

2010

Notice of Annual General and Special
Meeting and
Management Proxy Circular



RED BACK MINING INC.
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that an annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Shares**") in the capital of **RED BACK MINING INC.** (the "**Corporation**") will be held at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, on Monday, May 10, 2010 at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

1. To receive the consolidated audited financial statements of the Corporation for the year ended December 31, 2009, together with the report of the auditors thereon;
2. To appoint auditors to hold office until the next annual meeting, at a remuneration to be fixed by the directors of the Corporation;
3. To elect directors to hold office until the next annual meeting of the Corporation;
4. To consider the approval of a new Stock Option Plan as more particularly set out in the attached Management Proxy Circular dated April 6, 2010 (the "**Circular**");
5. To consider certain stock option grants to insiders of the Corporation as more particularly set out in the attached Circular;
6. To consider amendments to the By-laws of the Corporation to allow the use of the Direct Registration System offered by the Corporation's registrar and transfer agent as more particularly set out in the attached Circular;
7. To consider amendments to or variations of any matter identified in this Notice of Meeting; and
8. To transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

Only Shareholders of record as of 5:00 p.m. (Vancouver time) on April 5, 2010, the record date for the Meeting, will be entitled to receive notice of the Meeting and to attend and vote at the Meeting or any adjournments or postponements thereof. Accompanying this Notice of Meeting are: (i) the Circular; and (ii) an Instrument of Proxy and Notes thereto. The consolidated audited financial statements of the Corporation for the year ended December 31, 2009 have been provided to Shareholders separately and are available on SEDAR at www.sedar.com. Reference is made to the Circular for details of the matters to be considered at the Meeting.

If you are a *registered shareholder* of the Corporation you may attend the Meeting in person or may be represented by proxy. If you are a registered shareholder of the Corporation and unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of proxy in the addressed envelope enclosed to Proxy Department, Computershare Investor Services Inc. ("**Computershare**"), 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention Proxy Department. Telephone and Internet voting can also be completed 24 hours a day, 7 days a week by following the instructions in the accompanying form of proxy. Duly completed forms of proxy must be received or a vote using the telephone or over the internet must be completed no later than forty-eight hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, being 10:00 a.m. (Vancouver time) on Monday, May 10, 2010, or any adjournments or postponements thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies subsequently received.

If you are a *non-registered Shareholder* of the Corporation you should complete and return the voting instruction form or other authorization provided to you by your broker, investment dealer, trust company or other intermediary in accordance with the instructions provided therein. **If you are a non-registered Shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting, either in person or by proxy.**

If you do not vote, or do not instruct your broker, investment dealer, bank, trust company or other intermediary how to vote, you will not be considered to be represented by proxy for the purpose of approving resolutions put forward at the Meeting. The Shares represented by a properly executed proxy will be voted on any ballot that may be conducted at the Meeting in accordance with your instructions and, if you specify a choice with respect to any matter to be acted upon, your Shares shall be voted accordingly. In the absence of instructions, the Shares represented by a properly executed proxy will be voted **FOR** each of the matters referred to in the proxy.

If you have any questions about the procedures required to qualify to vote at the Meeting or about obtaining and depositing the required form of proxy, you should contact Computershare Investor Services Inc. by telephone (toll free) at 1-800-564-6253, by fax at 1-866-249-7775 or by e-mail at service@computershare.com.

BY ORDER OF THE BOARD

(signed) Richard P. Clark,
President and CEO

Vancouver, British Columbia
April 6, 2010

RED BACK MINING INC.

MANAGEMENT PROXY CIRCULAR

PROXY SOLICITATIONS

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of RED BACK MINING INC. (the "Corporation") for use at the annual general and special meeting of Shareholders of the Corporation to be held at 10:00 a.m. (Vancouver time) on Monday, May 10, 2010, at the time and place and for the purposes set out in the accompanying Notice of Meeting or at any adjournments or postponements thereof (the "Meeting").

It is expected that the solicitation of proxies for the Meeting will be made primarily by mail, however, proxies may also be solicited by the officers, directors and employees of the Corporation by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The solicitation of proxies for the Meeting are being made by or on behalf of management of the Corporation, and the cost of soliciting proxies in connection with the meetings will be borne directly by the Corporation.

The Board of Directors (the "Board") of the Corporation has fixed 5:00 p.m. (Vancouver time) on April 5, 2010 as the record date, being the date for the determination of the Shareholders of the Corporation (the "Shareholders") entitled to receive notice of and vote at the Meeting. The Board has resolved that duly completed and executed proxies must be received by the Corporation's registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1, Attention: Proxy Department, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the time set for the Meeting or any adjournments or postponements thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies subsequently received. Telephone and Internet voting can also be completed by the Shareholders 24 hours a day, 7 days a week at 1-866-732-VOTE (8683) (toll free) and www.investorvote.com.

The information contained in this Circular is given as of April 6, 2010, unless otherwise indicated. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars.

REGISTERED SHAREHOLDERS

If you are a registered Shareholder you may vote in person at the Meeting or you may appoint another person to represent you as a proxyholder to vote your securities at the Meeting.

APPOINTMENT AND REVOCATION OF PROXY

Voting of Proxies

Enclosed with this Circular is the Proxy. The shares represented by the accompanying Proxy should be sent to the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 Attention: Proxy Department. Where a choice is specified in the Proxy in respect of any matter to be acted upon, the Proxy will be voted or withheld from voting in accordance with the specification made. In the absence of such specification proxies in favour of management will be voted in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting. The enclosed Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Appointment of Proxies

The persons named in the enclosed Proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint some other person, who need not be a Shareholder to represent him or her at the Meeting**, and may do so by inserting such person's name in the blank space provided in the enclosed applicable Proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed applicable proxy at the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 Attention: Proxy Department.

A Shareholder forwarding the applicable Proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the Proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The securities represented by the Proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

To be valid, a Proxy must be executed by a Shareholder or by a Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney.

Revocation of Proxies

A Proxy given pursuant to this solicitation may be revoked at any time prior to its use.

