



FIRST QUANTUM MINERALS LTD.

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at April 19, 2010 (unless otherwise noted))

SOLICITATION OF PROXIES

This information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of First Quantum Minerals Ltd. (the “Company”) for use at the annual meeting of shareholders of the Company (the “Meeting”), and any adjournment thereof, to be held on Thursday, May 20, 2010 at the time and place and for the purposes set forth in the accompanying notice of meeting (the “Notice”). While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy (the “Proxy” or Proxies”, as the case may be), are the Chairman and Chief Executive Officer, and the President, respectively, of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting has the right to do so, by striking out the names of those persons named in the accompanying form of Proxy and inserting the desired person’s name in the blank space provided in the form of Proxy or by completing another form of Proxy.**

Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a Proxy may do so by:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“Computershare”) by fax within North America at 1-866-249-7775, outside North America at 1-416-263-9524, or by mail to Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll free number. Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll free number, the holder’s account number and the Proxy access number; or
- (c) using the internet through the website of Computershare at www.investorvote.com. Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy for the holder’s account number and the Proxy access number.

A Proxy will not be valid unless the completed form of proxy is received by Computershare, no later than 12:00 p.m. (Vancouver time) Tuesday, May 18, 2010.

A registered shareholder who has given a Proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the offices of Computershare, 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

Management of the Company is not aware of any other matters which are to come before the Meeting other than the matters referred to in the Notice. However, if any matters other than those referred to herein should be presented at the Meeting, the persons named in the enclosed Proxy are authorized to vote the shares (each a "Share" or collectively "Shares") represented by the Proxy in accordance with their best judgment.

NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or trust company. A person is not a registered shareholder (a "Non-Registered Holder") in respect of Shares which are held either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")), of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as "NOBOs". Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as "OBOs". In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has elected to send the Notice of Meeting, this Circular and the Proxy (collectively, the "Meeting Materials") directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Intermediaries will frequently use service companies to forward the Meeting Materials to the OBOs. Generally, an OBO who has not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Computershare; or
- (b) more typically, be given a voting instruction form ("VIF") which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

These Meeting Materials are being sent to both registered shareholders and Non-Registered Holders. If you are a Non-Registered Holder, and the Company or its agent has sent these Meeting Materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instruction.

The Meeting Materials sent to NOBOs who have not waived the right to receive them are accompanied by a VIF or a form of proxy already signed by the Intermediary. By returning the VIF, or form of proxy, in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Shares owned by it.

VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Shares which they beneficially own.

Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or his or her nominee, the right to attend and vote at the Meeting.

Please return your voting instructions as specified in the VIF. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.

Non-Registered holders who received and return a completed VIF may revoke their instructions in accordance with the requirements of their Intermediary.

VOTING OF PROXIES

Shares represented by properly executed Proxies in favour of persons designated in the enclosed form of Proxy will, where a choice with respect to any matter to be acted upon has been specified in the form of Proxy, be voted in accordance with the specification made. Such Shares will be voted in favour of each matter for which no choice has been specified by the shareholder.

The enclosed form of Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed as a proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice, and with respect to other matters which may properly come before the Meeting.

In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of Proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, management of the Company knew of no such amendment, variation or other matter which might be presented to the Meeting.

VOTING SECURITIES

The authorized capital of the Company is an unlimited number of common shares without par value (each a "Share" and collectively, the "Shares"). Each Share carries the right to one vote. Only registered holders of Shares are entitled to attend and vote at any meetings of the shareholders of the Company. As at April 15, 2010, there were 80,595,849 Shares issued and outstanding.

PRINCIPAL HOLDERS OF OUR SHARES

To the knowledge of the executive officers of the Company, there were no persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, securities carrying more than 10% of the right to vote at the Meeting.

RECORD DATE

Only shareholders of record at the close of business on April 15, 2010 who either personally attend the Meeting or who have completed and delivered a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

Each shareholder is entitled to one vote for each Share registered in his, her or its name on the list of shareholders, which is available for inspection during normal business hours at the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, and at the Meeting.

ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended December 31, 2009, together with the report of the Company's auditors thereon, will be presented to the Company's shareholders at the Meeting.

ELECTION OF DIRECTORS AND INFORMATION REGARDING PROPOSED DIRECTORS

Management of the Company proposes to nominate the persons named in the following table (the "Nominees") for election to the Board of Directors of the Company (the "Board"). The term of each of the current directors of the Company will expire at the conclusion of the Meeting and each director elected at the Meeting will begin to hold office immediately after the Meeting and continue to hold office until the next annual general meeting of the Company or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the articles of the Company or he becomes disqualified to act as a director.

Five (5) of the Nominees are independent directors, ensuring that the Company will continue to be served by a majority of independent directors.

The Board has adopted a Majority Voting Policy (see below under "Nominating & Governance Committee").

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director.

The following table sets forth the names of the Nominees, their respective province/state and country of residence, their principal occupation and directorships, the date they first became a director of the Company, if applicable, and the number of shares and Restricted and Performance Share Units beneficially owned by each Nominee. The statement as to the Common Shares and Restricted and Performance Share Units beneficially owned, directly or indirectly, or over which control or direction is exercised, by the Nominees is in each instance based upon information furnished by the Nominee concerned.

Name, Province or State and Country of Residence and Age	Principal Occupation and Directorships⁽⁵⁾	Company Director Since	Securities⁽⁶⁾
Philip K. R. Pascall Western Australia, Australia Age: 62	Chairman and Chief Executive Officer of the Company	June 19, 1996	1,154,545 Shares 29,462 Performance Share Units
G. Clive Newall London, England Age: 60	President of the Company; non-executive director of Gemfields Resources plc	May 1, 1996	560,740 Shares 970 Restricted Share Units 18,547 Performance Share Units
Martin R. Rowley Western Australia, Australia Age: 55	Executive Director of Business Development for the Company; non-executive Chairman and Director of Forsys Metals Corp.; non-executive Chairman and Director of Lithium 1 Inc.	March 25, 1997	225,000 Shares ⁽⁷⁾ 11,001 Shares 17,797 Performance Share Units
Rupert Pennant-Rea⁽¹⁾⁽³⁾⁽⁴⁾ United Kingdom Age: 62	Non-executive Chairman of Henderson Group plc; The Economist Group, non-executive director of PGI plc, Acuity VCT plc, Go-Ahead Group plc, Gold Fields Limited	May 16, 2001	30,650 Shares 536 Restricted Share Units

Name, Province or State and Country of Residence and Age	Principal Occupation and Directorships ⁽⁵⁾	Company Director Since	Securities ⁽⁶⁾
Peter St. George ⁽¹⁾⁽²⁾⁽³⁾ New South Wales, Australia Age: 63	Non-executive director of Boart Longyear Limited and Dexus Property Group	October 20, 2003	107,046 Shares 140 Restricted Share Units
Andrew B. Adams ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada Age: 53	Corporate director; non-executive director of Uranium One Inc. and Gleichen Resources Ltd.	June 6, 2005	29,146 Shares 140 Restricted Share Units
Michael Martineau ⁽³⁾⁽⁴⁾ London, England Age: 65	Director of Golden Star Resources Limited; Chairman of Eurasia Mining Plc	October 1, 2007	1,017 Shares 509 Restricted Share Units
Paul Brunner ⁽²⁾⁽³⁾⁽⁴⁾ Utah, USA Age: 59	Former President and CEO of Boart Longyear Company; former managing director of Boart Longyear Limited; former regional director for Boart Longyear Limited	April 15, 2009	10,000 Shares 2,000 Restricted Share Units

- (1) Denotes member of Audit Committee, as described under the heading “Board Committees”.
- (2) Denotes member of Compensation Committee, as described under the heading “Board Committees”.
- (3) Denotes member of Nominating and Governance Committee, as described under the heading “Board Committees”.
- (4) Denotes member of EH & S Committee, as described under the heading “Board Committees”.
- (5) Includes occupations for preceding five years unless the director was elected at the previous annual general meeting of the Company’s shareholders and was shown as a nominee for election as a director in the information circular for that meeting.
- (6) The number of Shares of the Company is the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by, each proposed nominee as of the date of this Circular. The number of Restricted Share Units (“RSUs”) and Performance Share Units (“PSUs”) are the number of RSUs and PSUs granted under the Long Term Incentive Plan as described below under “Statement of Executive Compensation”.
- (7) These shares are held by Jaeger Investments, a company wholly-owned by Mr. Rowley.

