject to either time-based vesting conditions or achieving applicable performance vesting conditions.

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- 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 SUs will be settled by way of the issuance of Common Shares from treasury as soon as practicable following the entitlement date determined by the Board or committee in accordance with the terms of the SU Plan. However, participants who are residents of Canada or as otherwise may be designated in the grant letter (except for U.S. taxpayers) will be permitted to elect to defer issuance of all or any part of the Common Shares issuable to them provided proper notice is provided to the Board or committee pursuant to the terms of the SU Plan.
  - All grants of SUs shall be evidenced by a confirmation share unit grant letter.
  - Unless otherwise specified in the share unit grant letter, SUs subject to time-based vesting conditions vest on the third anniversary of the grant date and SUs subject to performance-based vesting conditions vest on the third anniversary of the grant date contingent upon achieving applicable performance vesting conditions.
  - The Board or committee will have the discretion to credit a participant with additional SUs in lieu of any cash dividends paid to shareholders of the Corporation, equal to the aggregate amount of any cash dividends that would have been paid to the participant if the SUs had been Common Shares, divided by the market value of the Common Shares on the date on which dividends were paid by the Corporation. For the avoidance of doubt, no cash payment will be made to a participant if cash dividends are paid to shareholders.
  - In the event of a participant's resignation or termination with cause, the unvested SUs will be forfeited and of no further force or effect at the date of termination, unless otherwise determined by the HRCC or provided for in the share unit grant letter. Vested SUs that are subject to a deferred payment date will be settled in Common Shares forthwith.
  - For SUs granted prior to March 21, 2019: In the event of termination without cause, all unvested SUs will vest for participants who were continuously employed by the Corporation or any affiliate for at least two years including any notice period, if applicable, on the date of termination and the Common Shares represented by the SUs held shall be issued as soon as reasonably practical. For participants who were not continuously employed by the Corporation for two years their SUs will be forfeited and of no further force or effect at the date of termination, except as may otherwise be stipulated in the participant's grant letter or as may otherwise be determined by the HRCC in its sole and absolute discretion. In the event of retirement, in accordance with the retirement policies of the Corporation, any unvested SUs will automatically vest, and the Common Shares will be issued as soon as practicable. However, any unvested SUs held by a U.S. taxpayer will automatically vest on the date such participant attains the age of 65 and the Common Shares will be issued forthwith but no later than March 15 of the following calendar year.
  - For SUs granted on or after March 21, 2019 and on or prior to November 30, 2020, the termination provisions under the SU Plan are the same as those granted prior to March 21, 2019, except as follows: (i) in the event of termination without cause, a pro-rated portion of each SU award will vest on the date of termination (based on the number of days that the participant was employed during the three-year vesting period), and any performance vesting criteria applicable to SUs will be deemed achieved at target; and

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- (ii) in the event of retirement, subject to the participant complying with any obligations set out in the Corporation's retirement statement, unvested SUs will continue to vest in accordance with their normal vesting schedule (and, for SUs, based on actual achievement of any applicable performance criteria); however, SUs granted in the year the participant's retirement occurs will be forfeited.
- For all SUs granted after November 30, 2020, the termination provisions under the SU Plan are the same as those granted on or prior to November 30, 2020, except that only those share units that were granted to the participant 12 months or more prior to the participant's date of termination will vest, provided that the participant has been continuously employed for at least two years. Any SUs granted to the participant during the 12-month period immediately prior to the participant's termination date will be forfeited.
  - For SUs granted prior to March 21, 2019, in the event of a change of control, all SUs outstanding will immediately vest on the date of such change of control.
  - SUs granted on or after March 21, 2019, are subject to "double-trigger" vesting conditions. In the event of a change of control any surviving, successor or acquiring entity shall assume outstanding SUs (including SUs or substitute similar awards) and the vesting of SUs will only accelerate if the participant's employment is terminated without cause within 12 months following a change of control. SUs performance vesting criteria will be deemed to be achieved at target. If, however, the surviving, successor or acquiring entity does not assume the outstanding SUs, in connection with the change of control, the SUs will immediately vest on the date of such change of control and for SUs performance vesting criteria will be deemed to be achieved at target. Change of control is defined in the same manner as under the Stock Option Plan.
  - 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. For SUs subject to performance vesting criteria, such criteria will be deemed to be achieved at target.
  - Notwithstanding the terms of the SU Plan, all the termination provisions shall be subject to the terms of any written employment/ severance agreement between the participant and the Corporation which specifically addresses the treatment of share units.
  - SUs are not transferable other than by will or the laws of descent and distribution.
  - The specific amendment provisions for the SU Plan provide the Board or committee with the power, subject to the requisite regulatory approval, to make the following amendments without shareholder approval (without limitation):
    - amendments of a housekeeping nature;
    - the addition or a change to any vesting provisions of a SU;
    - changes to the termination provisions of the SU Plan; and
    - amendments to reflect changes to applicable securities or tax laws.
  - Any of the following amendments require shareholder approval:
    - materially increasing the benefits to a holder of SUs who is an insider to the material detriment of the Corporation and its shareholders;
    - increasing the number of Common Shares or maximum percentage of Common

Shares which may be issued pursuant to the SU Plan (other than by virtue of adjustments permitted under the SU Plan);

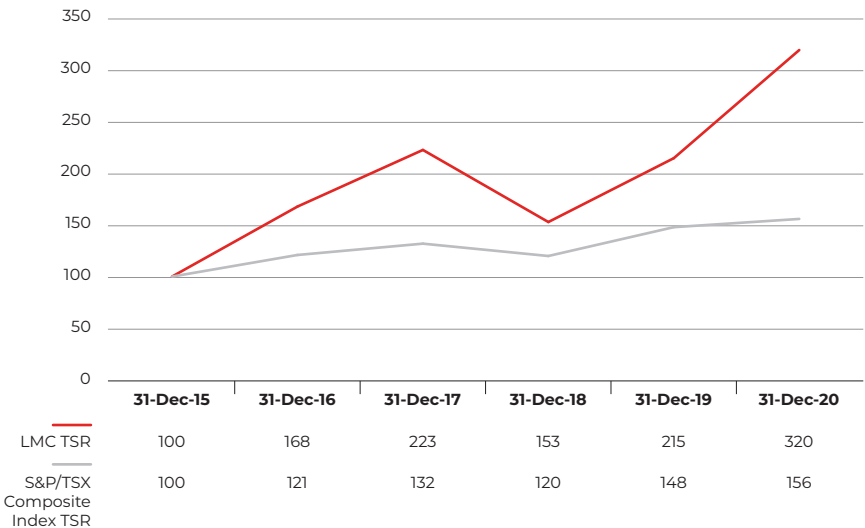
- permitting SUs to be transferred other than for normal estate settlement purposes;
- removing or exceeding the insider participation limits of the SU Plan;
- materially modifying the eligibility requirements for participation in the SU Plan; or
- modifying the amending provisions of the SU Plan.

The SU Plan currently has reserved 7,364,352 Common Shares for issuance under the SU Plan, which represents approximately 1% of the Corporation's issued and outstanding Common Shares as of the date of this Circular.

As of December 31, 2020, there were 2,534,100 SUs outstanding under the SU Plan, representing approximately 0.34% of the Corporation's issued and outstanding Common Shares. As of December 31, 2020, an aggregate of 7,906,102 SUs were available for grant under the SU Plan, representing approximately 1.07% of the Corporation's issued and outstanding Common Shares.

## Performance Graph

The following graph compares the cumulative total shareholder return on the TSX for C\$100 invested in Common Shares on December 31, 2015 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Corporation. In both cases, it has been assumed that dividends have been reinvested.



The Corporation is included in the S&P/TSX Composite and the graph and chart above shows the relative share performance of the Corporation to this index. As discussed above, the current compensation policy relates performance compensation of executives to specific benchmarks which include specific

operational objectives and individual objectives as well as relative share price performance compared to the described specific peer group. Accordingly, there is no direct link between the index shown and executive compensation as determined by the HRCC.



## Summary Compensation Table

The total compensation cost of the NEOs for 2020 as reflected in the Summary Compensation Table represented 0.47% of the Corporation's consolidated revenues for 2020.

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

The Corporation's Common Shares experienced a steady and significant increase in value in January and February 2021. This created the unusual result that the grant values applied to the 2020 Performance Equity Awards (C\$14.90/\$11.12) as reflected in the Summary Compensation Table are significantly higher than the award values (C\$11.83/\$8.83) used by the HRCC at the February 2021 meeting when number of Performance Equity Awards for each NEO was determined. The 2020 Summary Compensation Table uses a single day value for purposes of valuing the Performance Equity Awards which has a flow through effect on each NEO's 2020 total compensation.

Name and principal position	Year	Salary (US\$)	Share-based Awards (US\$) <sup>(1)(2)</sup>	Option-based Awards (US\$) <sup>(1)(3)</sup>	Non-equity incentive plan compensation (US\$)		All other compensation (US\$) <sup>(5)(6)</sup>	Total compensation (US\$) <sup>(1)</sup>
					Annual incentive plans (US\$) <sup>(4)</sup>	Long-term incentive plans		
<b>Marie Inkster</b> CEO	<b>2020</b>	<b>820,820</b>	<b>1,364,424</b>	<b>1,156,356</b>	<b>890,217</b>	-	<b>20,319</b>	<b>4,252,136</b>
	2019	753,700	1,025,280	882,000	904,400	-	19,973	3,585,393
	2018	511,384	1,236,060	797,560	583,556	-	20,247	3,148,807
<b>Jinhee Magie</b> CFO	<b>2020</b>	<b>365,638</b>	<b>380,304</b>	<b>321,984</b>	<b>247,738</b>	-	<b>20,319</b>	<b>1,335,983</b>
	2019	358,008	283,020	244,500	260,780	-	19,973	1,166,281
	2018	270,165	347,760	291,240	185,256	-	16,210	1,110,631
<b>Peter Richardson</b> COO	<b>2020</b>	<b>425,334</b>	<b>471,488</b>	<b>399,384</b>	<b>307,434</b>	-	<b>20,319</b>	<b>1,623,959</b>
	2019	414,535	373,800	324,000	348,963	-	33,944	1,495,242
	2018	385,950	430,920	409,770	301,041	-	51,320	1,579,001
<b>Peter Rockandel</b> SVP, Corporate Development & IR	<b>2020</b>	<b>358,176</b>	<b>346,944</b>	<b>294,120</b>	<b>226,845</b>	-	<b>20,319</b>	<b>1,246,404</b>
	2019	339,165	267,000	232,500	327,860	-	19,973	1,186,498
	2018	112,890	439,160	373,600	94,944	-	45,368	1,065,962
<b>Andrew Hastings<sup>(7)</sup></b> SVP and General Counsel	<b>2020</b>	<b>332,059</b>	<b>322,480</b>	<b>272,835</b>	<b>210,428</b>	-	<b>19,924</b>	<b>1,157,726</b>
	2019	266,221	501,480	373,000	241,938	-	91,343	1,473,982
	2018	-	-	-	-	-	-	-

(1) During 2020, all the NEOs were paid in C\$. See "Currency" on page 2 for the applicable exchange rates. The Corporation's Common Shares experienced a steady and significant increase in value in January and February 2021. This created the unusual result that the grant values applied to the 2020 Performance Equity Awards (C\$14.90/\$11.12) as reflected in the Summary Compensation Table are significantly higher than the award values (C\$11.83/\$8.83) used by the HRCC at the February 2021 meeting when number of Performance Equity Awards for each NEO was determined. The 2020 Summary Compensation Table uses a single day value for purposes of valuing the Performance Equity Awards which has a flow through effect on each NEO's 2020 total compensation.