A Shareholder who has given a Proxy may revoke the Proxy by:

- a) completing and signing a Proxy bearing a later date and depositing it at the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 Attention: Proxy Department;
- b) depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney either with Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 Attention: Proxy Department, or at the head office of the Corporation at Suite 2101, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, Attention: Kathy Love, at any time up to and including the last business day preceding the day of the Meeting or any adjournments or postponements thereof or with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournments or postponements thereof; or
- c) in any other manner permitted by law.

Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such Proxy.

NON-REGISTERED SHAREHOLDER

Voting of Proxies

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are "Non-Registered Shareholders" because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of such shares; or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Meeting of the Corporation, this Circular and the Proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada (formerly ADP Investor Communications, Canada) ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the

forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the shares to be represented at the meeting. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. A Non-Registered Shareholder who receives a voting instruction form cannot use that form to vote their securities at the meeting. The voting instructions forms must be returned to Broadridge (or instructions respecting the voting of securities must otherwise be communicated to Broadridge) well in advance of the meeting to have the securities voted; or

- b) 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 Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 Attention: Proxy Department.

The purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the securities they beneficially own. Although a Non-Registered Shareholder may not be recognized directly at the applicable meeting for the purposes of voting securities registered in the name of his broker or Intermediary, a Non-Registered Shareholder may attend the applicable meeting as a proxyholder for the Registered Shareholder and vote the securities in that capacity. Should a Non-Registered Shareholder who receives one of the above forms wish to attend the applicable meeting and indirectly vote their securities as proxyholder for the Registered Shareholder at the meeting (or have another person attend and vote on behalf of the Non-Registered Shareholder) the Non-Registered Shareholder should strike out the persons named in the voting instruction form and insert the Non-Registered Shareholder or such other person's name in the blank space provided and return the same to their broker or Intermediary. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered. If you have any questions respecting the voting of securities held through a broker or Intermediary, please contact that broker or Intermediary promptly for assistance.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the applicable meeting.

If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a Director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of Directors and proposed amendments to the Corporation's stock option plan and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at the date of the accompanying Notice of Meeting, the Corporation's authorized capital consists of an unlimited number of common shares ("**Shares**") without par value of which 232,434,435 Shares are issued and outstanding. All Shares in the capital of the Corporation carry the right to one vote.

To the knowledge of the directors and executive officers of the Corporation, as of the date of this Circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding Shares of the Corporation:

Name and Address	Number of Shares	Percentage
CDS & Co. ⁽¹⁾ 25 The Esplanade P.O. Box 1038 Station A Toronto, Ontario M5W 1G5	215,640,513	92.8%

(1) The beneficial owners of Shares held by depositories are not known to the directors or executive officers of the Corporation

APPOINTMENT AND REMUNERATION OF AUDITORS

Management of the Corporation intends to nominate PricewaterhouseCoopers LLP, Chartered Accountants, for re-appointment as auditors of the Corporation. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the reappointment of PricewaterhouseCoopers LLP as auditors of the Corporation to hold office until the close of the next annual meeting of the Corporation, at a remuneration to be fixed by the Directors of the Corporation. PricewaterhouseCoopers was first appointed auditor of the Corporation on November 9, 2006.

The disclosure required by Form 52-110F1 of Multilateral Instrument 52-110, Audit Committees, including the text of the Audit Committee's charter and the fees paid to the Corporation's external auditor, can be found in the Corporation's Annual Information Form dated March 30, 2010 under the Corporation's profile on the SEDAR website at www.sedar.com.

ELECTION OF DIRECTORS

The Directors of the Corporation are elected each year at the annual meeting of the Corporation and hold office until the close of the next annual meeting or until their successors are elected or appointed. The articles of the Corporation provide that the Corporation will have a minimum of one and a maximum of ten Directors. The by-laws of the Corporation provide that when the articles of the Corporation provide for a minimum and maximum number of Directors, the number of Directors within the range may be determined from time to time by resolution of the Board. The Board has determined that there should be six Directors.

The following table sets out the name of each person proposed to be nominated for election as a Director, all other positions and offices with the Corporation and any significant affiliate now held by him, if any, his principal occupation or employment, the period or periods of service as a Director of the Corporation and the approximate number of Shares of the Corporation beneficially owned by him directly or indirectly or over which he exercises control or direction:

Name and Province and Country of Residence	Positions with RBI	Security Holding ⁽¹⁾	Principal Occupation within the Preceding Five Years and, if applicable, Term as Director
Richard P. Clark British Columbia, Canada	Director, President and Chief Executive Officer	890,988	<ul style="list-style-type: none"> President and CEO of the Corporation Director since June 21, 2000
Lukas H. Lundin British Columbia, Canada	Director, Chairman of the Board	33,769	<ul style="list-style-type: none"> Mining and oil and gas executive Director since May 29, 2003
Michael W. Hunt ⁽⁵⁾ Western Australia, Australia	Director	236,020	<ul style="list-style-type: none"> Partner in Hunt & Humphry, Project Lawyers, Perth, Australia Director since May 3, 2004
Robert F. Chase ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Director	50,000	<ul style="list-style-type: none"> Self-employed businessman Director since August 8, 2005
Brian D. Edgar ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Director	20,000	<ul style="list-style-type: none"> Self-employed businessman Director since August 8, 2005

Name and Province and Country of Residence	Positions with RBI	Security Holding ⁽¹⁾	Principal Occupation within the Preceding Five Years and, if applicable, Term as Director
George L. Brack ⁽³⁾⁽⁴⁾ British Columbia, Canada	Director	10,000	<ul style="list-style-type: none"> • Self-employed businessman since Feb, 2009; Managing Director and Industry Head – Mining at Scotia Capital, a full service investment bank Dec 2006 to Feb, 2009. Prior to Dec 2006 President and Executive Director Macquarie North America Ltd., an investment banking firm specialising in mergers and acquisition advice to the global mining industry. • Director since May 21, 2009

⁽¹⁾ On a non-diluted basis.

⁽²⁾ Mr. Edgar is lead Director for the independent Directors.

⁽³⁾ Members of the Audit Committee

⁽⁴⁾ Members of the Compensation Committee

⁽⁵⁾ Members of the Corporate Governance and Nominating Committee

Each of the above nominees was elected to his current term of office by a vote of Shareholders of the Corporation at a meeting the notice of which was accompanied by a management information circular. The information as to Shares beneficially owned, or controlled or directed, directly or indirectly, by the above nominees not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.