Except as noted below, to the knowledge of the Company no proposed director of the Company is, or has been within the ten (10) years before the date of the Circular, (a) a director, chief executive officer or chief financial officer of any company that (i) was the subject of 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 (collectively, an “Order”), which Order was in effect for a period of more than thirty (30) consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) 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 resulted from an event that occurred 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 compromise with or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) 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 or the proposed director.

To the knowledge of the Company, as at the date of this Circular, no proposed director of the Company 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 securityholder in deciding whether to vote for the proposed director.

Until his resignation from the board of directors of Tahera Diamond Corporation (“Tahera”) on March 20, 2008, Andrew Adams was a director of Tahera. Tahera sought protection under the *Companies’ Creditors Arrangement Act* (the “CCAA”) in January, 2008 and in February 2008 suspended operations. Tahera was delisted from the TSX in November 2009.

APPOINTMENT OF AUDITORS

It is proposed that PricewaterhouseCoopers LLP, Chartered Accountants (“PwC”) be appointed as auditors of the Company to hold office until the next annual general meeting of the shareholders at remuneration to be fixed by the audit committee of the Board (the “Audit Committee”).

The auditor is appointed by the Company’s shareholders and reports the results of its audit in the Company’s annual financial statements to the shareholders. The auditor is required to confirm to the Audit Committee its independence from management in connection with the audit. PwC has confirmed its independence from management in connection with the audit of the consolidated financial statements for the period ending December 31, 2009.

In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by management of the Company will be voted in favour of the appointment of PwC as auditors of the Company.

BOARD AND BOARD COMMITTEES

A. Frequency of Meetings

The Board ordinarily meets in person at a minimum on a quarterly basis and also has meetings by telephone. However, the frequency of and agenda items for Board meetings will vary depending on the state of affairs and opportunities available to the Company and the risks or issues which the Company faces.

B. Committees

In addition to the Audit Committee, the Board has a compensation committee (the “Compensation Committee”), a nominating and corporate governance committee (the “Nominating and Governance Committee”), and an environmental, health and safety committee (the “EH&S Committee”).

Further information on the Audit Committee, including a copy of its Charter, can be found in the Company’s AIF, which is available on SEDAR, the System for Electronic Document Analysis and Retrieval, the publicly accessible database used for the filing of public securities information as required by securities regulatory agencies in Canada, at www.sedar.com.

C. Meetings Held in 2009

The information below sets out formal¹ Board and committee meetings held and the attendance of directors for the period January 1, 2009 to December 31, 2009.

Summary of Number of Board of Director and Committee Meetings Held

Board	9
Audit Committee	8
Compensation Committee	4
Nominating and Governance Committee	4
Environmental, Health & Safety Committee	4

¹ “Formal” means meetings for which notice has been provided and which are attended in person or by telephone conference call. Attendance % is based on the number of Board or committee meetings, as the case may be, which a director attended during the year divided by the actual number of Board or committee meetings, as the case may be, which a director could attend during the year.

Summary of Board of Director Meeting Attendance

Name of Director	Board Meetings Attended	Attendance (%)
Philip K.R. Pascall, executive director	9 of 9	100%
Martin R. Rowley, executive director	9 of 9	100%
G. Clive Newall, executive director	9 of 9	100%
Rupert Pennant-Rea, independent director	9 of 9	100%
Peter St George, independent director	6 of 9 ⁽¹⁾	67%
Andrew B. Adams, independent director	9 of 9	100%
Michael Martineau, independent director	8 of 9	89%
Paul Brunner, independent director	7 of 9	100% ⁽²⁾

- (1) Peter St George was unable to attend two board telephone conferences due to technical difficulties; however, he both provided input in advance and was subsequently consulted on all matters discussed and approved in each telephone conference.
- (2) Paul Brunner was appointed a Director on April 15, 2009. He attended 100% of all meetings held subsequent to his appointment.

Summary of Committee Meeting Attendance

Name of Member	Audit Committee Meetings	Compensation Committee Meetings	Nominating & Governance Committee Meetings	EH&S Committee Meetings
Philip K.R. Pascall	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Martin R. Rowley	Not Applicable	Not Applicable	Not Applicable	Not Applicable
G. Clive Newall	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Rupert Pennant-Rea	8 of 8	Not Applicable	4 of 4	4 of 4
Peter St. George	8 of 8	4 of 4	4 of 4	Not Applicable
Andrew B. Adams	8 of 8	4 of 4	4 of 4	Not Applicable
Michael Martineau	Not Applicable	Not Applicable	4 of 4	4 of 4
Paul Brunner ⁽¹⁾	Not Applicable	3 of 4	3 of 4	3 of 4

- (1) Paul Brunner was appointed a Director on April 15, 2009. He attended 100% of all meetings held subsequent to his appointment.

D. Meetings of the Independent Directors

The Company's independent directors meet, in person and without management and non-independent directors present, at a minimum at each quarterly meeting of the Board and at such other times as the independent directors deem necessary. Other than in person, these meetings may also take place formally or informally over the telephone. The independent directors also communicate with each other regularly or electronically by way of e-mail. During the 2009 financial year, the Company's independent directors met (in person) without management and the non-independent directors four times.

CORPORATE GOVERNANCE

The Board believes that sound corporate governance practices and the regular review thereof are essential to the well being of the Company and its shareholders. National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") requires disclosure concerning an issuer's corporate governance practices. The Company operates under the guidelines set out below which address the requirements of NI 58-101 and the guidance suggested under National Policy 58-201 Corporate Governance Guidelines.

A. Composition of the Board of Directors and Board Independence

The Company currently has eight directors, five of whom are independent (Rupert Pennant-Rea, Peter St. George, Andrew Adams, Michael Martineau and Paul Brunner), meaning they have no direct or indirect relationship which could be reasonably expected to interfere with their exercise of independent judgment. In determining whether a director is independent, the Board applies the definition of "independence" as set out in Section 1.2 of NI 58-101.

Philip K.R. Pascall, G. Clive Newall, and Martin R. Rowley do not qualify as independent directors due to their management positions with the Company. They make up the Company's executive management committee.

Since a majority vote is necessary to approve matters before the Board, the support of at least one independent director is required.

The Board believes that adequate structures and processes are in place to facilitate the functioning of the Board independently of the Company's management. The Audit Committee, the Compensation Committee, the Nominating and Governance Committee, and the EH&S Committee consist entirely of directors who are independent of the Company's management. As noted above, the Company's independent directors meet regularly without management. In addition, as noted below, one of the independent directors serves as a Lead Director.

To the knowledge of the Board, the Company does not have a significant shareholder with the ability to vote a majority of the outstanding Shares of the Company for the election of directors.

B. Chairman and Lead Director

(a) *Chairman*

The Board's Chairman is Philip K.R. Pascall, who, as noted above, also serves as the Company's Chief Executive Officer and is therefore not an independent director of the Company.

(b) *Lead Director*

The Board's policy is that, as the Chairman is not an independent director, one of its independent directors is to be appointed as Lead Director of the Board. The Board appoints, from among the independent directors, a Lead Director on an annual basis. It is the Lead Director's responsibility to provide leadership to enhance the functioning of the Board and its committees and the effectiveness of its individual members including through Board evaluation.

Mr. St. George is, as of the date of the Circular, Lead Director of the Board. He is also Chairman of the Compensation Committee.

C. Responsibilities of the Board of Directors and Mandate

Under the *Business Corporations Act* (British Columbia), the Board is required to supervise the management of the affairs and business of the Company.