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

Grant Date	Performance Year	Fair Value on Grant
February 23, 2021*	2020 (annual)	C\$14.90/\$11.12
February 25, 2020**	2019 (annual)	C\$7.09/\$5.34
February 21, 2019***	2018 (annual)	C\$6.65/\$5.13
February 21, 2019	Initial Grant	C\$6.65/\$5.13

\* February 23, 2021 annual awards converted at the average exchange rate for 2020 as this relates to 2020 compensation. For the SUs subject to future performance vesting conditions (which represent 50% of the SUs granted for 2020 compensation) the accounting fair value is C\$18.83 / \$14.05 according to IFRS 2 – Share-based Payment and Monte Carlo valuation accounting for the market-based TSR performance conditions (including assumptions of average correlation of 48.2%, volatility of 47.5%, dividend yield of 1.61% and risk-free rate of 0.30%), representing a per share difference between the grant date fair value reflected in the summary compensation table and the accounting value for the SUs subject to performance vesting conditions of C\$3.93 / \$2.93 per SU.

\*\* February 25, 2020 annual awards converted at the average exchange rate for 2019 as this relates to 2019 compensation.

\*\*\* February 21, 2019 awards were converted at the average exchange rate for 2018 as this relates to 2018 compensation.

- (3) The fair value of stock option awards on the grant date were calculated using the Black Scholes model according to IFRS 2 Share-based payment since it is used consistently by comparable companies. Below are the key assumptions and estimates:

Grant Date	Performance Year	Exercise Price	Risk-free Rate of Return	Volatility Estimate	Dividend	Expected Life (years)	Black Scholes Value <sup>(1)</sup>
February 23, 2021*	2020 (annual)	C\$14.90/\$11.12	0.33%	46.6%	0.16	4.41	C\$5.19/\$3.87
February 25, 2020**	2019 (annual)	C\$7.09/\$5.34	1.38%	42.1%	0.12	3.15	C\$1.99/\$1.50
February 21, 2019***	2018 (annual)	C\$6.65/\$5.13	1.82%	46.9%	0.12	3.15	C\$2.03/\$1.57
February 21, 2019	Initial Grant	C\$6.65/\$5.13	1.82%	46.9%	0.12	3.15	C\$2.03/\$1.57

\* February 23, 2021 annual award converted at the average exchange rate for 2020 as this relates to 2020 compensation.

\*\* February 25, 2020 annual award converted at the average exchange rate for 2019 as this relates to 2019 compensation.

\*\*\* February 21, 2019 awards were converted at the average exchange rate for 2018 as this relates to 2018 compensation.

- (4) Represents annual incentive awards in respect of the corresponding year's performance but which are paid the following year.  
 (5) Amounts in this column typically consist of, but are not limited to, benefits such as retirement savings benefits, and other additional benefits.  
 (6) Ms. Inkster, Ms. Magje, Mr. Richardson and Mr. Rockandel each received C\$27,230 during 2020 in registered retirement savings contributions.  
 Mr. Hastings received C\$26,700 during 2020 in registered retirement savings contributions.  
 (7) Mr. Hastings joined the Corporation on February 27, 2019. His annualized base salary for 2019 in US\$ was \$316,554. Mr. Hastings received an on-hire signing bonus of C\$100,000. Mr. Hastings' performance equity grants noted above include an initial grant of 50,000 SUs and 100,000 options on February 21, 2019, using the fair value on grant and Black Scholes value disclosed above.

## 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.

Named Executive Officer	Grant date	Option-based Awards			Share-based Awards			
		Number of securities underlying unexercised options (#)	Option exercise price (US\$) <sup>(1)(2)</sup>	Option expiration date	Value of unexercised in-the-money options (US\$) <sup>(2)(3)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$) <sup>(2)(3)</sup>	Market or payout value of vested share-based awards not paid out or distributed (US\$)
<b>Marie Inkster</b> CEO	08-Mar-2016	246,000	3.39	07-Mar-2021	1,350,540 <sup>(4)</sup>	-	-	-
	24-Feb-2017	207,900	6.42	23-Feb-2022	511,434 <sup>(4)</sup>	-	-	-
	21-Feb-2018	156,000	6.55	20-Feb-2023	363,480 <sup>(5)</sup>	54,000	479,263	-
	26-Oct-2018 <sup>(6)</sup>	-	-	-	-	100,000	887,525	-
	21-Feb-2019	508,000	5.22	20-Feb-2024	1,859,280 <sup>(6)</sup>	162,000	1,437,790	-
	25-Feb-2020	588,000	5.57	24-Feb-2025	1,946,280 <sup>(7)</sup>	192,000	1,704,047	-
<b>Jinhee Magie</b> CFO	24-Feb-2017	99,990	6.42	23-Feb-2022	245,975 <sup>(4)</sup>	-	-	-
	21-Feb-2018	66,000	6.55	20-Feb-2023	153,780 <sup>(5)</sup>	20,000	177,505	-
	26-Oct-2018 <sup>(9)</sup>	30,000	4.12	25-Oct-2023	142,800 <sup>(9)</sup>	20,000	177,505	-
	21-Feb-2019	162,000	5.22	20-Feb-2024	592,920 <sup>(6)</sup>	52,000	461,513	-
	25-Feb-2020	163,000	5.57	24-Feb-2025	539,530 <sup>(7)</sup>	53,000	470,388	-
<b>Peter Richardson</b> COO	21-Feb-2018	40,000	6.55	20-Feb-2023	93,200 <sup>(5)</sup>	45,000	399,386	-
	21-Feb-2019	261,000	5.22	20-Feb-2024	955,260 <sup>(6)</sup>	84,000	745,521	-
	25-Feb-2020	216,000	5.57	24-Feb-2025	714,960 <sup>(7)</sup>	70,000	621,267	-
<b>Peter Rockandel</b> SVP, Corporate Development & IR	21-Sept-2018	125,000	5.60	26-Jul 2023	410,000 <sup>(10)</sup>	50,000	443,762	-
	21-Feb-2019	100,000	5.22	20-Feb-2024	366,000 <sup>(6)</sup>	32,000	284,008	-
	25-Feb-2020	155,000	5.57	24-Feb-2025	513,050 <sup>(7)</sup>	50,000	443,762	-
<b>Andrew Hastings</b> SVP and General Counsel	21-Feb-2019	100,000	5.22	20-Feb-2024	366,000 <sup>(6)</sup>	50,000	443,762	-
	25-Feb-2020	144,000	5.57	24-Feb-2025	476,640 <sup>(7)</sup>	47,000	417,137	-

(1) Based on the closing exchange rate of C\$1.00:US\$0.78542 on December 31, 2020.

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

March 8, 2016	-	C\$4.32
February 24, 2017	-	C\$8.17
February 21, 2018	-	C\$8.34
March 20, 2018	-	C\$8.68
September 21, 2018	-	C\$7.13
October 26, 2018	-	C\$5.25
February 21, 2019	-	C\$6.65
February 25, 2020	-	C\$7.09

- (3) In respect of stock options, the value is based on the closing price of the Common Shares on the TSX on December 31, 2020 of C\$11.30 (\$8.88) per Common Share, less the exercise price of the in-the-money stock options. These stock options have not been, and may never be, exercised and the actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise. In respect of SUs, the value is based on the closing price of the Common Shares on the TSX on December 31, 2020 of C\$11.30 (US\$8.88) per Common Share. The SUs granted February 21, 2019 and February 25, 2020 are currently unvested and the actual market value will depend on the value of the Common Shares on the vesting date. The vesting date for SUs is the third anniversary date after the grant date. The February 21, 2018 SUs vested on February 21, 2021.
- (4) These values represent all vested stock options.
- (5) These values represent two-thirds vested stock options. The remaining one-third vested on February 21, 2021.
- (6) These values represent one-third vested stock options. The remaining two-thirds vest on February 21, 2021 and February 21, 2022, respectively.
- (7) Unvested as at December 31, 2020.
- (8) Ms. Inkster received a grant of share units with respect to her promotion to CEO.
- (9) Ms. Magie received a grant of stock options and share units with respect to her promotion to CFO. These values represent two-thirds vested stock options. The remaining one-third will vest on October 18, 2021.
- (10) These values represent two-thirds vested stock options. The remaining one-third will vest on September 21, 2021.

## Incentive Plan Awards – Value Vested or Earned In 2020

The following table provides information regarding the value on vesting of incentive plan awards for the financial year ended December 31, 2020, plus a summary of cash awards made under the CBI for 2020 performance (paid in 2021).

Named Executive Officer	Option-based awards – value vested during year (US\$) <sup>(1)(2)</sup>	Share-based awards – value vested during year (US\$) <sup>(1)(3)</sup>	Non-equity incentive plan compensation – value earned during year (US\$) <sup>(4)</sup>
<b>Marie Inkster</b> CEO	115,709	478,110	890,217
<b>Jinhee Magie</b> CFO	60,305	229,971	247,738
<b>Peter Richardson</b> COO	59,448	94,863	307,434
<b>Peter Rockandel</b> SVP, Corporate Development & IR	49,940	nil	226,845
<b>Andrew Hastings</b> SVP and General Counsel	22,778	nil	210,428

(1) Based on the closing exchange rate of C\$1.00:US\$0.78542 on December 31, 2020.

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

(3) Calculated using C\$7.32 (\$4.79) which was the closing market price of the Common Shares on the TSX on February 24, 2020.

(4) Non-equity incentive plan compensation includes the amount of the annual performance bonus awards earned by NEOs for the noted year, as paid in the following year. NEO annual performance bonus awards were paid in C\$. See "Currency" on page 2 for the applicable exchange rates.