It is intended that on any ballot that may be called for relating to the election of Directors, the Shares represented by proxies in favour of management nominees will be voted in favour of the election of each of the persons named above as Directors of the Corporation, unless a Shareholder has specified in its proxy that the shareholder's shares are to be withheld from voting in the election of Directors. Although management does not contemplate that any of the above nominees will be unavailable to stand for election or will decline to serve if elected, in the event of any vacancy among the nominees occasioned by an unexpected occurrence, the proxies given pursuant to this solicitation will be voted in favour of the remaining nominees and for such other substitute nominees as the Board of Directors may designate in such event, unless the Shareholder has specified in the proxy that its Shares are to be withheld from voting in the election of Directors.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as referred to below, to the best of management's knowledge, no proposed Director is, or has been within the last 10 years, a Director, chief executive officer, or chief financial officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the proposed Director ceased to be a Director, chief executive officer, or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

No proposed Director is or has been within the last 10 years, a Director or executive officer of any company 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. Edgar and Mr. Chase are currently and were Directors of New West Energy Services Inc. (formerly "Lexacal Investment Corp.") (TSX-V) when, on September 5, 2006, a cease trade order was issued by the British Columbia Securities Commission for failure to file financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

To the best of management's knowledge, no proposed Director has, within the 10 years before 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 the proposed Director.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The following compensation discussion and analysis describes the Corporation's policies and practices with respect to the compensation of its named executive officers, being its current Chief Executive Officer ("**CEO**"), its current Chief Financial Officer ("**CFO**") and the three most highly compensated executive officers other than the CEO and CFO (collectively, the "**NEOs**").

Overview of Compensation Philosophy

The Corporation's priority is to ensure that remuneration packages are sufficiently attractive to recruit, retain and motivate the kind of high performing individuals who will be instrumental in helping the Corporation to achieve its potential. However, the Corporation also recognises that this has to be balanced with a sense of fairness, with total reward closely linked to the achievement of superior performance at both corporate and individual levels.

The remuneration must encourage executives to focus on maximizing shareholder value. There are a number of ways in which the needs and interests of our management and our other stakeholders are aligned. For example, the short term (annual bonus) incentive plan described below gives Shareholders the assurance that the Corporation is paying for results, even on an annual total cash basis. In addition, a significant proportion of the executive pay package is leveraged towards stock options and, therefore, tied to share price appreciation. The Corporation's view is that stock options encourage a longer term focus for management, beyond the more immediate one year cycle of base pay and short term incentive bonus. Stock options also help to ensure that management is subject to exactly the same external market conditions as our Shareholders.

The Compensation Committee ("**CC**") pursues the following principles when determining executive compensation policies:

The remuneration package must be competitive with other companies in the region and industry and well-balanced across the short, medium and longer term elements, so that it is both attractive to the individual and cost effective for the Corporation. This balance is achieved by providing base pay at a reasonable mid-level after also taking into consideration the seniority and experience of the NEO as an anchor which makes the Corporation a realistic prospect for talented candidates. The short term incentive (annual bonus) plan allows the Corporation to attract high performers by offering them the opportunity to achieve superior total annual reward through their own delivery of excellence at individual and business levels. Finally, the longer term reward element (stock option grants), which is described in greater detail below, provides the opportunity to build ownership and growth in the medium and longer term future in line with the opportunities for success afforded to the Shareholders.

The Corporation's executive compensation package consists of competitive base salaries, annual performance bonuses, long-term incentives that vary with the Corporation's long-term performance, and other benefits, all of which are set within the context of the relevant industrial and geographic norms that the Corporation operates within and at a level which will make the Corporation competitive in its chosen mining and mineral exploration markets. The compensation program recognizes and encourages individual performance and contribution to the returns achieved by the Corporation.

The remuneration must also reflect the executives' job scope and responsibilities as well as providing appropriate rewards for improvements in individual and corporate performance, and encourage executives (both individually and as team players) to strive for continuous improvements.

Periodically outside advisors are engaged to review the market competitiveness of directors' and officers' compensation. Roger Gurr & Associates ("**Gurr**") were retained by the Corporation in October 2009 to conduct a compensation review for the directors and officers of the Corporation and to provide recommendations to the CC. Gurr also reviewed and provided comments on the Corporation's 2009 Incentive Stock Option Plan, Share Appreciation Rights Plan and Deferred Share Unit Plan (collectively the "**Plans**"). These Plans are described in further detail under "Securities Authorized for Issuance Under Equity Compensation Plans".

Role of Management in Determining Compensation

Members of management, including the CEO, participate in various aspects of the compensation setting process. The accountability for decisions on executive remuneration is clearly within the remit of the CC, but management has a key role in helping support the CC in fulfilling its obligations. For example, the CEO and other senior members of his leadership

team provide a source of external data and analysis. They also provide the CC with the broader context of reward in the wider organisation, to help further inform and support the quality of the decision making process on executive pay.

Whilst not a member of the CC, the CEO provides key input on the performance of other NEOs. However, all discussion which would affect the CEO's own remuneration package, directly or indirectly, is held in camera.

In October 2009, following extensive consultations with the CC and Gurr, management recommended a number of corporate performance measurement principles for the CC to consider in the determination of the short-term incentive portion of executive compensation. These measurement principles were put forward to, and adopted by, the Board of Directors of the Corporation on October 30, 2009. The principles include:

- the Corporation's percentage share price appreciation vs. the percentage appreciation of the gold price, the TSX gold index and the share prices of the comparator group of companies, prepared on a three, two and one year basis;
- Meeting or exceeding the gold production targets set at the beginning of each year;
- Meeting or exceeding the cash operating cost per oz target set at the beginning of each year;
- Meeting or exceeding the prior year's health and safety performance, measured in the form of Fatalities, LTI's and MTI's at each mine site;
- Increase in gold reserves and/or resources derived from other than external factors (e.g. gold price) on a three, two and one year basis;
- Average gold reserve discovery cost per oz calculated on a three year rolling period;

The CC recognizes that the direct relevance of each of these measurements may vary from executive to executive because each executive has primary responsibilities related to a specific area of the business (e.g. corporate development, financial reporting, exploration, mine operations, etc.). Therefore, the CC retains the discretion to apply qualitative interpretation and sound judgment in assessing performance against each principle.