Generally, the Board's responsibilities include (i) the review and approval of corporate strategies, financial statements and its annual budget; (ii) monitoring management performance; (iii) appointing and assessing the performance of the Chief Executive Officer; (iv) ensuring effective management processes are in place; and (v) ensuring risks are properly identified and appropriate procedures for risk mitigation are in place.

The Board reviews the Board's composition on an annual basis to ensure that it has the mix of skills and competencies needed for the Company's current and future plans. It also meets a minimum of four times a year in person and, where necessary, by telephone conference call.

The Board's written mandate is categorized into five major functions. These are:

(a) *Selection of the Senior Management*

- (i) Appointing and replacing the CEO, monitoring the CEO's performance, determining CEO's compensation and providing advice and counsel in the execution of the CEO's duties;
- (ii) Approving the appointment and remuneration of all corporate officers, having taken advice from the CEO;
- (iii) Regularly reviewing plans for management succession; and
- (iv) Satisfying itself as to the integrity of the CEO and other executive officers and ensuring that the CEO and other executive officers create a culture of integrity throughout the Company.

(b) *Monitoring and Acting*

- (i) Monitoring the Company's progress towards its goals, and if necessary, revising and altering its direction;
- (ii) Requiring management to take action when the Company's performance falls short of its goals or when other special circumstances arise that warrant change (for example, mergers and acquisitions or changes in control); and
- (iii) Approving any payment of dividends to shareholders.

(c) *Strategy Determination*

- (i) Participating with management in developing and providing the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals; and
- (ii) Ensuring that management has correctly identified the principal risks of the Company's business and is implementing systems that will manage these risks.

(d) *Policies and Procedures*

- (i) Ensuring that the Company operates at all times within applicable laws and regulations, and to the highest ethical and moral standards; and
- (ii) Monitoring compliance with significant policies and procedures for the Company's operations.

(e) *Reporting to Shareholders*

- (i) Ensuring that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis and within applicable laws and regulations;
- (ii) Ensuring that the Company's financial results are reported fairly and in accordance with generally accepted accounting standards and in compliance with applicable laws and regulations;
- (iii) Ensuring the timely reporting of any other developments that have a significant and material impact on the value of the Company, and in compliance with applicable laws and regulations; and
- (iv) Reporting annually to shareholders on the Company's stewardship for the preceding year.

D. Company Goals

The Company's primary goals are to operate low cost mines, leverage its advantage in Africa, use management's experience and expertise to construct cost efficient new operations and expand internationally through the exploration and acquisition of deposits to which the Company can add value. The Company will also continually investigate, monitor and seek out other opportunities worldwide where it can apply its expertise and which may provide balance to its geographic and commodity profile. In pursuit of these diversification goals, in December 2009, the Company announced the intended acquisition of BHP's Ravensthorpe nickel project in Western Australia, which was completed in March 2010. The Company also announced the Board's \$400 million approval for the construction of the Kevitsa nickel mine in northern Finland.

E. Board Committees

(a) *Audit Committee*

The Audit Committee is composed of three independent directors: Messrs. Adams, Pennant-Rea and St. George. The Chairman of the Audit Committee is Mr. Adams.

The Audit Committee operates under the Audit Committee Charter, which provides that each member of the Audit Committee is to be considered financially literate and that at least one member must have considerable accounting and related financial experience. The Audit Committee reviews the annual and quarterly financial statements of the Company, oversees the annual audit process and the Company's internal accounting controls and the resolution of issues identified by the Company's auditors. It recommends to the Board a firm of independent auditors to be nominated for appointment by the shareholders at the Company's next annual general meeting. In addition, the

Audit Committee meets at least once annually, and usually quarterly, with the external auditors of the Company, both with and without the presence of members of management. Further information on the Audit Committee, including a copy of its Charter, can be found in the Company's AIF, which is available on SEDAR at www.sedar.com.

(b) *Compensation Committee*

The Compensation Committee is composed of three independent directors: Messrs. St. George, Adams and Brunner. The Chairman of the Compensation Committee is Mr. St. George.

The Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to Chief Executive Officer's compensation and making recommendations to the Board with respect to the compensation of the Company's executive officers. The Board, exclusive of any executive Board member to whom the recommendation applies, reviews such recommendations and is responsible for determining executive compensation. The Compensation Committee discusses executive compensation throughout the year and determines (usually prior to the annual general meeting of the Company) executive compensation.

The Compensation Committee is responsible for obtaining information on executive compensation from a variety of sources, including independent consultants, compensation surveys and information from companies similar in size and function to that of the Company and then takes recommendations to the Board on compensation and all of its various elements.

(c) *Nominating and Governance Committee*

The Nominating and Governance Committee is composed of all five independent directors: Messrs. Pennant-Rea, St. George, Adams, Martineau and Brunner. The Chairman of the Nominating and Governance Committee is Mr. Pennant-Rea.

The Nominating and Governance Committee reviews the Company's corporate governance practices in light of the standards and guidelines recommended or required by applicable corporate and/or securities regulatory authorities and stock exchanges and identifies and nominates potential director candidates to the Board. The Nominating and Governance Committee is responsible for reviewing corporate governance practices against securities requirements, monitoring the effectiveness of the Company's corporate governance and where necessary, recommending improvements for adoption by the Board. It also reviews the directors' relationship with management, assesses the independence and performance of each member of the Board, and evaluates and recommends nominees for the Board in consultation with the Company's Chairman and its Lead Director, with assistance from third party consultants as the Committee may determine. In coordination with the Board as a whole, it will also review the amount and form of compensation for the independent directors, for determination by the Board.

In late 2008, the Nominating and Governance Committee recommended, and the Board subsequently adopted, a *Majority Voting Policy* whereby any nominee for election as a director at the Annual Meeting of Shareholders, for whom the number of votes withheld exceeds the number of votes cast in his or her favor, will be deemed not to have received the support of shareholders, even if he or she is elected. A director elected in such circumstances is expected to tender his or her resignation to the Board. The Board will accept the resignation as soon as possible, consistent with an orderly transition and, in any event, within 90 days. However, the Board retains the right to decline to accept a resignation in exceptional circumstances. In addition, the *Majority Voting Policy* does not apply during the circumstances of an election proxy battle.

On January 31, 2010, the Nominating and Governance Committee recommended, and the Board subsequently adopted, a *Say on Pay Policy* whereby shareholders can engage in an annual advisory vote on executive compensation. The purpose of the Say on Pay advisory vote is to ensure an appropriate level of director accountability to the shareholders of the Company for their compensation decisions by giving shareholders a formal opportunity to provide their views on the disclosed objectives of the executive compensation plans, and on the plans themselves, for the past, current and future fiscal years through an advisory vote at each annual shareholders meeting. While shareholders will provide their collective advisory vote, the directors of the Company remain fully responsible for their compensation decisions and are not relieved of these responsibilities by a positive advisory vote by shareholders.

(d) *EH&S Committee*

The EH&S Committee is composed of three independent directors: Messrs. Pennant-Rea, Martineau and Brunner. The Chairman of the EH&S Committee is Mr. Martineau.

The EH&S Committee reviews adherence by the Company to its health and safety policies and practices in accordance with applicable environmental, health and safety laws and regulations. The EH&S Committee is responsible for reviewing the Company's environmental, health and safety policies and practices in the context of applicable laws and regulations in those countries in which the Company operates. In addition, the EH&S Committee will require the Company to undertake on a regular basis a full and independent environmental, health and safety risk assessment at each of locations in which it carries out its operations.

F. Position Descriptions

The Board has developed written position descriptions for each of the Chairman, the Chief Executive Officer, the President, and the Chief Financial Officer, and for each of the committee chairmen.