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## 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 individual objectives which form the basis of the compensation plan evaluations are carefully considered by the HRCC with a view of establishing a realistic and balanced set of objectives together with a range of achievement level factors that both encourage initiative and discourage under performance in areas important to the Corporation and do not encourage excessive risk-taking by senior management.

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

- consistent program design among all executive officers;
- a mix of performance measures are used in the cash bonus incentives, and granting of performance equity incentives provides a balanced performance focus;
- benchmark compensation against size and industry appropriate peer group and target total direct compensation in the median range;
- capped payout opportunity within the CBI of 2.0 times the target CBI which is subject to Board discretion;

- awards are granted annually;
- SUs vest three years after the award date, and beginning in 2021 (with respect to 2020 performance), 50% of share units granted are subject to performance vesting criteria;
- stock options vest over three years and have a seven-year term;
- A 20-day VWAP is used to determine equity values to avoid short swing price volatility impacts;
- potential performance equity awards are regularly "stress-tested" to avoid unintended behaviours and compensation outcomes;
- specific share ownership guidelines tied to a multiple of base salary;
- the Corporation provides a non-binding advisory vote on the Corporation's approach to executive compensation; and
- in camera sessions are held after certain HRCC Meetings.

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

## Hedging

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

## Recoupment Policy

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

## Management's Role in Compensation Decision-Making

The CEO and Senior Vice President, Human Resources provide information to the HRCC as required on compensation risk management and also provide annual recommendations to the HRCC on base salary adjustments, cash and equity incentives for the executives and

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

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

## Compensation Consultants

Since 2016, the HRCC has retained Willis Towers Watson to serve as the HRCC's compensation consultant. Willis Towers Watson provides advice to the HRCC on executive compensation and related governance matters. In 2020, the services Willis Towers Watson provided to the Corporation and to HRCC included:

- Advisory related to equity reserve request
- Design and communication of new long-term incentive program

Advisor	Type of Work	2020 Fees (C\$)	2019 Fees (C\$)
Willis Towers Watson	Executive compensation-related fees	\$35,416	\$176,641
	All other fees	nil	\$90,757

Other than services to the HRCC related to executive compensation, in 2019 Willis Tower Watson conducted a review of compensation level and structure for non-executives at the

request of management. HRCC pre-approval was required before Willis Towers Watson could provide this and other services to the Corporation at management's request.

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## Termination and Change of Control Benefits

### Introduction

Each of the Corporation's NEOs as of December 31, 2020 is a party to an indefinite term employment agreement with the Corporation that sets forth certain instances where payments and other obligations arise on the termination of their employment or in the event of a change of control of the Corporation.

### Termination Without Cause

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

Following a without cause termination of Ms. Inkster's employment by the Corporation, the Corporation will be required to pay, on termination, 24 months' base salary, plus two times the average of the CBI payments received in the previous two years. All unvested SUs will automatically vest (with the level of achievement of the applicable performance criteria will be deemed to be achieved at target), and all unvested stock options awarded pursuant to the Stock Option Plan, as amended or replaced from time to time, shall automatically vest and Ms. Inkster will have 90 days from the date following termination to exercise such stock options. Furthermore, the terms of termination without cause, as set out in Ms. Inkster's employment agreement, will prevail over the terms regarding termination without cause as contained in the SU Plan and/or the Stock Option Plan, as may be amended or replaced from time to time, unless such terms contained in the SU Plan and/or the Stock Option Plan

are more favourable, in which case the terms in the SU Plan and/or the Stock Option Plan, as applicable, shall prevail. Ms. Inkster shall also continue to participate in the Corporation's group medical and dental benefits plan for 24 months following the termination date; her participation in the Corporation's short- and long-term disability, life insurance, and accidental death and dismemberment plans will continue for 12 months, if available and to the extent permitted under the plan.

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

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

the termination of his employment with the Corporation. Any equity awards received by Mr. Richardson prior to the date of termination will be treated in accordance with the applicable equity award plan terms.

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

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

The following table provides details regarding the estimated incremental payments payable by the Corporation to the NEOs assuming termination of employment without cause on December 31, 2020.

#### Severance

Named Executive Officer	Base Salary (US\$) <sup>(1)</sup>	CBI (US\$) <sup>(1)</sup>	Value of Benefits (US\$) <sup>(1)</sup>	Equity (US\$) <sup>(1)(2)</sup>	Total (US\$) <sup>(1)</sup>
<b>Marie Inkster</b> CEO	1,727,924	1,775,362	71,805	10,538,744	14,113,835
<b>Jinhee Magie</b> CFO	769,712	519,487	71,805	2,937,839	4,298,842
<b>Peter Richardson</b> COO	447,689	335,537	36,487	3,290,877	4,110,591
<b>Peter Rockandel</b> SVP, Corporate Development & IR	377,002	284,247	34,782	2,290,338	2,986,369
<b>Andrew Hastings</b> SVP and General Counsel	349,512	244,658	34,366	1,543,500	2,172,037

(1) Based on the closing exchange rate of C\$1.00:US\$0.78542 on December 31, 2020.

(2) Unless provisions are included in an employment contract (as set forth above), in accordance with the Stock Option Plan and SU Plan, all options granted prior to March 21, 2019 vest and become exercisable and all share units granted prior to March 21, 2019 automatically vest following a termination of employment without cause, if an individual has been continuously employed with the Corporation for two years. In accordance with the SU Plan, for share units granted on or after March 21, 2019 a pro-rated portion of each SU award will vest on the date of termination based on the number of days that the participant was employed during the three-year vesting period. Values represent the in the money value of all vested and unvested options and share units, using a TSX closing price on December 31, 2020 of C\$11.30/\$8.88.



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## Change of Control

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

If there is a Change of Control of the Corporation, as defined in the employment agreement, and Ms. Magie's employment is terminated within 12 months of the Change of Control for any reason other than cause, death, or disability, she will be entitled to the payments and benefits of her employment contract as set out for termination without cause. Alternately Ms. Magie may, within 60 days of such Change of Control, provide the Corporation with written notice of resignation for good reason with immediate effect and she will be entitled to receive the payments and benefits of her employment contract as set out for termination without cause. In the event of a Change of Control of the Corporation, all unvested stock option and share unit awards outstanding and held by Ms. Magie as of

the effective date of such Change of Control shall, notwithstanding any provisions of any resolution, by-law, equity incentive plan, agreement, contract or instrument pertaining to or evidencing the unvested stock option and share unit awards to the contrary, automatically immediately vest on such effective date and any share units so vesting shall be immediately issued and any stock options so vesting shall be immediately exercisable and shall remain exercisable until their expiry date.

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

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

If there is a Change of Control of the Corporation, as defined in the employment agreement, and Mr. Hastings' employment is terminated within 12 months of the Change of Control for any reason other than cause, death, or disability, he will be entitled to the payments and benefits of his employment contract as set out for termination without cause. Alternately Mr. Hastings may, within 60 days of such

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

Change of Control is defined in the employment agreements in a substantially similar manner as it is defined in the Stock Option Plan, provided that, pursuant to the employment agreements, a Change of Control is triggered where any person or group of persons acting jointly or in concert acquires 30% or more of the Corporation's outstanding voting securities (as compared to the Stock Option Plan threshold of 50% of the Corporation's outstanding voting securities).

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

The following table provides details regarding the estimated incremental payments from the Corporation to the NEOs assuming a change of control of the Corporation on December 31, 2020. If a NEO is terminated

without cause following a change of control, the NEO's entitlement is set out in the table detailing estimated incremental payments for a termination without cause.

Named Executive Officer	Severance				
	Base Salary (US\$) <sup>(1)</sup>	CBI (US\$) <sup>(1)</sup>	Value of Benefits (US\$) <sup>(1)</sup>	Equity (US\$) <sup>(1)(2)</sup>	Total (US\$) <sup>(1)</sup>
<b>Marie Inkster</b> CEO	1,727,924	1,775,362	71,805	10,538,744	14,113,835
<b>Jinhee Magie</b> CFO	769,712	519,487	71,805	2,961,828	4,322,831
<b>Peter Richardson</b> COO	447,689	335,537	36,487	3,529,080	4,348,794
<b>Peter Rockandel</b> SVP, Corporate Development & IR	377,002	284,247	34,782	2,460,485	3,156,516
<b>Andrew Hastings</b> SVP and General Counsel	349,512	244,658	34,366	1,703,432	2,331,968

(1) Based on the closing exchange rate of C\$1.00:US\$0.78542 on December 31, 2020.

(2) In accordance with the Stock Option Plan and SU Plan and certain employment agreements, as set forth above, all options vest and become exercisable and all share units automatically vest following a change of control. Values represent the gain on all vested and unvested options and share units, using a TSX closing price on December 31, 2020 of C\$11.30/\$8.88.

## Indebtedness of Directors and Executive Officers

None of the directors or executive officers of the Corporation, proposed nominees for election as directors, or associates of any of the foregoing persons, is as at the date hereof, or has been, during the year ended December 31, 2020, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## Securities Authorized for Issuance Under Equity Compensation Plan

The Corporation's Stock Option Plan, 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 Stock Option Plan. The Corporation's SU Plan, as described above, provides for the grant of share unit awards which represent a right to receive Common Shares by participants of the SU Plan.

## Equity Compensation Plan Information as of December 31, 2020:

Plan category	Number of securities to be issued upon exercise of outstanding options and SUs	Weighted-average exercise price of outstanding options and SUs (C\$)	Number of securities remaining available for future issuance under equity compensation plans
Equity Compensation Plans approved by security holders	9,676,245 (stock options) 2,534,100 (SUs)	7.11 (stock options) N/A (SUs)	20,418,325 (stock options) 7,906,102 (SUs)
Equity Compensation Plans not approved by security holders	N/A	N/A	N/A

## Annual Burn Rate

The table below sets out the burn rate for each of the Corporation's equity compensation plans as at December 31, 2020 for each of the last three years. The burn rate represents the total number of stock options and SUs granted during the year, divided by the weighted average number of Common Shares outstanding during the year.

Plan	2020	2019	2018
Share Unit Plan	0.14%	0.15%	0.14%
2014 Stock Option Plan	0.55%	0.57%	0.44%

## Normal Course Issuer Bid

On December 4, 2020, the Corporation announced TSX approval of the renewal of the Corporation's normal course issuer bid ("NCIB"), commencing on December 9, 2020 and expiring no later than December 8, 2021. The NCIB allows the Corporation to repurchase for cancellation up to an aggregate of 63,682,170 shares representing approximately 10% of the "public float" (as defined by the TSX) of the Corporation as at the date the NCIB notice filed with the TSX. Daily purchases under the NCIB (other than pursuant to a block purchase exemption) on the TSX under the NCIB are limited to a maximum of 524,753 Common Shares. The Corporation will pay market price at the time of purchase for all Common Shares purchased in open market transactions.