In addition, there may be unique transactions and events that may result in significant shareholder value appreciation or protection that cannot be easily reduced to quantifiable principles and should be assessed on a purely discretionary basis in determining variable compensation. If the true value to the Corporation and its shareholders cannot be readily determined at the time these transactions and events occur, payment of all or a portion of this compensation will be conditional on future confirmation of value and not be due until a future period, as determined by the Board.

Determining Compensation Levels

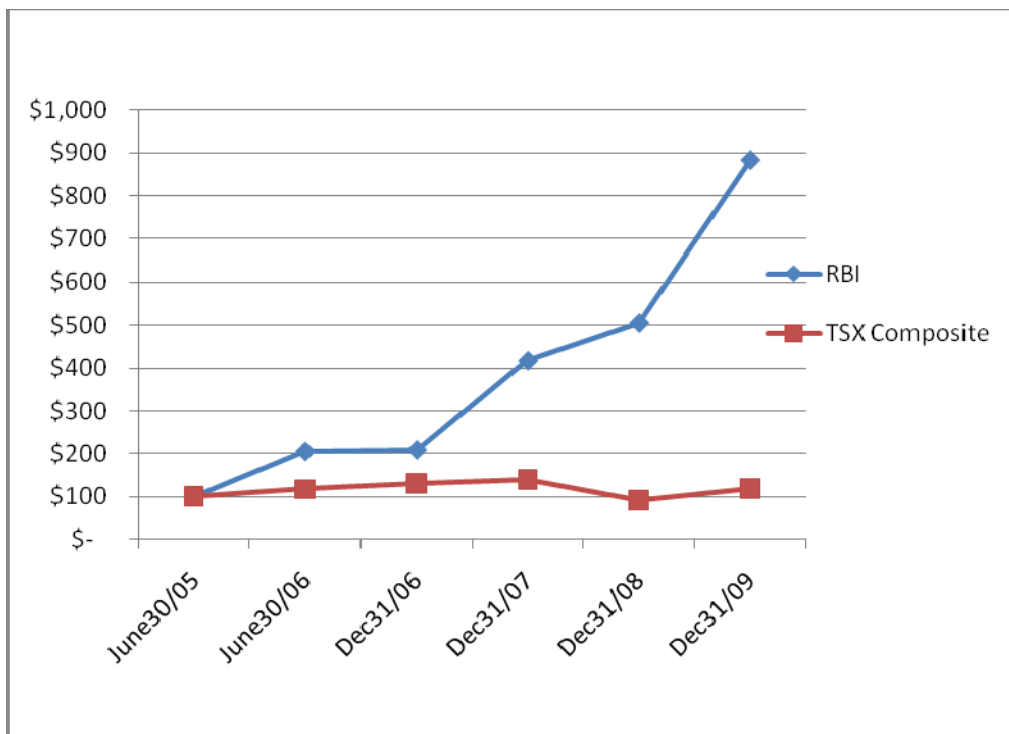
In determining compensation levels the CC considered the Executive Compensation report prepared by Gurr in October 2009 (the "**Exec Report**"). The Exec Report highlighted the current compensation levels of a comparator group of mining companies and principles for rewarding executives within the Corporation. The CC, Gurr and management arrived at the comparator group of companies to be used in the Exec Report based on the following principles: companies that (a) were similar in size (market cap, annual revenues); (b) have operating mines; (c) mainly deal in precious metals (preferably gold); and (d) have mines in foreign locations – outside of North America. Over 15 companies were used to provide reasonably consistency/stability of compensation data in the current and future years.

The following is a list of companies used in the Exec Report that met most of the selection criteria:

Agnico-Eagle Mines Limited	Gammon Gold Inc.	Minefinders Corporation Ltd.
Alamos Gold Inc.	Golden Star Resources Ltd.	New Gold Inc.
Centerra Gold Inc.	IAMGOLD Corporation	Pan American Silver Corp.
Dundee Precious Metals Inc.	Jaguar Mining Inc.	Randgold Resources Limited
Eldorado Gold Corporation	Kinross Gold Corporation	Semafo Inc.
First Quantum Minerals Ltd.	Lihir Gold Limited	Yamana Gold Inc.

Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Toronto Stock Exchange for CDN\$100 invested in Shares of the Corporation on June 30, 2005 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Corporation. The Share performance as set out in the graph does not necessarily indicate future price performance.



(in CDN\$)	June 30, 2005	June 30, 2005	Dec 31, 2006	Dec 31, 2007	Dec 31, 2008	Dec 31, 2009
RBI	100.00	205.00	209.00	417.00	505.00	882.00
TSX Composite Index	100.00	117.00	130.00	140.00	91.00	119.00

Elements of Compensation

Compensation of the Corporation's NEOs for the fiscal year ended December 31, 2009 was comprised primarily of the following components:

- base salary
- short term incentive (annual cash bonus)
- long-term incentive (in the form of stock option grants and share performance based cash payments)

Base Salary

The Corporation strives to pay its executives in the mid-range for salaries of comparable positions and in comparable companies. It is at times difficult, however, to place full reliance on external surveys because of the years of service and experience of our executive team and the specific circumstances of the Corporation. In making its annual recommendations, the CC also considers the distinct contributions of each executive, the financial performance and ability to pay of the Corporation and the experience and seniority of each executive. There was an adjustment made to the executive's salaries in September 2008, there was no adjustment to the executive's salaries during the fiscal year ended December 31, 2009.

Annual Cash Bonus

The CC provides recommendations of bonuses for the CEO directly to the Board while it considers recommendations received from the CEO for other NEO's before seeking their ratification from the Board. The CC considers a number of quantitative and qualitative factors in determining the allocation and amount of bonuses to be paid out annually. Bonus determinations, while discretionary, are based on the established corporate performance measurement principles (approved by the Board in October 2009) described in the previous page and summarized as follows:

1. the financial performance of the Corporation measured against stated targets and prior years. These include operating parameters such as production and costs targets and the success in replacing or increasing resources and reserves; and
2. the change in the Corporation's Share price and market capitalization in comparison to the changes experienced by peer companies, the gold index and the gold price.

In addition, personal achievements and contributions to operations of the Corporation as a result of special projects and individual efforts are also considered.