G. Orientation and Continuing Education

The Board reviews its own composition on an annual basis. The Board expects that a prospective candidate will fully understand the role of the Board and the contribution expected of him or her. Once appointed or elected, new directors are provided with a Company orientation, which includes briefings, on an initial and ongoing basis, on the activities of the Company. As part of the orientation new directors are required to attend site visits. In addition, ongoing site visits are organized and attendance is encouraged. Directors are also encouraged to participate in continuing education relevant to their roles as directors and committee members. Directors are reimbursed for reasonable out-of-pocket expenses, including any continuing education courses, in connection with their duties as directors. Annually, the Company *Board Manual* is updated and approved by the Board and made available to the Directors.

H. Shareholder Feedback and Concerns

The Company manages a shareholder relations program under the direction of its President, Mr. Newall. The program involves meeting with a broad spectrum of investors, including briefing sessions for analysts, investment fund managers, members of the press and the public to discuss reported financial results and other announcements by the Company. Shareholders, other stakeholders and the public are informed of developments in the Company by the issuance of news releases, all of which are reviewed and approved by the Company's Disclosure Committee and, in most cases, the Board.

Management of the Company is available routinely to shareholders to respond to questions and concerns. Shareholder concerns are dealt with on an individual basis. The response will depend on the kind of information requested. Significant concerns are brought to the attention of the management of the Company or the Board.

Under its written mandate, the Board is required to oversee the Company's *Corporate Disclosure Policy*. The Board monitors the policy and the procedures that are in place to provide for effective communication by the Company with its shareholders and with the public generally.

I. Expectations of Management

The Board expects management of the Company to conduct the business of the Company in accordance with the Company's ongoing strategic plan and to meet or surpass the annual and long-term goals of the Company set by the Board in consultation with management. As part of its annual strategic planning process, the Board establishes its expectations of management both over the next financial year and in the context of the Company's long-term goals. The Board then reviews management's progress in meeting these expectations throughout the calendar year and in connection with determining compensation.

J. Ethical Business Conduct

(a) *Code of Conduct*

The Board has approved and adopted a code of conduct (the “*Code of Conduct*”) for directors, officers and other employees of the Company. A copy of the *Code of Conduct* can be found on SEDAR at www.sedar.com. Compliance with the *Code of Conduct* is expected at every level of the Company. Employees who are aware of *Code of Conduct* breaches must, under the *Code of Conduct*, report them to their supervisors or superiors, as the case may be. Employees who breach the *Code of Conduct* may be subject to disciplinary action up to and including termination of their employment. Matters of a serious nature are brought to the attention of the Board.

The *Code of Conduct* contains conflict of interest provisions which require employees (including officers) to disclose in writing to their immediate supervisors all business, commercial or financial interests or activities which might reasonably be regarded as creating an actual or potential conflict with their duties of employment. An employee in a situation of conflict of interest is given sufficient time to address the conflict.

The Company’s policy relating to directors specifically requires that where a director has any direct or indirect interest in a proposed contract or transaction with the Company, or holds any office or possesses any property, directly or indirectly, which may create a conflict with his or her duty or interest as a director to the Company, the director must disclose the nature and extent of that interest and any conflict associated therewith at the earliest opportunity at a meeting of the Board. The Company maintains a *Register of Declared Related Party Transactions*, which is reviewed at each quarterly Board meeting.

(b) *Social Commitment and Responsibility*

The Company has adopted a *Social Policy* with the objective of maximizing socio-economic opportunities and benefits for the communities in which it operates while minimizing potential negative social impacts. The Company also subscribes to the *Equator Principles*. The Company maintains policies relating to the social and well-being of its employees, including policies such as an *HIV/Aids Policy*, *Environmental Policy*, *Whistleblower Policy* and a *Human Rights Policy*. Management and the Board believe that the existence of the *Code of Conduct* together with these policies is important to promote a culture of ethical business conduct, both within the Company and by the Company.

In November 2009, the Company produced its first *Corporate Sustainability Report*, which is available for review on the Company’s web-site.

(c) *Insider Trading Policy*

The Board has approved an *Insider Trading Policy* which applies to its directors, officers, employees and consultants. The *Insider Trading Policy* prohibits both the unauthorized disclosure of any non-public information by these persons and any trading of shares by them while they are in possession of material information which has not been disclosed to the public. It also provides for the application of “no-trade” periods following completion of a financial quarter until two trading days following the filing of a news release announcing the results for that quarter. Potential insiders are reminded of the Company’s no-trade periods on a quarterly basis.

(d) *Conflicts of Interest*

All directors are required to comply with the provisions governing conflicts of interests in the *British Columbia Business Corporations Act*. A director who has a disclosable interest in a contract or transaction is not entitled to vote on the approval of the contract or transaction. The Company maintains a *Register of Related Party Transactions*, which is reviewed and updated on a quarterly basis.

K. Assessments of Directors

Directors of the Company are assessed on an annual basis by the Chairman for effectiveness and contribution to the Company. The assessment may include the completion by each director of a comprehensive questionnaire, the review and evaluation by the Chairman of each completed questionnaire, and a subsequent “one-on-one” session

between the Chairman and each director in which the Chairman and the director discuss the director's role on the Board and his contribution to the Board and the Company. The Chairman conducted one-on-one sessions with each director in November 2009.

L. Minimum Share Ownership

All directors are encouraged to own Shares.

STATEMENT OF EXECUTIVE COMPENSATION

A. General

This section discloses all direct and indirect compensation provided to certain executive officers and directors for services they have provided to the Company as required by Form 51-102F6 under National Instrument 51-102.

B. Compensation Discussion and Analysis

(a) *Compensation Discussion and Analysis*

The Compensation Committee develops and oversees the implementation of executive compensation plans and policies that are intended to:

- (i) attract and retain skilled and experienced executives and senior managers;
- (ii) motivate executives and senior managers to achieve corporate objectives and create shareholder value; and
- (iii) encourage executives and senior managers to link their personal financial interest to those of the shareholders.

The compensation of executives and senior management is based on competitive rates in the marketplace, taking account of location and conditions of employment, and achievement of performance-related objectives. Senior executive compensation packages include salary, a discretionary annual performance-related bonus and, at the discretion of the Compensation Committee, a long-term incentive component through the Company's Long Term Incentive Program ("LTIP").

The Compensation Committee reviews and recommends to the Board the compensation for the following senior executives: Chief Executive Officer, President, Chief Financial Officer, Executive Director of Business Development and General Counsel and Corporate Secretary (the "Named Executive Officers", as that term is defined in Form 51-102F6 under National Instrument 51-102 (each a "NEO")).

The Compensation Committee meets quarterly in person and as required from time to time. In its consideration and review of salaries and management fees for the NEOs, the Compensation Committee examines the compensation of executives in other mining companies in Canada and throughout the world and in particular, those companies included in the TSX/S&P Diversified Metals and Mining Index and certain mining companies listed on the London Stock Exchange. The Compensation Committee also reviews the growth and development of the Company over the preceding year and any specific initiatives taken during that period to promote the growth and progress of the Company and the enhancement of shareholder value. The Compensation Committee also considers performance targets, quantitative and qualitative measures in determining a NEO's total remuneration. Performance objectives generally address six areas of importance: Safety, Business Development/Financial Results, Business Execution, Strategy Advancement, People Performance and External Relations. For the current period, the Compensation Committee considered the total remuneration for executives from an index of representative companies as noted above. While the Company retains the services of independent compensation consultants to assist in benchmarking the total remuneration package, the Committee also always maintains the flexibility to compensate the NEO's in light of the unique roles they play within the Company and recognizes that benchmarking may not always serve these purposes.

The Company retained Hay Group Limited in 2007 and 2008 as consultants to provide data to help determine adequate levels of compensation for executives, including the Chief Executive Officer, Chief Financial Officer, President, Executive Director – Business Development and General Counsel and Corporate Secretary. The Company did not retain the Hay Group to provide an executive compensation review in 2009 as the Compensation Committee felt the market had not changed significantly in 2008, particularly with the global financial crisis. In making its determination of the total remuneration packages for the President, Chief Financial Officer, Executive Director - Business Development, and General Counsel and Corporate Secretary for 2009, the Compensation Committee considered performance targets for each role, changes to the external market, the performance of the Company throughout 2009, and the recommendations of the CEO.