In connection with the NCIB renewal, the Corporation entered into an automatic repurchase plan with its designated broker to allow for the repurchase of Common Shares

at times when the Corporation ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise (any such period being an "Operating Period"). Before entering an Operating Period, the Corporation may, but is not required to, instruct the designated broker to make purchases under the NCIB in accordance with the terms of the plan. Purchases made pursuant to the plan, if any, will be made by the Corporation's designated broker based upon the parameters prescribed by the TSX, applicable Canadian securities laws and the terms of the written agreement entered between the Corporation and its designated broker outside of these Operating Periods, Common Shares will be purchasable by the Corporation at its discretion under its NCIB. The automatic repurchase plan commenced on the effective date of the NCIB and will terminate on the earliest of the date on which: (i) the purchase limit under the NCIB has been reached; (ii) the NCIB expires; and

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(iii) the Corporation terminates the automatic repurchase plan in accordance with its terms.

As of the date of this Circular, from and including the original inception date of the NCIB (December 7, 2018), the Corporation has purchased 6,505,362 Common Shares through open market transactions at a weighted average price of approximately C\$6.73 per Common Share. All shares purchased under the NCIB were cancelled.

## **Compensation of Directors and Officers**

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

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

## **Management Contracts**

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

## **Interest of Informed Persons in Material Transactions**

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

## **Other Business**

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

## **Non-GAAP Performance Measures**

"Net debt" and "adjusted operating cash flow" are non-GAAP performance measures and may not be comparable to measures used by other companies. Management uses these measures internally to assess its financial position. "Net debt" is defined as cash and cash equivalents, less debt and lease liabilities, excluding deferred financing fees. "Adjusted operating cash flow" is used to assess the Corporation's ability to generate cash from its operations, and is defined as cash provided by operating activities, excluding changes in non-cash working capital items. For further details, including how these measures are reconciled, see the Corporation's management's discussion and analysis for the year ended December 31, 2020.

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## Additional Information

Additional information relating to the Corporation is available on the SEDAR website under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

Financial information related to the Corporation is contained in the Corporation's audited consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2020. Copies of the Corporation's audited consolidated financial statements, related management's discussion and analysis and Annual Information Form prepared for its fiscal year ended December 31, 2020 may be obtained free of charge by writing to the Corporate Secretary of the Corporation at Suite 2200, 150 King Street West, P.O. Box 38, Toronto, Ontario, Canada, M5H 1J9 or may be accessed on the Corporation's website at [www.lundinmining.com](http://www.lundinmining.com) or under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## Shareholder Proposals

### Shareholder Proposals – General

The *Canada Business Corporations Act* permits certain eligible shareholders to submit shareholder proposals to the Corporation, which may be included in a management information circular relating to an annual Meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual Meeting of shareholders in 2022 is December 17, 2021.

### Shareholder Proposals – Nominations for Directors

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

Holders of shares representing in the aggregate not less than 5% of the Corporation's outstanding shares may nominate individuals to serve as directors and have their nominations included in the Corporation's information circular for its annual meeting of shareholders by submitting a shareholder proposal in compliance with and subject to the provisions of the *Canada Business Corporations Act*. No such shareholder proposal was received this year. For additional information regarding the process for nominating directors for election, please see "Advance Notice".

## Stakeholder Engagement

The Corporation committed to engaging in constructive and meaningful communication with its shareholders and other stakeholders. We communicate with our shareholders and other stakeholders through our continuous disclosure, including through our annual and quarterly reports and this circular, press releases, annual information form, and through a variety of other channels, including our website, industry conferences, quarterly earnings calls and through direct outreach to key stakeholders from time to time.

Shareholders may communicate comments directly to the Board by writing to our Board Chair and to our Lead Director, in each case care of the Corporate Secretary, at 150 King Street West, Suite 2200, P.O. Box 38, Toronto, Ontario, Canada, M5H 1J9. All correspondence, with the exception of solicitations for the purchase or sale of products and services and other similar types of correspondence, will be directed accordingly.

### Certificate of Approval

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

DATED at Toronto, Ontario this 19<sup>th</sup> day of March 2021.

### BY ORDER OF THE BOARD OF DIRECTORS

Annie Laurenson  
Corporate Secretary

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# 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 Lundin Mining Corporation (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 President and Chief Executive Officer (“**CEO**”), 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.

With effect from January 1, 2022, unless otherwise determined by the Board, no person shall be appointed or nominated as a director in the calendar year following which that person has reached 70 years of age.

### Duties and Responsibilities

The Board’s principal duties and responsibilities fall into the categories 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.

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## 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” and set out by the Canadian Securities Administrators in Multilateral Instrument 52-110 and any other applicable laws and regulations as the same may be amended from time to time.

## 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:

- a. to appoint and delegate responsibilities to committees where appropriate to do so; and
- b. to develop position descriptions for:
  - i. the Chair of the Board;
  - ii. the Lead Director of the Board;
  - iii. the Chair of each Board Committee; and
  - iv. the President and Chief Executive 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 applicable Committee and Board regularly. The Board is responsible for appointing committee members.



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

The Board has the responsibility:

- a. to appoint the CEO, to monitor and assess the CEO's performance, to satisfy itself as to his or her integrity, and to provide advice and counsel in the execution of the CEO's duties;
- b. to develop or approve the corporate goals or objectives that the CEO is responsible for;
- c. to approve the appointment of all senior corporate officers, acting upon the advice of the CEO 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 always operates 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.

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## 9. Monitoring and Acting

The Board has the responsibility:

- a. to monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- b. to act 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.

**Approved:** February 18, 2021

# Appendix B

**LUNDIN MINING CORPORATION**  
**BY-LAW Amended and Restated By-law No. 1**  
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**AMENDED AND RESTATED BY-LAW NO. 1**

A By-Law relating generally to the conduct of the business and affairs of LUNDIN MINING CORPORATION.

**SECTION ONE  
INTERPRETATION**

**1.01 Definitions.** In this by-law, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act*, or any statute that may be substituted therefor, and the regulations to the Act, as from time to time amended;

"Applicable Securities Law" has the meaning set forth in Section 4.03;

"appoint" includes "elect" and vice versa;

"articles" means the Articles attached to the Certificate of Continuance of the Corporation, as from time to time amended or restated;

"board" means the board of directors of the Corporation;

"business day" means any day that is not a Saturday, Sunday or any other day that is a "holiday", as defined in the *Legislation Act, 2006 S.O. 2006, c. 21, Sch. F*, as from time to time amended;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect and references to "these by-laws" are to all such by-laws;

"Corporation" means "LUNDIN MINING CORPORATION";

"including" means including, without limitation;

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; ~~and~~

~~"special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders~~Nominating Shareholder" has the meaning set forth in Section 4.03;

"Notice Date" has the meaning set forth in Section 4.03;

"prescribed" means prescribed in accordance with the Act; ~~and~~

"public announcement" has the meaning set forth in Section 4.03; and

"recorded address" has the meaning set forth in ~~section~~Section 11.08~~11.~~

~~Save Except~~ as ~~aforsaid set out above~~, words and expressions defined in the Act, including “distributing corporation”, ~~and~~ “electronic document” ~~and~~ “resident Canadian” have the same meanings when used ~~herein~~ in these by-laws.

**1.02 Construction.** Words importing the singular number include the plural and vice versa; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator and legal representative.

In these by-laws, the following rules of interpretation shall apply:

- (a) all references to a meeting of shareholders shall, unless the context otherwise requires, include any meeting of only the holders of a particular class or series of shares in the Corporation that is required by the Act, the Articles or applicable law; and
- (b) the headings used are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions hereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

**1.03 Subordination.** These by-laws are subordinate to and should be read subject to the Act, the Articles and any other applicable law.

## SECTION TWO BUSINESS OF THE CORPORATION

- 2.01 Registered Office.** The registered office of the Corporation shall be in the province in Canada from time to time specified in the articles, and at such location therein initially ~~as is specified in the notice thereof filed with the articles and thereafter~~ as the board may from time to time determine.
- 2.02 Corporate Seal.** The Corporation may, but need not, adopt a corporate seal and if one is adopted it shall be in a form approved from time to time by the board.
- 2.03 Financial Year.** The financial year of the Corporation shall terminate on a date to be determined by the board and the board by resolution may change the financial year from time to time.
- 2.04 Execution of Instruments.** Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by two persons, one of whom holds the office of chair of the board, chief executive officer, president, vice-president or director and the other of whom holds one of ~~the said~~such offices or the office of secretary, treasurer, assistant secretary or assistant treasurer or any other office created by by-law or by the board. In addition, the board or ~~the said~~such two persons may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed, including the use of facsimile reproductions of signatures and the use of a corporate seal or a facsimile reproduction thereof.

**2.05** Execution in Counterpart, by Fax and by Electronic Signature. Subject to the Act or other applicable law:

- (a) any contracts, documents or instruments in writing required or permitted to be executed by one or more persons on behalf of the Corporation may be signed by means of electronic signature or fax;
- (b) any contracts, documents or instruments in writing required or permitted to be executed by one or more persons may be executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such contract, document or instrument in writing; and
- (c) wherever a notice, document or other information is required under the Act or these by-laws to be created or provided in writing, that requirement may be satisfied by the creation and/or provision of an electronic document, including by electronic means. Subject to the Act, an electronic document includes any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means.

**2.06** ~~2.06~~ **Banking Arrangements.** The banking business of the Corporation, including the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe.:

**2.07** ~~2.06~~ **Voting Rights in Other Bodies Corporate.** Except when otherwise directed by the board, the signing officers of the Corporation under ~~section~~Section 2.04 may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the officers executing or arranging for the same. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

**2.08** ~~2.07~~ **Divisions.** The board may cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including types of business or operations, geographical territories, product lines or goods or services, as may be considered appropriate in each case. In connection with any such division the board or, subject to any direction by the board, the chief executive officer may authorize from time to time, upon such basis as may be considered appropriate in each case:

- (a) Subdivision and Consolidation - the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions and sub-units;



- (b) Name - the designation of any such division or sub-unit by, and the carrying on of the business and operations of, any such division or sub-unit under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all places required by law; and
- (c) Officers the appointment of officers for any such division or sub-unit the determination of their powers and duties, and the removal of any of such officers so appointed, provided that any such officers shall not, as such, be officers of the Corporation.