Bonuses were granted in February 2010 by the CC and the Board based on significant milestones achieved by the Corporation in 2009. These achievements included the completion of the major capital expansion programs at both Chirano and Tasiast, commencement of underground and dump leach operations at Chirano and Tasiast respectively, as well as the appreciation of the Corporation's Share price, which increased from a closing price of CDN\$8.45 on January 2, 2009 to a closing price on December 31, 2009 of CDN\$15.00. The Corporation's Shares have since traded at a record high of CDN\$22.13 on March 3, 2010. The Corporation's shareholders have realized a 323% increase in the share price over three years, whereas the average increase for the comparator companies used in the Exec Report was 37% over the same three year period.

Long-Term Incentives

Long term incentive plan ("**LTIP**") awards means "a plan providing compensation intended to motivate performance over a period greater than one financial year". LTIP awards were provided to the NEOs during the most recently completed financial year in two forms: Share Based Awards and Options Grants.

In October 2009, Gurr provided the CC with a report which reviewed Long Term Incentives (the "**LTIP Report**") for the CC's consideration. The report highlighted the lack of competitiveness of the Corporation's 2009 compensation of executives due to the absence of option based awards available for granting during a significant part of 2009. This occurred when incentive stock options conditionally granted to the NEO's in February 2009 were withdrawn (the "Withdrawn **Options**"). The Withdrawn Options were granted subject to obtaining Shareholder approval to increasing the maximum number of Shares that could be issued upon the exercise of options granted pursuant to the Corporation's Stock Option Plan approved by the Shareholders in 2007 (the "**2007 Plan**"). The Shareholder approval was not obtained when the Corporation elected to instead consider establishing a new stock option plan specifically designed to reflect current compensation practices (see "Particulars of Other Business to be Acted Upon – Approval of New Stock Option Plan") and as a result, the Withdrawn Options that had been conditionally granted to the NEO's were withdrawn.

The LTIP Report recommended that this lack of competitiveness and the negative impact of withdrawing the Withdrawn Options be immediately addressed to enhance staff retention and motivate the creation of long-term Shareholder value.

1. Share Based Awards

On October 16, 2009, on the recommendation of the CC, the Directors of the Corporation approved a current and future conditional cash award to the NEO's as compensation for then current implicit value of the Withdrawn Options that would mirror the Corporation's policy to grant options with deferred vesting. At the same time, the directors of the Corporation granted new options to the NEO's (see 2009 Option Grants below).

The maximum potential amount of the cash award is capped at CDN\$6.48 times the Withdrawn Options originally granted to each NEO. The CDN\$6.48 amount is the closing price of the Shares on the TSX on October 15, 2009 (CDN\$13.29) less the amount of the exercise price of the Withdrawn Options (CDN\$6.81).

One third of the maximum potential cash award was paid on October 16, 2009, one-third was paid on February 10, 2010 with one future installment (the "**Deferred Payout**") due on February 10, 2011, subject to the NEO still working for the Corporation on the payment date. If the closing price on the Deferred Payout due date is below CDN\$13.29, the Deferred Payout is decreased accordingly and will be NIL if the closing price of the Shares on the TSX is at or below CDN\$6.81. Therefore, the amount of the Deferred Payout will be calculated by multiplying one third of the number of Withdrawn Options granted to the NEO by the lesser of:

- (a) the difference between the closing price of the Shares on February 10, 2010 or 2011, as applicable, and CDN\$6.81; or
- (b) the maximum potential amount of CDN\$6.48.

2. 2009 Option Grants

It is the intention of the CC to ensure that stock option grants reward management's efforts in attaining long-term increases in value for our Shareholders. Consistent with this approach, in September 2008, the CC and the Board ratified a policy whereby stock options granted to executives have a five year life and vest 1/3rd on the grant date, 1/3rd on the first anniversary of grant and 1/3rd on the second anniversary of grant.

Concurrently with establishing the share based awards described above, and based on the then market price of CDN\$13.29, on October 16, 2009 stock options were granted to the NEO's to replace the Withdrawn Options. These options were granted under a new Stock Option Plan (the "2009 Plan") which the Shareholders are being asked to consider and approve at the Meeting. The options granted under the 2009 Plan are conditional upon the 2009 Plan obtaining Shareholder approval. See "Particulars of Other Business to be Acted Upon – Approval of New Stock Option Plan"

Retirement Benefits

The Corporation does not have formal pension plans for its executives. However, from time to time, in order to attract and retain the right level of skill, expertise and talent, the Corporation may structure the overall compensation arrangements of one or more of its executives to include retirement compensation arrangements.

Summary Compensation Table

The following table provides information regarding compensation received in or in respect of the financial year ended December 31, 2009 by each of the Corporation's NEOs, who are the following executive officers of the Corporation: (i) the Chief Executive Officer, (ii) the Chief Financial Officer, and (iii) each of the Corporation's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers during the fiscal year ended December 31, 2008 and whose total salary and bonus exceeds CDN\$150,000; and (iv) any additional individuals for whom disclosure would have been provided under (iii) but for the fact that the individual was not serving as an executive officer of the Corporation as at December 31, 2009. The Corporation's financial statements reporting currency is the US dollar while the Corporation's executives are remunerated in Canadian dollars. The table below reflects the equivalent executive compensation in US dollars, using the applicable average exchange rate for compensation paid in 2009 and the December 31, 2009 exchange rate for compensation payable or accrued at that date.

Name and principal position	Year	Salary (\$)	Share Based Awards (\$) ⁽¹⁾	Option awards (\$) ⁽²⁾	Annual Cash Incentive Award (\$) ⁽³⁾	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Richard Clark President and Chief Executive Officer	2009	442,806	1,012,122	2,811,820	1,239,858	Nil	Nil	5,506,606
	2008	398,190	Nil	442,910	818,300	Nil	Nil	1,659,400
Alessandro Bitelli Chief Financial Officer	2009	265,684	202,424	562,364	531,368	Nil	Nil	1,561,840
	2008	229,725	Nil	221,455	245,490	Nil	Nil	696,670
L. Simon Jackson Vice President Corporate Development	2009	265,684	404,849	1,124,728	531,368	Nil	Nil	2,326,629
	2008	245,040	Nil	221,455	409,150	Nil	Nil	875,645
Hugh Stuart Vice President Exploration	2009	265,684	202,424	562,364	531,368	Nil	Nil	1,561,840
	2008	245,040	Nil	221,455	245,490	Nil	Nil	711,985
Kevin Ross Chief Operating Officer	2009	177,123	202,424	562,364	531,368	88,561	Nil	1,561,840
	2008	183,474	Nil	221,455	163,660	143,396	Nil	711,985

- (1) These amounts reflect the first of three installments under the Share Based Awards described in the "Long-term Incentives" section above.
- (2) For 2009, options awards are conditional on receiving shareholder approval for the 2009 Plan under which they were granted (see "Particulars of Other Business to be Acted Upon – Approval of New Stock Option Plan" section below). The value of the stock option grants has been determined using the Black-Scholes model on the date of grant and is consistent with the model used for financial statement purposes. The key assumptions used for this determination can be found in the notes to the 2009 consolidated financial statements. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized.
- (3) See "Annual Cash Bonus" section above.