The Chief Executive Officer's compensation must be approved by the Board, based on a recommendation from the Compensation Committee, in accordance with the same principles applied to other senior executive officers. Given this, the Compensation Committee considers the total compensation of the Chief Executive Officer in light of data compiled by Hay Group Limited for the Compensation Committee. The total compensation of the Chief Executive Officer is evaluated and determined in light of this data and the performance of the Chief Executive Officer generally and compared against performance targets approved by the Compensation Committee.

The Compensation Committee's objective in considering and reviewing executive compensation is to ensure that executive compensation is fair and reasonable but also sufficient to attract and retain qualified and experienced executives. For this reason it aims to reward at the higher end of the market. For the NEOs, the target percentage of base salary available as short term incentives is 100% of base and the same percentage for long term incentive, except in the case of the Chief Executive Officer where a total of 150% of base salary is achievable under exceptional circumstances in long term incentives.

All NEO bonuses are approved by the Compensation Committee in May and are paid in July. Bonuses paid to NEOs during the current year shown were determined based on the NEOs' performance for the preceding year. Performance objectives relating to the previously noted areas of importance were agreed with each NEO at the beginning of the preceding year with each performance objective contributing an agreed percentage towards the overall target bonus. Assessments were then conducted to determine the extent to which each performance objective was met and this assessment used to determine the bonus amount. The maximum target bonus was 100% of annual base salary.

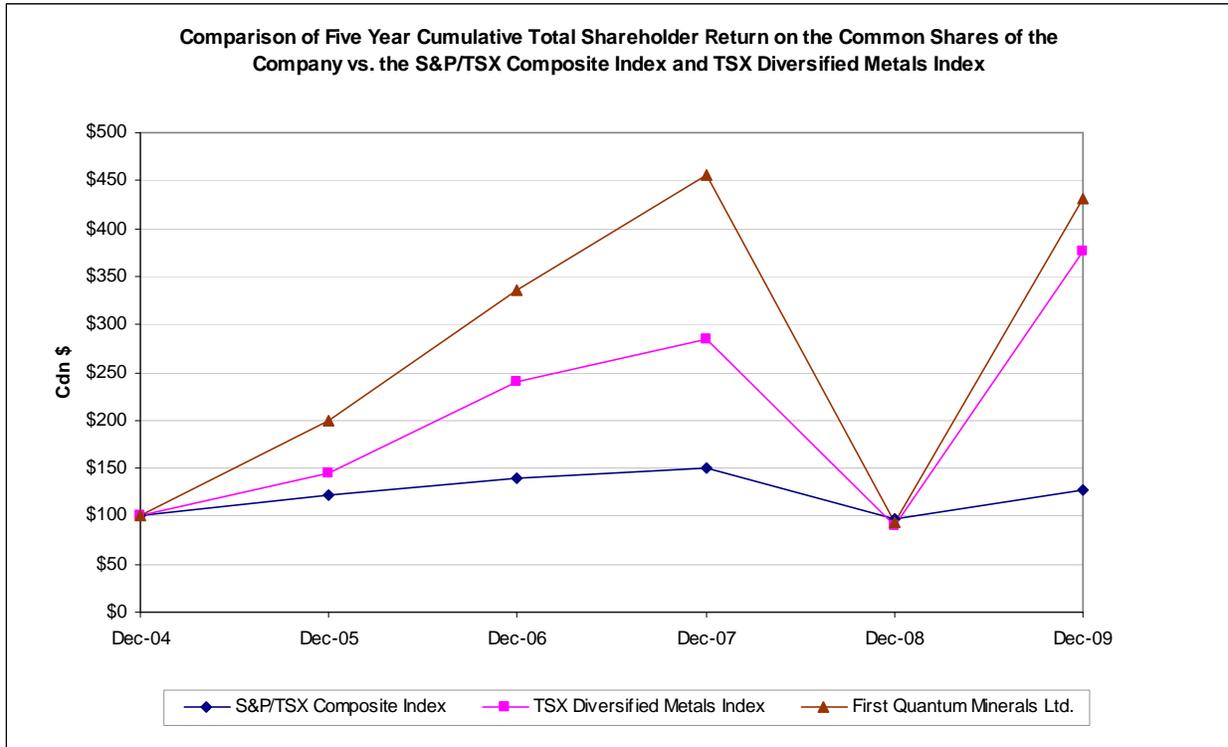
LTIP Awards given to the Company NEOs in the current year shown were determined based on the NEOs' performance in the previous year. The previous year's performance objectives as described above and the perceived contribution to shareholder value and longevity of the Company determined a percentage towards a total target of 100% of base salary for all NEOs with the exception of the CEO whose total target for long term incentive purposes was 150% of base.

Each NEO received an annual bonus, LTIP award and in limited cases a pay increase commensurate with their performance during 2008. The Compensation Committee believes the NEOs' compensation for 2009 was fair and reasonable, given the Company's growth both organically and through acquisition. Increases in base salaries, where applicable, were made effective July 1, 2009.

In light of the rapid deterioration of global economic conditions in the latter part of 2008, and the resulting impact on both the Company's share price and financial outlook in the early part of 2009, as well as the appreciation of the \$US, in November 2008 the Compensation Committee considered and approved a recommendation from Management to implement a 20% base salary reduction for the Executive Directors (who are all NEOs) in line with proposed reductions for salaried employees paid in \$US. These decreases were made effective December 1, 2008. During the early part of 2009 the Company achieved significant cost reductions across its operations. At the same time, commodity prices stabilized and the financial outlook for the Company improved. In May 2009 the Compensation Committee recommended the restoration of the Executive Director's salaries to their levels prior to December 1, 2008, which was made effective July 1, 2009.

(b) *Performance Graph*

The following information and chart compares the Company’s five year share price performance had Cdn\$100 been invested in the Company on December 31, 2004 with the performance of the S&P/TSX Composite Index and the TSX Diversified Metals Index over the five most recently completed financial years.



	2004	2005	2006	2007	2008	2009
S&P/TSX Composite Index	\$100	121.91	139.60	149.60	97.20	127.03
TSX Diversified Metals Index	\$100	145.24	240.66	284.86	90.03	376.11
First Quantum Minerals Ltd.	\$100	199.73	336.46	456.14	94.42	430.35

(1) All amounts expressed are in CDN\$.

From 2004 to 2007, the rate of growth in the Company’s production and in shareholder value far exceeded increases in NEOs’ compensation. However, the rapid deterioration of global economic conditions and worldwide equity markets resulted in an unexpected decline in the Company’s share price during the latter part of 2008. The Company’s share price reached a low closing price of CDN\$ 13.51 on December 5, 2008. In response to changes in the external environment, in the latter part of 2008 and into 2009, the Company undertook an aggressive costs cutting program across all operations. In order to ensure the Company had sufficient cash resources to both fund ongoing working capital requirements and capital commitments and to take advantage of any acquisition opportunities as they arose, the Company raised CDN\$ 346 million through an equity issue in April 2009 and the issue of a US\$ 500 million convertible bond in June 2009. The Company then pursued its diversification and growth objectives in the latter part of 2009, announcing the intended acquisition of Kiwara PLC., the owner of a significant copper development project in Zambia, as well as the intended acquisition of BHP’s Ravensthorpe nickel project in Western Australia. The Company was also able to self fund its capital works program, including the construction of the Kolwezi Project in the RDC, until its suspension in August. This was accomplished without incurring any debt on behalf of the Company. At the end of 2009, the Company had a cash balance of \$958 million and the share price had recovered to \$CDN 80.26.

(c) *Option-based Awards*

While the Company has a stock option plan (the “2004 Stock Option Plan”) (See Part D – Incentive Plan Awards), the Company has not granted stock options since 2006.