### SECTION THREE BORROWING AND SECURITY

**3.01 Borrowing Power.** Without limiting the borrowing powers of the Corporation as set forth in the Act, the board may from time to time on behalf of the Corporation, without authorization of the shareholders:

- (a) borrow money or otherwise obtain credit upon the credit of the Corporation;
- (b) limit or increase the amount to be borrowed;
- (c) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation, including without limitation, bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured, for such sums, upon such terms, covenants and conditions and at such prices as may be deemed expedient;
- (d) give, directly or indirectly, financial assistance to any person by means of a loan, guarantee or otherwise to secure any present or future indebtedness or liability of any person, firm or corporation, in either limited or unlimited amount and either with or without security;
- (e) ~~(d)~~ give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (f) ~~(e)~~ charge, mortgage, hypothecate, pledge, assign, transfer or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including tangible and intangible assets, book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

Nothing in this ~~section~~Section 3.01 limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

For clarity, the powers conferred by this Section 3.01 shall be deemed to be in supplement of and not in substitution for any powers to borrow money for the purposes

of the Corporation possessed by its directors or officers independently of this Section 3.01.

- 3.02 Delegation.** The board may from time to time delegate in writing to a director, a committee of the board, or an officer of the Corporation any or all of the powers conferred on the board by section Section 3.01 to such extent and in such manner as the board may determine at the time of such delegation.

#### SECTION FOUR DIRECTORS

- 4.01 Number of Directors.** Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided in the articles. The board shall consist of not fewer than the minimum number of directors required by the Act for a distributing corporation. ~~At least such number of directors as may be specified by the Act, other applicable law or stock exchange requirements shall not be officers or employees of the Corporation or of its affiliates.~~

- ~~**4.02 Qualification.** No person shall be qualified for election as a director if such person is less than 18 years of age, is of unsound mind and has been so found by a court in Canada or elsewhere, is not an individual, or has the status of a bankrupt. Unless the articles otherwise provide, a director need not be a shareholder. Subject to the Act, at least 25 per cent of the directors shall be resident Canadians, or if the number of directors is fewer than four, at least one director shall be a resident Canadian.~~

- 4.02 **4.03 Election and Term.** The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified under the Act and these by-laws, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors otherwise determine. Where the shareholders adopt an amendment to the articles to increase the number or maximum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. The election shall be by resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

- 4.03 **4.03A Advance Notice for Nomination of Directors.** Subject only to the Act and the articles, only persons individuals who are nominated in accordance with the following procedures and who, at the discretion of the board, satisfy the qualifications of a director set out in the Act and these by-laws shall be eligible for election as directors at any meeting of shareholders of the Corporation. Nominations of persons individuals for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) without limiting (a) or (b), by any person (a "Nominating Shareholder") (i) who, at the close of business on the date of the giving

of the notice provided for below in this [Section 4.03A](#) and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who [as of such dates](#) beneficially owns shares that are entitled to be voted at such meeting, [in each case on the election of directors](#) and (ii) who complies with the notice procedures set forth below in this [Section 4.03A](#):

- (a) ~~(a)~~-In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the corporate secretary of the Corporation at the principal executive offices of the Corporation in accordance with this [Section 4.03A](#).
- (b) ~~(b)~~-To be timely, a Nominating Shareholder's notice to the corporate secretary of the Corporation must be made (i) in the case of an annual meeting of shareholders, not less than 30 ~~nor more than 65~~ days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date ~~(the "Notice Date")~~ on which the first public announcement of the date of the annual meeting was made [\(each such date being the "Notice Date" for the applicable meeting of shareholders\)](#), notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10<sup>th</sup>) day following the [applicable Notice Date](#); ~~and~~ (ii) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders) ~~of shareholders~~ called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15<sup>th</sup>) day following the ~~day on which the first public announcement of the date of applicable Notice Date; and~~ (iii) [in the case of a meeting of shareholders of the type contemplated by \(i\) or \(ii\) above for which notice and access is to be used for the delivery of the applicable proxy related materials and for which the Notice Date is not less than 50 days prior to the date of such meeting of shareholders, not less than 40 days prior to the special date of such meeting of shareholders was made.](#) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this ~~paragraph (b). In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.~~ [Section 4.03\(b\).](#)
- (c) ~~(c)~~-To be in proper written form, a Nominating Shareholder's notice to the corporate secretary of the Corporation must set forth ~~(i)~~ <sup>(i)</sup>:
- (i) as to each [person individual](#) whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residential address of the [person individual](#), (B) the principal occupation(s) or employment(s) of the [person individual](#), (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the [person individual](#) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (D) any other information

relating to the ~~person~~individual that would be required to be disclosed in a dissident's proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); ~~and~~(ii)

(ii) as to the Nominating Shareholder giving the notice, (A) the identity of the Nominating Shareholder and the number of voting securities held by the Nominating Shareholder, (B) if the Nominating Shareholder is not the beneficial owner of all of those voting securities, the identity of the beneficial owner and the number of voting securities beneficially owned by that beneficial owner, (C) with respect to the Nominating Shareholder and any beneficial owner referred to in clause (A) above, the following (1) the class or series and number of shares in the capital of the Corporation which are controlled, or over which control or direction is exercised, directly or indirectly, by the Nominating Shareholder and/or beneficial owner and each person (if any) acting jointly or in concert with any of them (and for each such person, any options or other rights to acquire shares in the capital of the Corporation, any derivatives or other securities, instruments or arrangements for which the price or value or delivery, payment or settlement obligations are derived from, referenced to, or based on any such shares, and any hedging transactions, short positions and borrowing or lending arrangements relating to such shares), (2) any proxy, contract, arrangement, agreement, understanding or relationship pursuant to which such Nominating Shareholder or beneficial owner has a right to vote any shares of the Corporation and on the election of directors, (3) in the case of a special meeting of shareholders called for the purpose of electing directors, a statement as to whether the Nominating Shareholder or beneficial owner intends to send an information circular and form of proxy to any shareholders of the Corporation in connection with the individual's nomination, and (4) any other information relating to such Nominating Shareholder or beneficial owner that would be required to be made disclosed in a dissident's proxy circular or other filing to be made in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine, and

(iii) ~~whether, in the eligibility opinion of such~~the Nominating Shareholder and the proposed nominee, the proposed nominee would qualify to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of suchunder sections 1.4 and 1.5 of National Instrument 52-110 Audit Committees of the Canadian Securities Administrators (together with any successor or supplemental instrument thereto, "NI 52-110"), and whether, with respect to the Corporation, the proposed nominee has one or more of the relationships described in sections 1.4(d3), No person, 1.4(B) or 1.5 of NI 52-110.

- (d) No individual shall be eligible for election as a director unless nominated in accordance with ~~the provisions of this section 4.03A~~these by-laws; provided, however, that nothing in this ~~section~~Section 4.03A shall be deemed to preclude discussion by a shareholder or a proxyholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The ~~chairman~~chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (e) In addition to the provisions of this Section 4.03, a Nominating Shareholder and any individual nominated by the Nominating Shareholder shall also comply with all of the applicable requirements of the Act, Applicable Securities Laws and applicable stock exchange rules regarding the matters set forth in this Section 4.03.
- (f) ~~(e)~~ For purposes of this ~~section~~Section 4.03A, (i) “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its issuer profile on the System of Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com; and (ii) “Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (g) ~~(f)~~ Notwithstanding any other provision of ~~By-law No. 4~~these by-laws, notice given to the corporate secretary of the Corporation by a Nominating Shareholder pursuant to this ~~section~~Section 4.03A may only be given by personal delivery, ~~facsimile transmission~~ or by email (at such the email address as stipulated from time to time by the secretary of set out in the Corporation ~~for purposes of this notice’s issuer profile on SEDAR~~), and shall be deemed to have been given and made only at the time it is served by personal delivery, to the corporate secretary at the address of the principal executive offices of the Corporation or email (at the address as aforesaid) ~~or sent by facsimile transmission (provided above, provided that receipt of confirmation of such transmission has been received) to the corporate secretary at the address of the principal executive offices of the Corporation~~; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the ~~subsequent~~next following day that is a business day.
- (h) ~~(g)~~ Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this ~~section~~Section 4.03A. For clarity, nothing in this Section

4.03 shall limit the right of the directors to fill a vacancy among the directors in accordance with these by-laws.

- 4.04 Removal of Directors.** Subject to the Act, the shareholders may by resolution passed at a meeting of shareholders specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which, subject to the Act, it may be filled by the board.
- 4.05 Vacation of Office.** A director ceases to hold office on death, on removal from office by the shareholders, on ceasing to be qualified for election as a director under the Act, on receipt of a written resignation by the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later. Subject to the Act, a quorum of the board may appoint a qualified an individual to fill a vacancy in on the board. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and if they fail to call a meeting or if there are no directors in office, the meeting may be called by any shareholder.
- 4.06 Appointment of Additional Directors.** If the articles of the Corporation so provide, the directors may, within the maximum number permitted by the articles, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of the ~~shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of~~ shareholders.
- 4.07 Action by the Board.** The board shall manage, or supervise the management of, the business and affairs of the Corporation. The powers of the board may be exercised at a meeting (subject to ~~sections~~Section 4.08 ~~and 4.09~~) at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.
- ~~**4.08 Canadian Directors Present at Meetings.** Subject to the Act, the board shall not transact business at a meeting, other than filling a vacancy in the board, unless at least 25 per cent of the directors present are resident Canadians, or if the Corporation has fewer than four directors, at least one of the directors present is a resident Canadian, except where:~~
- ~~(a) a resident Canadian director who is unable to be present approves in writing, or by telephonic, electronic or other communication facility, the business transacted at the meeting; and~~
- ~~(b) the required number of resident Canadians would have been present had that director been present at the meeting.~~
- 4.08 4.09 Meeting by Telephonic or Other Electronic Facilities.** Subject to the Act, if all the directors of the Corporation consent thereto generally or in respect of a particular meeting, a director may participate in a meeting of the board or of a committee of the board by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately ~~with each other~~ during the meeting, and a

director participating in such a meeting by such means is deemed to be present at the meeting. For clarity, a meeting of the board or a committee of the board may be held entirely by means of a telephonic, electronic or other communications facility if all directors present or participating in the meeting consent. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

**4.09 4.10-Place of Meetings.** Subject to the articles, meetings of the board may be held at any place within or outside Canada, provided that the board may in its sole discretion determine that a meeting shall not be held at any place, but may instead be held entirely by means of a telephonic, electronic or other communication facility pursuant to Section 4.08, if the Corporation is able to, and does, make available such a communication facility.

**4.10 4.11-Calling of Meetings.** Meetings of the board shall be held from time to time at such time and at such place as the board, the chair of the board, the chief executive officer, the president or any two directors may determine and the Secretary shall upon direction of any of the foregoing convene a meeting of the board (and subject to the Act if all of the directors of the Corporation consent the meeting not to be held at any place but may instead be held entirely by means of a telephonic, electronic or other communication facility pursuant to Section 4.08). Except as otherwise provided by the Act and these by-laws, the directors, either as a board or as a committee thereof, may convene, adjourn and otherwise regulate their meetings as they think fit.