Outstanding Option and Share Based Awards

The following table provides information regarding the option and share based incentive plan awards for each NEO outstanding as of December 31, 2009:

Name	Number of shares underlying exercisable options (#)	Number of shares underlying non-exercisable options (#)	Option exercise price CDN(\$)	Option expiration date	Value of unexercised options CDN(\$) ⁽¹⁾	Value of deferred share based awards CDN(\$) ⁽²⁾
Richard Clark	500,000 100,000 133,333	66,667 500,000	5.99 6.25 6.95 13.29	Aug 9/10 Nov 22/10 Sept 25/13 Oct 10/14 Feb 10/10 Feb 10/11	4,505,000 875,000 1,073,330 855,000	1,080,000 1,080,000
Richard Clark - Totals	633,333	566,667			7,308,330	2,160,000
Alessandro Bitelli	100,000 66,667	33,333 100,000	5.46 6.95 13.29	Sept 3/10 Sept 25/13 Oct 10/14 Feb 10/10 Feb 10/11	954,000 536,669 171,000	216,000 216,000
Alessandro Bitelli - Totals	166,667	133,333			1,661,669	432,000
L. Simon Jackson	175,000 100,000 66,667	33,333 200,000	5.99 6.25 6.95 13.29	Aug 9/10 Nov 22/10 Sept 25/13 Oct 10/14 Feb 10/10 Feb 10/11	1,576,750 875,000 536,669 342,000	432,000 432,000
L. Simon Jackson - Totals	341,667	233,333			3,330,419	864,000
Hugh Stuart	100,000 100,000 66,667	33,333 100,000	5.99 6.25 6.95 13.29	Aug 9/10 Nov 22/10 Sept 25/13 Oct 10/14 Feb 10/10 Feb 10/11	901,000 875,000 536,669 171,000	216,000 216,000
Hugh Stuart - Totals	266,667	133,333			2,483,669	432,000
Kevin Ross	40,000 66,667	33,333 100,000	6.25 6.95 13.29	Nov 22/10 Sept 25/13 Oct 10/14 Feb 10/10 Feb 10/11	350,000 536,669 171,000	216,000 216,000
Kevin Ross - Totals	106,667	133,333			1,057,669	432,000

(1) Based on the closing price of the Shares of the Corporation of CDN\$15.00 on December 31, 2009. The options granted in 2009 and expiring in October 2014 are conditional on Shareholders' approval (see "2009 Option Grants" above).

(2) Based on the closing price of the shares of the Corporation, capped at a maximum of CDN\$13.29, on December 31, 2009. These amounts represent the second and third instalments of the Share Based Awards, as described in the "Long-Term Incentives" section above.

Options have been granted with progressive vesting periods in prior years. The aggregate dollar values that would have been realized if the options under the option-based award had been exercised on their 2009 vesting date are set out in the table below. The table also lists the portion of the share based awards realized in the year.

	Value of options vested during the year (unrealized, estimated in CDN\$) ⁽¹⁾	Value of share based awards realized during the year (in CDN\$) ⁽²⁾
Richard Clark	339,996	1,080,000
Alessandro Bitelli	170,003	216,000
L. Simon Jackson	170,003	432,000
Hugh Stuart	170,003	216,000
Kevin Ross	170,003	216,000

(1) The estimated dollar value was calculated as the difference between the market price of the underlying securities at vesting and the exercise price of the options.

(2) These amounts are the first installment of the Share Based Awards, as described in the "Long-Term Incentives" section above.

Pension Plan Benefits

During fiscal year ended 2008, the Corporation entered into a defined contribution, retirement compensation arrangement (the “**Retirement Plan**”) with Kevin Ross whereby a portion of his overall compensation is paid into the Retirement Plan. The amount of the contributions to the Retirement Plan are determined by the Corporation with the assistance of an actuary and, in any given year, will not exceed the amount determined by the actuary pursuant to an actuarial certificate taking into consideration the overall compensation of Mr. Ross for the year. The Retirement Plan is administered by an independent trustee and contributions and earnings thereon under the Retirement Plan will be paid to Mr. Ross upon his retirement from employment. The Corporation does not retain any liability for minimum returns or pay-outs under the Retirement Plan.

With respect to compensation paid or earned by Mr. Ross in 2009, the Corporation made Canadian dollar contributions to the Retirement Plan equivalent to US\$88,561.

Termination and Change of Control Benefits

As of December 31, 2009 Rick Clark, CEO, and Hugh Stuart, Vice President Exploration, are each a party to management services agreements with the Corporation while the Corporation’s remaining NEOs are each a party to employment agreements with the Corporation (collectively, the “**Agreements**”). The Agreements were renewed with an effective date of November 1, 2009 and set forth certain instances where payments and other obligations arise on the termination of their employment. The Agreements provide that, in the event of the termination of employment other than for cause, or in the event that there is a change of control of the Corporation and the NEO elects to terminate the Employment Agreement, the Corporation shall pay a severance payment to the applicable NEO in an amount equal to two times his annual base salary at the time of termination. The NEO is also entitled to receive for the applicable period all benefits provided by the Corporation. In accordance with the terms of the 2007 Plan and 2009 Plan, if the NEO’s employment is terminated without cause, all vested options are exercisable for a period of thirty days prior to cancellation and unvested options are immediately cancelled. If the NEO elects to terminate the Agreement due to a change of control all unvested options are immediately vested and all vested options are exercisable for a period of thirty days prior to cancellation.