(d) *Long Term Incentive (Treasury) Plan*

At the Company's 2009 Annual General Meeting on May 14, 2009, the shareholders approved the Company's Long Term Incentive (Treasury) Plan (LTITP) by ordinary resolution. Subsequent to this approval, on May 25, 2009 the Company amended the LTITP, as requested by the TSX. The only amendment required was to the "Market Value" calculation. The LTITP Market Value calculation was changed from the weighted average price per Share on the Stock Exchange on the immediately preceding twenty (20) days on which the Shares actually traded, to the preceding five (5) days. There were no awards issued under the LTITP in 2009.

C. Summary Compensation Table

(a) *Compensation of NEOs and Summary Compensation Table*

The following table sets forth particulars concerning the compensation of the NEOs for the Company's two most recently completed financial periods that ended December 31, 2009 and December 31, 2008 respectively. In light of the significant changes made in the requirements, content and format of Form 51-102F6 in 2008 by the Canadian Securities Administrators, the Company has not reported compensation for 2007. Prior years' NEO compensation can be found in the Company's 2008 *Management Information Circular*, which is available on SEDAR at www.sedar.com. All calculations referenced are in US dollar currency.

Name and Principal Position	Year	Salary (\$)	Share Awards (\$)⁽¹⁾⁽³⁾	Annual Incentive Plans (\$)	All Other Compensation (\$)⁽²⁾⁽⁶⁾	Total Compensation (\$)
PHILIP K. R. PASCALL Chairman, Chief Executive Officer	2009	787,500	124,300	300,000	0	1,211,800
	2008	772,916	154,801	350,000	22,974	1,300,691
MARTIN R. ROWLEY Executive Director of Business Development	2009	523,125	90,400	193,000	0	806,525
	2008	513,437	77,120	310,000	15,877	916,434
G CLIVE NEWALL President	2009	391,500	62,150	125,000	0	578,650
	2008	385,250	58,056	175,000	8,990	627,296
CHRISTOPHER LEMON General Counsel and Corporate Secretary	2009	254,184	35,014	44,000	0	333,198
	2008	236,025 ⁽²⁾	77,278	75,528 ⁽²⁾	2,142	390,973
DAVID MORONEY Former Chief Financial Officer ⁽⁴⁾	2009	212,745	0	0	56,101	268,846
	2008	395,500	56,759	128,333	8,029	588,621
TROY HAYDEN Interim Chief Financial Officer ⁽⁵⁾	2009	204,675	0	79,240	0	283,915
	2008	N/A	N/A	N/A	N/A	N/A

Name and Principal Position	Year	Salary (\$)	Share Awards (\$)⁽¹⁾⁽³⁾	Annual Incentive Plans (\$)	All Other Compensation (\$)⁽²⁾⁽⁶⁾	Total Compensation (\$)
MARK BOLTON Chief Financial Officer	2009	52,500	63,280	0	0	115,780
	2008	N/A	N/A	N/A	N/A	N/A

(1) For disclosure purposes, all share awards paid in Canadian dollars have been converted as follows (the exchange rate on the date of grant): CDN\$1.00 = USD\$0.865 for 2009 (as at July 1, 2009); and CDN\$1.00 = USD\$0.99 for 2008 (as at July 1, 2008).

(2) For disclosure purposes, any compensation, annual incentive plans or other compensation paid in Canadian dollars have been converted as follows: CDN\$1.00 = USD\$0.88 for 2009 (year average); and CDN\$1.00 = USD\$0.944 for 2008 (year average).

(3) Messrs. Pascall, Moroney, Rowley, Lemon and Newall all received share awards in the form of PSUs. Messrs. Bolton received a combination of PSUs and RSUs. Both the PSUs and RSUs were valued on the Grant Date (July 1) at Fair Market Value (assuming a share price of CDN\$56.25).

(4) Mr. Moroney resigned from his position as CFO on March 13, 2009, and was replaced by Interim CFO Troy Hayden.

(5) On March 13, 2009, Troy Hayden was appointed Interim CFO for a fixed term. On November 16, 2009, Mr. Hayden was replaced by CFO Mark Bolton.

(6) 2008 dividend equivalency payments were made on all RSUs / PSUs on May 2, 2008 for \$0.54 per unit and on September 15, 2008 for \$0.26 per unit. There was no final dividend for 2008 paid in 2009.

(b) *Narrative Discussion*

The *All Other Compensation* consists of dividends paid on unvested Share Awards. The Company pays dividends on all unvested Share Awards in accordance with the Company's Dividend Policy which, in recent years, has paid 10% of net after tax profits. There were no perquisites worth in aggregate \$50,000 or more provided to any of the NEO's.

(c) *Currencies*

All of the NEOs' base salaries and annual incentives are paid in US\$ other than the General Counsel and Corporate Secretary, whose base salary is paid in CDN\$. All compensation paid in CDN\$ has been converted into US\$ unless otherwise stated.

(d) *Officers Who Also Act as Directors*

The CEO, President and Executive Director Business Development also act as directors of the Company. The CEO is also the Chairman. They are not paid additional compensation as directors or as Chairman.

D. Incentive Plan Awards

(a) *Outstanding Share Awards and Option Awards*

Name	Share Awards				
	Number of Unvested		Nominal Market Value of Unvested as of December 31, 2009 ⁽¹⁾		Fair Market Value of all Unvested PSUs as of December 31, 2009 ^{(1) (2)}
	PSUs	RSUs	PSUs	RSUs	
Philip K.R. Pascall	44,458	2,462	3,568,199	197,600	1,755,446
Martin R. Rowley	17,797	0	1,428,387	0	1,229,969
G. Clive Newall	18,547	970	1,488,582	77,852	717,992
Christopher Lemon	5,899	1,101	473,454	88,366	109,640
David Moroney	0	0	N/A	N/A	N/A
Troy Hayden	0	0	N/A	N/A	N/A
Mark Bolton	1,960	1,960	157,310	157,310	35,552

- (1) Amounts shown are in CDN\$ based on a share price of CDN\$80.26 as at December 31, 2009 and assuming all PSUs and RSUs vest.
- (2) The PSU fair market value is calculated using the probability of PSUs vesting at grant date: 2009 award – 22.60%; 2008 award – 22.95%; and 2007 award – 24.70%.

The purpose of the Long Term Incentive Program (“LTIP”) is to promote the long-term success of the Company by providing equity based incentive awards to eligible employees, including the NEOs, and to assist the Company in attracting and retaining individuals with superior experience and ability.

In the past, the long-term incentive component consisted of stock option grants under the Company’s 2004 *Stock Option Plan*. This component has been supplemented by LTIP awards (collectively “LTIP Awards”). Under the LTIP, the Company has created two types of awards to be granted to employees. These awards are:

- RSUs
- PSUs

The awards granted to NEOs, other than the CEO, are based on recommendations made to the Compensation Committee by the CEO, while the Compensation Committee alone recommends the quantum of award granted to the CEO for approval by the Board.

RSUs are shares of the Company that will be awarded to the holder of the grant based on vesting rights assigned by the Company. Upon vesting of these units, the employee receives shares of the Company, based on the award granted. The vesting rights of these units are time based, such as, they will vest based on time served as an employee of the Company.

PSUs are shares of the Company that will be awarded to the holder of the grant based on vesting rights assigned by the Company. Upon vesting of these units, the employee receives shares of the Company, based on the award granted. The vesting rights of these units are performance based and the vesting terms are set out in the PSU grant agreement. The performance measure for the LTIP awards is based on the performance of the Company’s share price measured against an index of mining companies listed on selected stock exchanges.

Since NEOs have the potential to significantly influence shareholder value, NEOs receive LTIP Awards primarily in PSUs. This directly aligns the NEO’s incentive compensation to the creation of shareholder value.