**4.11 4.12-Notice of Meeting.** No notice need be given of the first meeting of the board following a meeting of shareholders at which directors are elected if such meeting of the board is held immediately after the shareholders meeting and provided a quorum of directors is present. Notice of the time and place of all other meetings of the board shall be delivered, mailed or communicated by means of telephonic, electronic or any other communications facilities to each director not less than 24 hours before the time when the meeting is to be held. A director may in any manner waive notice of or otherwise consent to a meeting of the board. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, save that no notice of a meeting shall be necessary if all the directors are present and do not object to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of the meeting.

**4.12 4.13-Adjourned Meeting.** Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

**4.13 4.14-Regular Meetings.** The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for

any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

- 4.14 4.15 Chair.** The chair of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at ~~the~~ the meeting: chair of the board, lead independent director (if any), chief executive officer or president. If no such officer is present, the directors present shall choose one of their number to be chair.
- 4.15 4.16 Quorum.** Subject to the articles ~~and subject to section 4.08~~, the quorum for the transaction of business at any meeting of the board shall ~~consist~~ be a majority of two ~~the~~ number of directors then in office or such greater number of directors as the board may from time to time by resolution determine.
- 4.16 4.17 Votes to Govern.** At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chair of the meeting shall not be entitled to a second or casting vote.
- 4.17 Electronic Voting.** Subject to the Act, a director participating in a meeting by a telephonic, electronic or other communication facility may vote by any reasonable means (including verbal assent) given the nature of such communication facility.
- 4.18 Conflict of Interest.** A director or officer of the Corporation shall disclose to the Corporation, in the manner and to the extent provided by the Act, any interest that such director or officer has in a material contract or transaction, whether made or proposed, with the Corporation, if such director or officer (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. Such a director shall not vote on any resolution to approve the same except as provided by the Act. A general notice to the board by a director or officer that he/she is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or transaction entered into with that person is a sufficient disclosure of interest in relation to any contract or transaction so made or entered into.
- If no quorum exists for the purpose of voting on a resolution only because a director is not permitted to be present at the meeting due to a conflict of interest, the remaining directors shall be deemed to constitute a quorum for the purpose of voting on the resolution. Where all of the directors are required to make a disclosure under this Section 4.18, the contract or transaction may only be approved by the shareholders.
- 4.19 Remuneration and Expenses.** The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing ~~herein contained in~~ these by-laws shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.
- 4.20 Transaction of Business by Signature.** A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors is as valid as if it



had been passed at asuch meeting of directors duly called, constituted and held for that purpose. Any such resolution may be signed in counterparts and if signed as of any date shall be deemed to have been passed on such date.

## SECTION FIVE COMMITTEES

- 5.01 Committees of the Board.** The board may appoint, dissolve or reappoint one or more committees of the board, however designated, and delegate to any such committee or committees any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise. The board may appoint a chair of a committee or, failing such appointment, the committee shall choose one of their number to be chair.
- 5.02 Transaction of Business.** The powers of a committee of the board may be exercised by a meeting at which a quorum is present, including meetings by telephonic, electronic or other communications facility, or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Canada. Unless otherwise determined by the board, the majority of the members of a committee shall constitute a quorum thereof. Questions arising at any meeting shall be determined by a majority of the votes cast on the question and, in the case of equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.
- 5.03 Audit Committee.** When required by the Act, the board shall, and at any other time the board may, appoint annually from among its number an audit committee to be composed of not fewer than three directors, none of whom ~~such number shall not~~ be officers or employees of the Corporation or its affiliates as may be specified by the Act, ~~other~~ and whose members must otherwise meet the requirements of applicable law ~~or~~ and stock exchange requirements. The audit committee shall have the powers and duties provided in the Act and in other applicable law and in addition, such other powers and duties as the board may determine.
- 5.04 Advisory Bodies.** The board may from time to time appoint such advisory bodies as it may deem advisable.
- 5.05 Procedure.** Unless otherwise determined by the board, each committee and advisory body shall have power to elect its chair, to make rules for the conduct of its business and to appoint such assistants as it may deem necessary. Each committee or advisory body shall keep regular minutes of its transactions, shall cause them to be recorded in books kept for that purpose, and shall report ~~to~~ the same to the board at such times as the board may from time to time require.

## SECTION SIX OFFICERS

- 6.01 Appointment.** The board may from time to time appoint a chief executive officer, a president, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. One

person may hold more than one office. The board may specify the duties of and, in accordance with ~~this~~these by-law~~laws~~ and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Each of the chief executive officer and president ~~shall, if either is appointed,~~may be a director.

- 6.02 Chair of the Board.** The board may from time to time also appoint a chair of the board who shall be a director and may also be the chief executive officer. The board may assign to the chair any of the powers and duties that are by any provisions of ~~this~~these by-law~~laws~~ assigned to the chief executive officer. The chair shall have such other powers and duties as the board may specify.
- 6.03 Chief Executive Officer.** The board may appoint a chief executive officer who, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the board may specify. During the absence or disability of the president, or if no president has been appointed, the chief executive officer shall also have the powers and duties and title of that office.
- 6.04 President.** The board may appoint a president ~~shall be the chief operating officer~~ and, subject to the authority of the chief executive officer, shall have such other powers and duties as the board may specify. ~~If no chief executive officer is appointed by the board, the president shall be the chief executive officer.~~
- 6.05 Secretary.** The secretary shall attend and be the secretary of all meetings of the board, committees of the board (unless another person is designated to act as secretary of such meeting or meetings by any such committee) and shareholders and the secretary or such other designated person in the case of meetings of any committees of the board, shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat. The secretary shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board. The secretary shall be the custodian of the corporate seal of the Corporation and of all books, records and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose, and shall have such other powers and duties as otherwise may be specified by the board.
- 6.06 Treasurer.** The treasurer, if one is appointed, shall keep full and accurate accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. The treasurer shall render to the board whenever required an account of all transactions as treasurer and of the financial position of the Corporation and shall have such other powers and duties as otherwise may be specified.
- 6.07 Powers and Duties of Officers.** The powers and duties of all officers shall be such as the terms of their engagement call for or as the board or (except for officers whose powers and duties are to be specified only by the board) the chief executive officer may specify. The board and (except as aforsaidprovided above) the chief executive officer may, from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

- 6.08 Term of Office.** The board, in its discretion, may remove any officer of the Corporation. Otherwise each officer appointed by the board shall hold office until a successor is appointed or until the officer resigns.
- 6.09 Agents and Attorneys.** The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.
- 6.10 Conflict of Interest.** An officer shall disclose any interest in a material contract or material transaction, whether made or proposed, with the Corporation in accordance with [section Section 4.18, \*mutatis mutandis\*, and such contract or transaction shall be subject to approval by the board.](#)

#### **SECTION SEVEN PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

- 7.01 Limitation of Liability.** All directors and officers of the Corporation in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, and without limiting any defences available to a director or an officer under the Act or otherwise, no director or officer shall be liable for the acts, omissions, failures, neglects or defaults of any other director, officer or employee, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on the part of such director or officer, or for any other loss, damage or misfortune which shall happen in the execution of the duties of office or in relation thereto; provided that nothing [herein in these by-laws](#) shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach thereof.
- 7.02 Indemnity.** Subject to the Act, the Corporation shall indemnify a director or an officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which ~~he~~[the](#) individual is involved because of that association with the Corporation, or other entity, if such individual (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

From time to time the board may determine that this Section 7.02 shall also apply to the employees of the Corporation who are not directors or officers of the Corporation or to any particular one or more or class of such employees, either generally or in respect of a particular occurrence or class of occurrences and either prospectively or retroactively. From time to time thereafter the board may also revoke, limit or vary the continued such application of this Section 7.02.

- 7.03 Advance of Costs.** The Corporation shall advance moneys to a director, officer or other individual referred to in Section 7.02 for the costs, charges and expenses of such a proceeding referred to in sectionSection 7.02.~~The individual shall, provided that they agree in writing, in advance, to the conditions of Section 7.02 and to~~ repay the moneys if the individual does not fulfil ~~thesuch~~ conditions-of-section-7.02.
- 7.04 Additional Circumstances.** The Corporation shall also indemnify an individual referred to in sectionSection 7.02 in such other circumstances as the Act or law permits or requires. Nothing in Section 7.02 shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of ~~this~~these ~~by-law~~laws, whether by contract or otherwise, and no settlement or plea of guilty in any action or proceeding shall alone constitute evidence that a person did not meet a condition set out in clause (a) or (b) of Section 7.02 or any corresponding condition of the Act.
- 7.05 Insurance.** Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of an individual referred to in sectionSection 7.02 hereof as the board may from time to time determine.

## SECTION EIGHT SHARES

- 8.01 Allotment of Shares.** Subject to the Act and the articles, the board may from time to time reserve or grant options or rights to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act, and the board may delegate such authority in writing to a committee of the board.
- 8.02 Commissions.** The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares. ~~The board may, to the extent permitted by the Act, delegate this authority to a committee of directors.~~
- 8.03 Registration of Transfers.** Subject to the Act, no transfer of a share shall be registered in a securities register except: (a) upon presentation of the certificate (or, where applicable, other evidence of electronic, book-based, direct registration service or other non-certificated entry of position on the applicable register of shareholders) representing such share with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe; (b) upon payment of all applicable taxes and any reasonable fees prescribed by the board, if any; (c) upon compliance with such

restrictions on transfer as are authorized by the articles, if any; (d) upon satisfaction of any lien on such shares; and (e) upon compliance with and satisfaction of such other requirements as the Corporation or its transfer agent may reasonably impose.