Payments on Termination

The following table sets out the severance compensation that would have been payable by the Corporation to each of the NEO’s under the employment agreements described above had a triggering event described therein occurred on December 31, 2009.

Payment Due for Termination without Cause	Richard Clark	Alessandro Bitelli	L. Simon Jackson	Hugh Stuart	Kevin Ross
Severance (Base Salary) (CDN\$) ⁽¹⁾	1,000,000	600,000	600,000	600,000	600,000
Total:	1,000,000	600,000	600,000	600,000	600,000

(1) Based on 24 months’ salary, as set out in the individual employment or management services agreement.

COMPENSATION OF DIRECTORS

Non-executive Directors’ (the “**Eligible Directors**”) remuneration is adjusted periodically to provide competitive compensation for services provided as an Eligible Director. Current annual retainers for each Board position are as follows:

Board Position	Retainer (CDN)\$
Board Member	50,000
Chair of Board ⁽¹⁾	10,000
Lead Director ⁽¹⁾	10,000
Chair of Audit Committee ⁽¹⁾	12,000
Chair of other Committee ⁽¹⁾	6,000

(1) In addition to Board Member retainer

Annual retainers are paid quarterly in arrears.

A Director who is an employee of the Corporation does not receive Director’s fees. Eligible Directors are also reimbursed for out-of pocket expenses incurred in attending meetings of the Board of committee meetings or otherwise on Corporation business.

Compensation for Services

Namdo Management Services Ltd. (“**Namdo**”), a private corporation owned by Mr. Lukas H. Lundin, Chairman and a director of the Corporation, was paid or accrued the sum of CDN\$484,000 during the fiscal year ended December 31, 2009, plus reimbursement of out-of-pocket expenses at cost. Namdo has approximately 20 employees and provides administrative and, in some cases, financial services to a number of public companies in exchange for management fees in varying amounts. Mr. Lundin is paid compensation by Namdo; however, there is no basis for allocating the amounts paid by Namdo to Mr. Lundin as he is not receiving such compensation primarily in respect of his personal services provided to the Corporation.

During the last completed financial year the law firm of Hunt & Humphry, of which Mr. Michael Hunt, a Director of the Corporation, is a partner, was paid/acrued CDN\$5,000 for legal services rendered as Australian counsel for the Corporation.

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

Director Compensation Table

The following table provides information regarding compensation paid to the Corporation’s Eligible Directors during the financial year ended December 31, 2009. The Corporation’s financial statements reporting currency is the US dollar while the Corporation’s directors are remunerated in Canadian dollars. The table below reflects the equivalent director compensation in US dollars, using the average exchange rate for compensation paid in 2009 and the December 31, 2009 exchange rate for compensation payable at that date.

Name	Fees earned (\$)	Option awards (\$)	DSU awards (\$) ⁽¹⁾ (See DSU awards below)	Total (\$)
Lukas H. Lundin	53,137	Nil	222,631	275,768
Michael W. Hunt	44,281	Nil	222,631	266,912
Harry N. Michael ⁽²⁾	44,281	Nil	222,631	266,912
Robert F. Chase	60,222	Nil	222,631	282,853
Brian D. Edgar	58,450	Nil	264,375	322,825
George L. Brack	27,100	Nil	222,631	249,731

(1) The value of all DSU awards reflected in the column has been calculated using the grant date fair value of such awards.

(2) Mr. Michael resigned as a Director of the Corporation on March 15, 2010.

DSU Awards

At the request of the CC, Gurr also reviewed the Board’s compensation in a report dated November 16, 2009 (the “**Dir Comp Report**”) wherein Gurr used the same comparison group of mining companies that was developed for the executive compensation review and provided recommendations for Eligible Directors’ compensation.

As a result of this review, the Board agreed not to revise the level of Eligible Directors’ annual retainers, to limit the value of stock options that could be granted under a new stock option plan to be approved by Shareholders to CDN\$100,000 annually (see “Particulars of Other Business to be Acted Upon – Approval of New Stock Option Plan”), and adopted a cash-settled Deferred Share Unit Plan (the “**DSU Plan**”). Particulars of the DSU Plan are more fully described below.

The following table provides information regarding stock option and share based awards for each director that were outstanding as at December 31, 2009.

Name	Stock option awards				Share based awards	
	Number of Shares underlying options (#)	Option exercise price CDN (\$)	Option expiration date	Value of unexercised options CDN (\$) ⁽¹⁾	Number of DSU's (#)	Value of DSU awards CDN (\$) ⁽²⁾
Lukas H. Lundin	130,000 100,000 50,000	6.45 6.25 6.95	July 16/10 Nov 22/10 Sep 25/10	1,111,500 875,000 402,500	16,000	240,000
				2,389,000		240,000
Michael W. Hunt	130,000 100,000 50,000	6.45 6.25 6.95	July 16/10 Nov 22/10 Sep 25/10	1,111,500 875,000 402,500	16,000	240,000
				2,389,000		240,000
Harry N. Michael ⁽³⁾	130,000 100,000 50,000	6.45 6.25 6.95	July 16/10 Nov 22/10 Sep 25/10	1,111,500 875,000 402,500	16,000	240,000
				2,389,000		240,000
Robert F. Chase	130,000 100,000 50,000	6.45 6.25 6.95	July 16/10 Nov 22/10 Sep 25/10	1,111,500 875,000 402,500	16,000	240,000
				2,389,000		240,000
Brian D. Edgar	130,000 100,000 50,000	6.45 6.25 6.95	July 16/10 Nov 22/10 Sep 25/10	1,111,500 875,000 402,500	19,000	285,000
				2,389,000		285,000
George L. Brack	50,000	\$10.10	Aug 16/2014	245,000	16,000	240,000
				245,000		240,000

(1) Based on the closing price of the Shares of the Corporation of CDN\$15.00 on December 31, 2009.

(2) The directors are not entitled to receive the value of the shares underlying the DSU's until the director ceases to be a director of the Corporation (see "Deferred Share Units" below). There are currently no DSU awards that have not vested.

(3) Mr. Michael resigned as a Director of the Corporation on March 15, 2010

The following table sets out the aggregate dollar values that would have been realized if the DSU's under the DSU-based award had been exercised on their 2009 vesting date.