The Company uses the Monte Carlo Simulation to value PSU awards. The Monte Carlo Simulation is a technique used to approximate the probability of certain outcomes by running multiple scenarios, called simulations, based on normally

distributed random variables (“NDRV”). The stock price at the end of each simulation is the product of the initial stock price times a rate of return based on these assumptions. The Grant Date Fair Value for an individual PSU LTIP Award is equal to the number of shares awarded multiplied by the market price on the grant date (June 30) then multiplied by the probability of vesting determined using the Monte Carlo Simulation. The Grant Date Fair Value is the same as the Accounting Fair Value. The Company’s aggregate LTIP liability derived by the Monte Carlo Simulation is discounted annually to account for individual forfeitures during the vesting period for each LTIP Award as a result of employees leaving the Company. Based on the Monte Carlo Simulation, the 2009 PSU award’s probability of vesting was 22.6% at the time of grant. RSUs are valued at the number of shares awarded multiplied by the Grant Date Fair Value on the grant date (June 30).

Under the LTIP Plan, the Company has established an independent trust (the “Trust”) under an agreement dated August 25th, 2006 (the “Agreement”) and has appointed a Trustee to the Trust. Company shares are purchased by the Trust through the facilities of the TSX during the year to settle the LTIP Awards.

(b) *Value on Pay-Out or Vesting of Incentive Plan Awards*

Name	Share Awards Value during the Year on Vesting⁽¹⁾	Non-Equity Incentive Plan Compensation Payout During the Year⁽⁴⁾
Philip K.R. Pascall	Nil	300,000
G. Clive Newall	Nil	125,000
Martin R. Rowley	879,262 ⁽²⁾	193,000
Christopher Lemon	19,319 ⁽³⁾	44,000
David Moroney	N/A	N/A
Troy Hayden	N/A	N/A
Mark Bolton	N/A	Nil

(1) Amounts shown are in CDN\$.

(2) Amount shown is based on vesting date market price (August 18, 2009) of CDN\$65.47 x (2239 RSUs + 11,191 PSUs).

(3) Amount shown is based on vesting date market price (August 31, 2009) of CDN\$64.83 x 298 RSUs.

(4) Amounts shown are in US\$. These are the same amounts as shown on the Summary Compensation Table under “Annual Incentive Plans”.

(c) *Options and Stock Appreciation Rights (“SARs”)*

The LTIP program is discussed under paragraph D(a).

The Company has a stock option plan (the “2004 Stock Option Plan”), which also permits the issuance of SARs, the purpose of which is to provide incentives to directors, officers, senior management and certain consultants of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per Share value created for the Company’s shareholders. Options under the 2004 Stock Option Plan have been typically granted in such numbers as reflect the level of responsibility of the particular optionee and his or her contribution to the business and activities of the Company.

Options granted under the 2004 Stock Option Plan typically have a five (5) year term and are fully vested after three (3) years. The maximum term of an option under the 2004 Stock Option Plan is ten (10) years. Options are generally not assignable and, except in certain specified circumstances, terminate upon the optionee ceasing to be employed by or associated with the Company. If Shares are not issued under an option for any reason, the Shares in respect of such option will be made available and will not reduce the maximum number of Shares available for issuance under the plan. The maximum number of shares that may be issued is 6,000,000 shares. The number of Shares issuable to insiders shall not exceed in the aggregate ten percent (10%) of the Company’s total issued and outstanding Shares. The terms of the 2004 Stock Option Plan further provide that the price at which Shares may be issued under the 2004 Stock Option Plan cannot be less than the current market price of the Shares on the date immediately preceding the date of grant. The 2004 Stock Option Plan was amended to confirm that, in addition to time-based vesting conditions, options may be subject to

performance based vesting conditions. In the case of termination with or without cause all options are terminated. However, in the event of a change of control, if an employee is terminated within six months of the change of control, all options vest.

The 2004 Stock Option Plan cannot be amended in any respect without shareholder approval.

None of the NEOs have outstanding options. SARs have never been issued under the plan.

E. Retirement Benefit Plans

The Company does not provide retirement or pension benefits for directors, officers or employees and does not have a deferred compensation plan.

F. Termination and Change Of Control Benefits

Name	Estimated Cash Payout on Termination (\$)		Estimated Value Vested Share Awards on Termination without Cause ⁽¹⁾ (\$)
	Without Cause	Change of Control and Termination	
Philip K.R. Pascall	437,500	2,734,375	3,765,799
Martin Rowley	290,625	1,816,406	1,428,387
G. Clive Newall	217,500	1,359,375	1,566,434
Christopher Lemon	143,000	536,250	561,820
Mark Bolton	140,000	525,000	314,619

(1) Amounts shown are in CDN\$ based on a share price of CDN\$80.26 as at December 31, 2009 and assuming all PSUs and RSUs vest.

The Company has management services or employment agreements with each of the NEOs or their holding companies (as the case may be, and for the purposes of this Part, each NEO or his holding company, is referred to as an “Executive Officer”) in respect of their positions with the Company. Each Executive Officer is engaged for an indefinite term and remains bound by confidentiality obligations. The CEO and CFO are required to provide their services exclusively to the Company (except with the prior written consent of the Company).

The following is a general summary of the termination and change of control or responsibility provisions applicable to each of the Executive Officers, under existing agreements:

- (a) The Company may terminate the Executive Officers engagement for cause following five (5) days’ written notice, and all compensation and benefits will cease accruing on the Executive Officer’s termination date. In this instance “cause” includes: any breach of the agreement, or inadequate performance of the Executive Officer’s duties that is not cured within five (5) days following written notice by the Company; unauthorized possession of the Company’s property, theft or dishonesty, being under the influence of alcohol or illegal drugs on the Company’s operational premises, assault or fighting where the Executive Officer is an active participant, being charged with a civil or serious criminal offence, unethical practices, intentional disloyalty, a serious breach of the Company’s policies and procedures, being absent without prior agreement for three or more days, or behaviour that brings the Company into disrepute.
- (b) The Company may terminate the Executive Officer’s engagement at any time without cause following six (6) months written notice, or payment of six months salary and benefits in lieu of such notice for the CEO, President, Executive Director Business Development and General Counsel and Corporate Secretary, and following four (4) months written notice, or payment of four months salary and benefits in lieu of such notice for the CFO. The Executive Officer is not obligated to mitigate any damages that may be suffered by reason of the termination without cause by the Company.

- (c) If the Executive Officer is terminated by the Company, or if there is a material change in the Executive Officer's conditions of employment, at any time within the period commencing on the date of a change of control and ending twenty four (24) months thereafter, the Company is required to pay the CEO, President, and Executive Director Business Development an amount equivalent to thirty (30) months, the General Counsel and Corporate Secretary eighteen (18) months and the CFO twelve (12) months, of the Executive Officer's compensation package for or paid in relation to the previous calendar year and any stock options or incentive awards held by or granted to the Executive Officer immediately vest.
- (d) The Executive Officer may terminate his engagement without cause only upon one hundred twenty (120) days advance written notice to the Company. All compensation will cease accruing upon the Executive Officer's termination date for any termination by the Executive Officer without cause.

For each of the Executive Officers, upon disability, the Company may terminate his services or make such other arrangements as the Company, in its sole discretion, deems necessary to accommodate the Executive Officer. The term "disability" is defined as any health condition or other cause beyond the reasonable control of the Executive Officer that reasonably prevents the Executive Officer from performing his duties for a period of 120 days within any twelve (12) month period.

G. Directors' Compensation

(a) *Compensation of Directors*

The following table sets forth particulars concerning the compensation of the directors for the Company's most recently completed financial period that ended December 31, 2009.

<u>Name</u>	<u>Fees Earned</u> (<u>\$</u>)	<u>Share Awards</u> ⁽¹⁾	<u>All Other Compensation</u>	<u>Total</u> (<u>\$</u>)
Rupert Pennant-Rea	114,585	Nil	Nil	114,585
Michael Martineau	110,834	Nil	Nil	110,834
Peter St. George	137,084	Nil	Nil	137,084
Andrew Adams	125,834	Nil	Nil	125,834
Paul Brunner	81,667	97,313 ⁽²⁾	Nil	178,980

(1) For disclosure purposes, all share awards paid in Canadian dollars have been converted as follows (the exchange rate on the date of grant): CDN\$1.00 = USD\$0.865 for 2009 (as at July 1, 2009).