- 8.04 Non-recognition of Trusts.** Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.
- 8.05 Share Certificates.** Every holder of one or more shares of the Corporation shall be entitled, at the holder's option, to a share certificate, or to a non-transferable written acknowledgement of such right to obtain a share certificate, stating the number and class or series of shares held by such holder as shown on the securities register. Subject to the Act, such certificates shall be in such form as the board may from time to time approve. Any such certificate shall be signed in accordance with sectionSection 2.04 and Section 2.05 and need not be under the corporate seal. Notwithstanding the foregoing, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers under sectionSection 2.04 or, in the case of a certificate which is not valid unless countersigned by or on behalf of a transfer agent and/or registrar and in the case of a certificate which does not require a manual signature under the Act, the signatures of both signing officers under sectionSection 2.04 may be printed or otherwise mechanically reproduced in facsimile thereon. Every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A certificate executed as aforesaidprovided above shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.
- 8.06 Replacement of Share Certificates.** ~~The~~Subject to the Act and to the extent share certificates have been issued in respect of a particular class of shares, the board or any officer or agent designated by the board may direct in ~~its or his~~their sole discretion, the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has become mutilated or defaced in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, if any, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case, in accordance with such policies and procedures as may be adopted by the board from time to time.
- 8.07 Joint Shareholders.** If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.
- 8.08 Deceased Shareholders.** In the event of the death of a holder or of one of the joint holders of any share, the Corporation shall not be required to make any entry in the

securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

- 8.09 Transfer Agents and Registrars.** The board may from time to time appoint one or more agents to maintain, in respect of each class of shares of the Corporation issued by it, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to the functions of such person and one person may be designated both registrar and transfer agent subject to any applicable stock exchange requirements. The board may at any time terminate such appointment.
- 8.10 Record Dates.** The board may, within the prescribed period, fix in advance a date as the record date for the purpose of determining the shareholders: (a) entitled to receive notice of a meeting of shareholders; (b) entitled to vote at a meeting of shareholders; (c) entitled to receive payment of a dividend; or (d) for any other purpose, and, unless waived in accordance with the Act, notice of any such record date shall be given within the prescribed period in the manner provided in the Act.

#### SECTION NINE DIVIDENDS AND OTHER DISTRIBUTIONS

- 9.01 Dividends and Other Distributions.** Subject to the Act and the articles, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends and other distributions may be paid in money or property or by issuing fully paid shares of the Corporation.
- 9.02 ~~Dividend-Cheques~~ Payment of Distributions.** A dividend or other distribution payable in money shall be paid by cheque ~~drawn on accounts either with the bankers of the Corporation or its dividend disbursing agent~~ or by electronic means or by such other method as the directors may determine, and will be paid to the order of each registered holder of shares of the class or series in respect of which it has been declared ~~and~~ Cheques will be mailed by prepaid ordinary mail to such registered holder at ~~the such registered~~ holder's recorded address, ~~or to unless such other address as the~~ holder otherwise directs. In the case of joint holders the ~~cheque payment~~ shall, unless ~~such any applicable~~ joint holders holder otherwise ~~direct~~ directs, be made payable to the order of all of such joint holders and, ~~if applicable, be~~ mailed to them at their recorded address ~~or to the first address so appearing if there are more than one, unless any applicable joint holder otherwise directs. The mailing sending of such the cheque as aforesaid or the sending of the payment by electronic means or other method determined by the directors as provided for above in an amount equal to the dividend or other distribution to be paid, less the amount of any tax that the Corporation is required to and does withhold shall, unless the same such payment is not paid on due presentation, shall if applicable, satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold~~ payment.
- 9.03 Record Date.** The board may, within the prescribed period, fix in advance a date as the record date for the purpose of determining shareholders entitled to receive payment of a

dividend and notice of the record date shall be given within the prescribed period in the manner provided by the Act, any other applicable law and the rules of any stock exchange on which the Corporation's shares are listed and in the manner provided by the Act, other applicable law and applicable stock exchange rules. If no date is so fixed, the record date for the determination of the shareholders entitled to receive payment of any dividend shall be at the close of business on the day on which the directors pass the resolution relating thereto.

- 9.04 Non-Receipt of ChequesPayment.** In the event of non-receipt of any dividend chequepayment by the person to whom it is sent as aforsaidprovided for in Section 9.02, the Corporation, or its dividend disbursingdisbursement agent, shall issue to such person a replacement cheque-payment for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the boardSecretary may from time to time prescribe, whether generally or in any particular case, in accordance with such policies and procedures as may be adopted by the board from time to time.
- 9.05 Unclaimed DividendsDistributions.** No dividends or other distributions shall bear interest as against the Corporation. Except as otherwise expressly provided in the articles with respect to any class or series of shares, any dividend or other distribution unclaimed for one year after having been declared payable may be invested or otherwise made use of by the board for the benefit of the Corporation. Any dividend or other distribution unclaimed after a period of threetwo years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## SECTION TEN MEETINGS OF SHAREHOLDERS

- 10.01 Annual Meetings.** ~~Subject to the Act, the board shall call an annual meeting of shareholders: (a) not later than 18 months after the Corporation comes into existence; and (b) subsequently, not later than 15 months after holding the last preceding annual meeting but no later than six months after the end of the Corporation's preceding financial year.~~ The annual meeting of shareholders shall be held for the purpose of electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting. The board shall place before the shareholders at every annual meeting the financial statements and reports required by the Act to be placed before the annual meeting.
- 10.02 Special Meetings.** The board shall have power to call a special meeting of shareholders to be held on such day and at anysuch time as the board may determine. Any special meeting of shareholders may be combined with an annual meeting.
- 10.03 Place of Meetings.** Meetings of shareholders may be held at the place within Canada as the board may determine. A meeting of shareholders may be held at a place outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place. A shareholder who attends a meeting of shareholders held outside Canada is deemed to have agreed to it being held outside Canada except when the shareholder attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the

meeting is not lawfully held. A meeting held pursuant to ~~section~~[Section](#) 10.05 shall be deemed to be held at the place where the registered office of the Corporation is located.

- 10.04 Participation in Meeting by Electronic Means.** Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act [and such guidelines and procedures as the board may adopt](#), by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately ~~with each other~~ during the meeting, if the Corporation makes available such a communication facility. ~~Any such person participating in a meeting by such means who, through those means, votes at the meeting or establishes a communications link to the meeting~~ is deemed for the purposes of ~~the Act~~[these by-laws](#) to be present at the meeting.
- 10.05 Meeting held by Electronic Means.** ~~Subject to the Act and such guidelines and procedures as the board may adopt, if~~ the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately ~~with each other~~ during the meeting.
- 10.06 Notice of Meetings.** Notice of the time and place ~~(if any)~~ of ~~each~~[every](#) meeting of shareholders shall be given in the manner provided in [Section Eleven](#) and within the period prescribed under the Act to each director, ~~to the auditor of the Corporation~~, and to each ~~shareholder~~[person](#) who ~~at the close of business~~ on the [applicable](#) record date for notice ~~is entered~~[appears](#) in the securities register [of the Corporation](#) as the holder of one or more shares carrying the right to vote at [the meeting or as the holder of one or more shares which are otherwise entitled to receive notice of](#) the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.
- 10.07 List of Shareholders Entitled to Notice.** For every meeting of shareholders, the Corporation shall prepare, within the time period required by the Act, a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for notice of the meeting is fixed pursuant to [section](#)[Section](#) 10.08, the shareholders listed shall be those registered at the close of business on such record date. If no record date for notice is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where no such notice is given, on the day on which the meeting is held. ~~The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared.~~
- 10.08 Record Date for Notice.** The board may, within the prescribed period, fix in advance a date as the record date for the purpose of determining the shareholders entitled to



receive notice of the meeting of shareholders and notice of the record date shall be given within the prescribed period in the manner provided by the Act. If no such record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, shall be the day on which the meeting is held.

**10.09 Meetings Without Notice.** A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present or duly represented or if those not present or represented waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held; so long as such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact.

**10.10 Advance Notice for Proposals.** No business may be transacted at an annual meeting of shareholders, other than business that is: (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the board; (b) otherwise properly brought before the annual meeting by or at the direction of the board; or (c) otherwise properly brought before the annual meeting by any shareholder of the Corporation who complies with the proposal procedures set forth in this Section 10.10. For business to be properly brought before an annual meeting by a shareholder of the Corporation, such shareholder must submit a proposal to the Corporation for inclusion in the Corporation's management information circular in accordance with the requirements of these by-laws and the Act; provided that any proposal that includes nominations for the election of directors shall be submitted to the Corporation in accordance with the requirements set forth in Section 4.03. The Corporation shall set out the proposal in the management information circular or attach the proposal thereto, subject to the exemptions and bases for refusal set forth in the Act.

At a special meeting of shareholders, only such business shall be conducted as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the board may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting only pursuant to and in compliance with Section 4.03.

**10.11 ~~40.10~~ Chair, Secretary and Scrutineers.** The chair of any meeting of shareholders shall be the first mentioned of such of the following ~~officers as have been appointed and individuals~~ who is present at the meeting ~~and willing and able to act~~; chair of the board, the chief executive officer, president, ~~or a vice president who is a director or any director~~. If no such officer is present within 15 minutes from the time fixed for holding the meeting ~~or declines or is unable to act~~, the persons present and entitled to vote shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the meeting.

**10.12** ~~40.11~~ **Persons Entitled to be Present.** The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

**10.13** ~~40.12~~ **Quorum.** Subject to the Act in respect of a majority shareholder, a quorum for the transaction of business at any meeting of shareholders shall be two persons together holding not less than 25% of the shares entitled to be voted at the meeting present, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

**10.14** ~~40.13~~ **Right to Vote.** The board may, within the prescribed period, fix in advance a date as the record date for the purpose of determining the shareholders entitled to vote at a meeting of shareholders and notice of the record date shall be given within the prescribed period in the manner provided by the Act. If a record date for voting is fixed, the Corporation shall prepare, within the time period required by the Act, an alphabetical list of shareholders who are entitled to vote as of the record date that shows the number of shares held by each shareholder. If no record date for voting is fixed, the Corporation shall prepare, within the time period required by the Act, an alphabetical list of shareholders who are entitled to vote as of the record date determined under the Act that shows the number of shares held by each shareholder. Each shareholder whose name appears on the list prepared as aforsaid provided above is entitled to vote the shares shown opposite their name at the meeting to which the list relates.

**10.15** ~~40.14~~ **Proxyholders and Representatives.** Every shareholder entitled to vote at a meeting of shareholders may, by means of a proxy, appoint a proxyholder, or one or more alternate proxyholders, to attend and act as the shareholder's representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be executed in writing executed or by electronic signature by the shareholder or the shareholder's attorney authorized in writing or by electronic signature and shall conform with the requirements of the Act.

The Corporation shall recognize any individual authorized by a resolution of the directors or governing body of a body corporate or association to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the secretary of the Corporation or the chair of the meeting. Any such proxyholder or representative need not be a shareholder.

**10.16** ~~40.15~~ **Time for Deposit of Proxies.** The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof

by not more than 48 hours, excluding ~~Saturdays and holidays~~ days that are not business days, before which time proxies to be used at such meeting must be deposited with the Corporation or an agent thereof specified in such notice. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or ~~an~~ such agent thereof specified in such notice or if, no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chair of the meeting or any adjournment thereof at least one (1) hour before the time for holding ~~the said~~ such meeting or any adjournment thereof. Notwithstanding any specified time limits for the deposit of proxies by shareholders, the chairperson of any meeting or the chairperson of the board may, but need not, at their sole discretion, waive the time limits for the deposit of proxies by shareholders, including the deadline set out in the notice calling the meeting of shareholders or in any proxy circular and any such waiver made in good faith shall be final and conclusive. A proxy is valid only in respect of the meeting in respect of which it is given, including any adjournment or postponement thereof.