(2) Mr. Brunner received a share award of 2,000 RSUs on July 1, 2009. The RSUs were valued on the Grant Date (July 1) at Fair Market Value (CDN\$56.25) converted into US\$.

(b) *Narrative Discussion*

In light of the rapid deterioration of global economic conditions in the later part of 2008, and the resulting impact on both the Company's share price and financial outlook for 2009, as well as the appreciation of the \$US, in November 2008 the Nominating and Governance Committee considered and approved a recommendation from the Independent Directors to implement an annual fee reduction to \$100,000, and a reduction of the Lead Director and Audit and Compensation Committee Chair fees to \$10,000. The decreases in annual fees were made effective January 1, 2009. During the early part of 2009 the Company achieved significant cost reductions across its operations. At the same time, commodity prices stabilized and the financial outlook for the Company improved. In May 2009, the Nominating and Governance Committee recommended the restoration of the Director's annual fees to their levels prior to December 1, 2008, which was made effective July 1, 2009. As a result, from January 1, 2009 to May 14, 2009, each independent director of the Company received an annual fee of USD\$100,000 cash for serving as a director. On May 14, 2009, each independent director's salary was increased to USD\$110,000 cash. On July 1, 2009, each independent director's salary was restored to USD\$120,000. From January 1, 2009 to June 30, 2009, each of the Chairman of the Audit Committee, the Chairman of the Compensation Committee and the Lead Independent Director received an additional annual fee of USD\$10,000, which was then restored to USD\$20,000 from July 1, 2009 onward. Committee members receive no fee for attending committee meetings. All annual directors' fees are pro-rated. Directors are also reimbursed for their out-of-pocket expenses incurred in attending director and committee meetings.

The Nominating & Governance Committee, at the request of the Compensation Committee Chairman, recommended to the Board that the Compensation Committee Chairman's fee be eliminated due to the fact the Company had now in place a well established compensation program. The Compensation Committee Chairman's fee was therefore cancelled effective January 1, 2010.

All directors are eligible to be granted stock options under the Company's 2004 Stock Option Plan and RSUs under the LTIP adopted by the Company in 2006. No options were granted to any of the directors of the Company during 2009. Paul Brunner received a share award of 2,000 RSUs in 2009 following his appointment as a director.

(c) *Share Awards, Option Awards and Non-Equity Incentive Plan Compensation*

(i) Outstanding Share Awards and Option Awards

Name	Option Awards		Share Awards	
	Number of Unexercised Options	Market Value of Unexercised in-the-money Options	Number of Unvested PSUs/RSUs	Market Value of Unvested RSUs ⁽³⁾
Andrew Adams	65,000 ⁽¹⁾	\$3,859,700 ⁽²⁾	Nil / 140	\$11,236
Michael Martineau	Nil	Nil	Nil / 509	\$40,852
Rupert Pennant-Rea	Nil	Nil	Nil / 536	\$43,019
Peter St. George	Nil	Nil	Nil / 140	\$11,236
Paul Brunner	Nil	Nil	Nil / 2,000	\$160,520

(1) Options were granted on June 6, 2005 and expire on June 6, 2010. The options vested on June 6, 2008 and are exercisable at price of CDN \$20.88 per share.

(2) Amount shown is in CDN\$ based on a share price CDN\$80.26 as at December 31, 2009 minus exercise price cost.

(3) Amounts shown are in CDN\$ based on a share price CDN\$80.26 as at December 31, 2009.

(ii) Value on Pay-Out or Vesting of Incentive Plan Awards

Name	Option-Based Awards Value during 2009 (\$)	Share Awards Value during 2009 on Vesting ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation Payout During 2009
Andrew Adams	1,899,555 ⁽¹⁾⁽²⁾	22,275 ⁽³⁾	Nil
Michael Martineau	Nil	33,324 ⁽⁴⁾	Nil
Rupert Pennant-Rea	Nil	Nil	Nil
Peter St. George	Nil	23,309 ⁽⁵⁾	Nil
Paul Brunner	Nil	N/A	Nil

(1) Mr. Adams exercised 10,000 options on September 11, 2009 and 25,000 options on September 15, 2009. Amount shown is net of exercise cost.

(2) Amounts shown are in CDN\$.

(3) Amount shown is based on vesting date market price (July 7, 2009) of CDN\$56.25 x 396 RSUs.

(4) Amount shown is based on vesting date market price (August 18, 2009) of CDN\$65.47 x 509 RSUs.

(5) Amount shown is based on vesting date market price (July 17, 2009) of CDN\$58.86 x 396 RSUs.

(d) *Directors' and Officers' Liability Insurance*

In 2009, the Company maintained directors' and officers' liability insurance with a US\$30,000,000 combined aggregate annual and per occurrence limit at an annual premium for the period June 30, 2009 to June 30, 2010 of US\$158,000. Generally, under this insurance, the Company would be reimbursed for payments made under corporate indemnity provisions on behalf of its directors and officers and individual directors and officers would be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Company. Excluded from coverage are illegal acts and those acts which result in personal profit. Retention under the Company's directors' and officers' insurance policy is USD\$100,000.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans as at the 2009 financial year end:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options⁽¹⁾ (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity (stock option) compensation plans approved by the securityholders	157,000	\$32.26	3,161,833
Equity (LTITP) compensation plans approved by the securityholders	N/A ⁽²⁾	0	1,000,000 ⁽²⁾
Equity compensation plans not approved by the securityholders	Nil	N/A	Nil
Total	157,000	\$32.26	4,161,833

(1) Amounts shown are in CDNS\$.

(2) 1,000,000 shares were approved for issuance under the LTITP at the 2009 AGM.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of Say on Pay Policy

The Board of Directors of the Company recognizes that shareholder engagement and having the ability to express views on executive compensation are evolving areas in Canada and globally.

The Company believes that senior executive salaries should be determined by the Board of Directors. However, on January 31, 2010, the Board adopted a *Say on Pay Policy* which provides for an annual shareholder advisory resolution on executive compensation ("*Say on Pay Resolution*"). The purpose of the *Say on Pay Resolution* is to ensure an appropriate level of accountability to the shareholders of the Company for their compensation decisions by giving shareholders a formal opportunity to provide their views on the disclosed objectives of the executive compensation plans, and on the plans themselves, for the past, current and future fiscal years through an advisory vote at each annual shareholders meeting.

While Shareholders are encouraged to provide their collective advisory vote, the directors of the Company remain fully responsible for their compensation decisions and are not relieved of these responsibilities by a positive advisory vote by shareholders.

Shareholder approval of the *Say on Pay Resolution* is required by ordinary resolution, being a majority of the votes cast by Shareholders on the resolution.

At the Meeting, Shareholders will be asked to approve the following non-binding ordinary resolution:

“BE IT RESOLVED, on an advisory basis, and not to diminish the role and responsibilities of the Board of Directors of the Company, that the Shareholders accept the approach to executive compensation disclosed in the Company’s Management Information Circular delivered in advance of the 2010 annual meeting of shareholders.”

As this is an advisory vote, the results will not be binding upon the Company. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions.

The Company will disclose the results of the shareholder advisory vote as a part of its report on vote results for the Meeting.

In the event that a significant number of shareholders oppose the resolution, the Company will consult with its shareholders (particularly those who are known to have voted against it) to fully understand their concerns and will review the Company’s approach to compensation in the context of those concerns.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided by the Company’s comparative annual financial statements to December 31, 2009, together with the Management’s Discussion and Analysis thereon. Copies of the Company’s financial statements and its Management’s Discussion and Analysis for the year ended December 31, 2009 may be obtained by any shareholder of the Company free of charge by request to the Company at:

8th Floor
543 Granville Street
Vancouver, British Columbia
Canada V6C 1X8

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

DATED at Vancouver, British Columbia, this 19th day of April, 2010.

ON BEHALF OF THE BOARD OF DIRECTORS

“Philip K.R. Pascall”

Philip K.R. Pascall
Chairman and Chief Executive Officer