**10.17** Access to Proxies. Unless otherwise determined by the board in its sole discretion, no shareholder will be provided with access to any proxy materials relating to a meeting of shareholders prior to such meeting taking place. Upon the request of a shareholder not earlier than one business day following a meeting of shareholders, the Corporation shall provide such shareholder with access to the proxies deposited with the Corporation in connection with such meeting.

**10.18** ~~40.16~~ **Joint Shareholders.** If two or more persons hold shares jointly, any one of them present or duly represented at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present or represented and vote, they shall vote as one the shares jointly held by them.

**10.19** ~~40.17~~ **Votes to Govern.** At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chair of the meeting shall not be entitled to a second or casting vote, whether or not ~~he~~ the chair is a shareholder.

**10.20** ~~40.18~~ **Show of Hands.** Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as ~~hereinafter~~ provided below. Upon a show of hands every person who is present and entitled to vote shall have one vote, subject to any provision of the Act restricting the ability of a proxyholder or alternate proxyholder to vote by way of show of hands where such person has conflicting instructions from more than one shareholder. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be prima facie proof of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of ~~the said~~ such question, and the result of the vote so taken shall be the decision of the shareholders upon ~~the said~~ such question. ~~Any vote referred to in 10.17 and this section 40.18 may be held, subject to and in accordance with the Act, partly or entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility. Any person participating in a meeting of shareholders under section 40.04 or 40.05 and~~

~~entitled to vote at that meeting may vote, subject to and in accordance with the Act by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.~~

**10.21** ~~10.19~~ **Ballots.** On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chair may require a ballot or any person who is present and entitled to vote on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken at such time and in such manner as the chair shall direct; however, a poll demanded on the election of ~~a chairman~~ the chair of the meeting or on a question of adjournment, shall be taken forthwith. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon ~~the said~~ such question.

**10.22** **Electronic Voting.** Any vote referred to in Section 10.20 or Section 10.21 may be held, subject to and in accordance with the Act, partly or entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility, provided that the facility enables the votes to be gathered in a manner that permits their subsequent verification.

Any person entitled to vote at a meeting of shareholders where the Corporation has made available a telephonic, electronic or other communication facility for the purposes of attending and/or voting at such meeting may vote, subject to and in accordance with the Act, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

**10.23** ~~10.20~~ **Adjournment.** The chair at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

## SECTION ELEVEN NOTICES

**11.01** **Method of Giving Notices.** ~~Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to~~ Whenever under the Act, the regulations, the articles, the or these by-laws or otherwise any notice, document or other information is required to be sent to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given, subject to any provisions in the Act regarding certain types of communications or documents, if delivered personally to the person to whom it is to be given; if delivered to the, such notice may be sent either: (a) by hand delivery, through the mail, or by a nationally recognized overnight delivery service for next day delivery, in each case to such person's recorded address; ~~or if mailed to such person at such~~

recorded address by prepaid ordinary mail; if sent to such person at such (b) by means of fax, e-mail or other form of electronic transmission.

Unless the Act or these by-laws provide otherwise, any notice, document or other information required or permitted by the Act, the regulations, the articles or these by-laws to be sent to a shareholder, may be sent by any one of the following methods: (w) by hand delivery, through the mail, or by a nationally recognized overnight delivery service for next day delivery, in each case to such shareholder's recorded address; (x) by any means of ~~prepaid transmitted or recorded communication~~ fax, e-mail, or other form of electronic transmission; or (y) by providing an electronic document subject to and in accordance with the Act. ~~A notice so delivered shall be~~ posting the notice, document or other information on or making it available through a generally accessible electronic source and providing notice of the availability and location of the notice, document or other information to the shareholder via any of the methods specified in (w) and (x) above, including by mail, delivery, fax, e-mail or other form of electronic transmission; or (z) by any other method permitted by applicable law.

A notice to a director, officer, auditor, member of a committee of the board or to a shareholder shall be deemed to be received as follows: (i) if given by hand delivery, when actually received by the person; (ii) if sent through the mail, ~~at the time it would be delivered in the ordinary course of mail;~~ (iii) if sent for next day delivery by a nationally recognized overnight delivery service, when delivered to such service; (iv) if sent by fax, when sent to the fax number for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation or for a shareholder when sent to a number at which the shareholder has consented (or is deemed under applicable law to have ~~been provided when it is delivered personally or~~ consented) to receive notice, and in any case evidence of delivery confirmation is received by sender's fax device; (v) if by e-mail, when sent to the ~~recorded~~ e-mail address as aforesaid; ~~a notice so mailed shall be~~ for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation or for a shareholder, when sent to an e-mail address at which the shareholder has consented (or is deemed under applicable law to have ~~been given when deposited in a post office or public letter box; and a~~ consented) to receive notice ~~so;~~ (vi) if sent by any means ~~other form of transmitted or recorded communication or by providing an electronic~~ electronic transmission, when sent to the address, location or number (as applicable) for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation or for a shareholder, when sent to the shareholder; (vii) in the case of a shareholder, if sent by posting it on or making it available through a generally accessible electronic source referred to in clause (y) above, on the day such person is sent notice of the availability and location of such notice, document ~~shall be~~ or other information is deemed to have ~~been given when dispatched or delivered for dispatch. Except as otherwise specified in the Act, a notice so delivered shall be deemed to have been received when it is personally delivered; a notice so mailed shall be~~ sent to the shareholder in accordance with (i) through (vi) above; or (viii) if sent by any other method permitted by applicable law, at the time that such person is deemed to ~~behave~~ received ~~at the time it would be delivered in the ordinary course of mail and a notice so sent shall be~~ such notice pursuant to applicable law. If a shareholder has consented (or is deemed under applicable law to have ~~been received on the day it is transmitted. The secretary~~ consented) to a method for delivery of a notice, document or other information, the shareholder may revoke such shareholder's consent to receiving any notice,

document or information by fax or e-mail by giving written notice of such revocation to the \_\_\_\_\_ Corporation.

The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by the ~~secretary~~Secretary to be reliable.

**11.02** Proof of Service. A certificate of the chair of the board, the President, the Chief Executive Officer or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

**11.03** Signature to Notices. The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be signed in accordance with Section 2.04 and Section 2.05.

**11.04** ~~11.02~~ **Notice to Joint Shareholders.** If two or more persons are registered as joint holders of any share, any notice may be addressed to all such joint holders, but notice addressed to one of such persons at their recorded address shall be sufficient notice to all of them.

**11.05** ~~11.03~~ **Computation of Time.** In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the day of giving the notice shall be excluded and the day of the meeting or other event shall be included, provided that the last day of the period shall not be a day that is not a business day.

**11.06** ~~11.04~~ **Undelivered Notices.** If any notice given to a shareholder pursuant to ~~section~~Section 11.01 is returned on two consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until informed in writing by the shareholder of a new address.

**11.07** ~~11.05~~ **Omissions and Errors.** The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

**11.08** Deceased Shareholders. Any notice or other document delivered or sent by post or left at the address of any shareholder or sent by electronic means as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased, and whether or not the Corporation has notice of such shareholder's decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with any person or persons) until some other person be entered in such shareholder's stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient

service of such notice or document on such shareholders heirs, executors or administrators and on all persons, if any, interested with such shareholder in such shares.

**11.09** ~~11.06~~ **Persons Entitled by Death or Operation of Law.** Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives title to such share prior to the name and address of such person being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of entitlement prescribed by the Act.

**11.10** ~~11.07~~ **Waiver of Notice** Any shareholder, proxyholder, director, officer, auditor or member of a committee of the board, or any other person entitled to receive notice of a meeting of shareholders or any other notice from the Corporation, may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under the Act, the articles, ~~the~~these by-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. ~~Any such~~Except as otherwise provided in these by-laws (i) a waiver or abridgement shall be in writing except (other than a waiver of notice of a meeting of shareholders or of the board or a committee of the board ~~which may be given in any manner)~~ shall be in writing or given by electronic signature and may be sent by electronic means in such manner or through such communication facility as the board shall have approved or in accordance with the *Electronic Commerce Act, 2000, S.O. 2000, c. 17, as from time to time amended. A waiver of notice of a meeting of shareholders or of the board or of a committee of the board may be given in any manner consistent with these by-laws. Attendance of a director at a meeting of directors or of a shareholder or any person entitled to attend a meeting of shareholders is a waiver of notice of the applicable meeting except where such director, shareholder or other person, as the case may be, attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.*

**11.11** ~~11.08~~ **Interpretation.** In ~~this~~these by-lawlaws, "recorded address" means: in the case of a shareholder, the address as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, the latest address as shown in the records of the Corporation.

**11.12** **Computation of Days.** In computing any period of days or clear days under these by-laws or the Act, the period shall be deemed to commence on the day following the event that begins the period and shall be deemed to end at midnight on the last day of the period except that if the last day of the period falls on a holiday, the period shall end at midnight of the day next following that is not a holiday.

**11.13** ~~11.09~~ **Electronic Documents.** Unless otherwise specified in these by-laws, a requirement under these by-laws that a notice, document or other information be provided in writing may be satisfied by providing an electronic document and a requirement under these by-laws for a signature or that a document be executed, in relation to an electronic document, may be satisfied, in each case, if the requirements in the Act in respect thereof are met.

## SECTION TWELVE EFFECTIVE DATE AND REPEAL

**12.01 Effective Date.** This by-law shall come into force when made by the board in accordance with the Act.

**12.02 Repeal.** All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of any by-law so repealed, or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles (as defined in the Act) or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the board or a committee of the board with continuing effect passed under any repealed by-law shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed.

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The ~~foregoing byformer By-law was~~ No. 1 of the Corporation, made by the directors of the Corporation on the 15<sup>th</sup> day of May, 2003 and ~~was~~ confirmed without variation by the shareholders of the Corporation on the 11<sup>th</sup> day of June, 2003-

~~By-law No. 1 of the by-laws of the Corporation is hereby, and subsequently~~ amended by adding the following thereto as section 4.03A, following section 4.03 and preceding section 4.04: MADE by the board this the directors on the 21<sup>st</sup> day of February, 2013 and ~~was~~ confirmed without variation by the shareholders of the Corporation on the 10<sup>th</sup> day of May, 2013, is hereby replaced by this by-law.





# **lundin mining**

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