Name	Market Value of DSU's vested during the year (unrealized, estimated in CDN\$) ⁽¹⁾
Lukas H. Lundin	237,600
Michael W. Hunt	237,600
Harry N. Michael ⁽²⁾	237,600
Robert F. Chase	237,600
Brian D. Edgar	282,150
George L. Brack	237,600

(1) The directors are not entitled to receive the value of the shares underlying the DSU's until the director ceases to be a director of the Corporation (see "Deferred Share Units" below). There are currently no DSU awards that have not vested.

(2) Mr. Michael resigned as a Director of the Corporation on March 15, 2010

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has purchased and maintains liability insurance for its directors and officers acting in their respective capacities in an aggregate amount of CDN\$25 Million, against liabilities incurred by such persons as directors and officers of the Corporation and its subsidiaries, except where the liability relates to such person's failure to act honestly and in good faith with a view to the best interests of the Corporation. The annual premium paid by the Corporation for this insurance in respect of the directors and officers as a group is CDN\$105,000. No premium for this insurance is paid by the individual directors and officers. The insurance contract underlying this insurance does not expose the Corporation to any liability in addition to the payment of the required premium.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Incentive Stock Option Plans

The Corporation's 2007 Plan has been approved by Shareholders and the Corporation's 2009 Plan has not been approved by Shareholders (see "Particulars of Other Business to be Acted Upon – Approval of New Stock Option Plan").

The information in the following table is as of the fiscal year ended December 31, 2009:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (CDN\$) (b)	Number of securities remaining available for future issuance under the 2007 Plan (excluding securities reflected in column (a)) (c)	Number of securities remaining available for future issuance under the 2009 Plan (excluding securities reflected in column (a)) (d)
Equity Compensation Plans approved by securityholders	4,558,336	\$	121,834	n/a
Equity Compensation Plans not approved by securityholders	1,175,000	\$13.29	n/a	6,825,000
Total	5,733,336	\$8.30	121,834	6,825,000

Notes:

- (1) During the fiscal year ended December 31, 2009 the Corporation granted options under the 2007 Plan to purchase a total of 1,020,000 Shares.
- (2) During the fiscal year ended December 31, 2009 the Corporation issued a total of 3,730,664 Shares pursuant to the 2007 Plan.
- (3) During the fiscal year ended December 31, 2009 the Corporation conditionally granted options under the 2009 Plan to purchase a total of 1,175,000 Shares.

The 2007 Plan governing the issuance of stock options was established on March 15, 2004 (and amended as approved by the Shareholders on June 27, 2007). The 2007 Plan complies with the rules set forth for such plans by the Toronto Stock Exchange ("TSX" or the "Exchange"). The amount of Shares available for issuance upon the exercise of options pursuant to the 2007 Plan is 121,834, therefore there is very little room to grant additional Shares under the 2007 Plan. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve an ordinary resolution approving the new 2009 Plan, which, subject to TSX approval, will be in effect concurrently with the 2007 Plan. See "Particulars of Other Business to be Acted Upon – Approval of New Stock Option Plan".

The major features of the 2007 Plan can be summarized as follows:

The Board, or a committee appointed for such purposes, may from time to time grant to Directors, officers, eligible employees of, or consultants to, the Corporation or its subsidiaries, or to employees of management companies providing services to the Corporation (collectively, "Eligible Persons") options to acquire Shares in such numbers, for such terms and at such exercise prices as may be determined by the Board or such committee. The purpose of the 2007 Plan is to advance the interests of the Corporation by providing Eligible Persons with a financial incentive for the continued improvement of the Corporation's performance and encouragement to stay with the Corporation. The Board, or a committee appointed for such purposes, also has the authority under the 2007 Plan to determine other terms and conditions relating to the grant of Options, including any applicable vesting provisions.

The maximum number of Shares that are issuable for all purposes under the 2007 Plan is 12,000,000 Shares which represents 5.2% of the issued and outstanding Shares, or such additional amount as the Corporation's Shareholders may approve from time to time. Any Shares subject to a stock option which for any reason is cancelled or terminated without having been exercised will again be available for grant under the 2007 Plan.

The maximum number of Shares that may be reserved for issuance to insiders of the Corporation under the 2007 Plan and under any other share compensation arrangement is limited to 10% of the Shares outstanding at the time of grant (on a non-diluted basis). The maximum number of Shares that may be issued pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Shares outstanding from time to time.

The Board may amend, suspend or terminate the 2007 Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including without limitation, the rules, regulations and policies of the Exchange), if any, that

require the approval of Shareholders or any governmental or regulatory body. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the 2007 Plan without seeking Shareholder approval:

- (a) amendments of a "housekeeping" or administrative nature including without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the 2007 Plan or to correct or supplement any provision of the 2007 Plan that is inconsistent with any other provision of the 2007 Plan;
- (b) amendments necessary to comply with the provisions of applicable law (including without limitation, the rules, regulations and policies of the Exchange);
- (c) amendments respecting administration of the 2007 Plan;
- (d) any amendment to the vesting provisions of the 2007 Plan or any stock option;
- (e) any amendment to the early termination provisions of the 2007 Plan or any stock option, whether or not such stock option is held by an Insider, provided that such amendment does not entail an extension beyond the original expiry date;
- (f) the addition of any form of financial assistance by the Corporation for the acquisition by all or certain categories of participants of Shares under the 2007 Plan, and the subsequent amendment of any such provision which is more favourable to participants;
- (g) the addition or modification of a cashless exercise feature, payable in cash or Shares, which provides for a full deduction of the number of underlying Shares from the 2007 Plan reserve;
- (h) amendments necessary to suspend or terminate the 2007 Plan; and
- (i) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law (including without limitation, the rules, regulations and policies of the Exchange).

Shareholder approval will be required for the following types of amendments:

- (i) amendments to the number of Shares which may be issued under the 2007 Plan, including an increase to a fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage;
- (ii) any amendment which reduces the exercise price of an Option (the Exchange does not permit the exercise price to be below the market price);
- (iii) any amendment extending the term of a stock option held by an Insider beyond its original expiry date except as otherwise permitted by the 2007 Plan;
- (iv) the adoption of any option exchange scheme involving stock options; and
- (v) amendments required to be approved by Shareholders under applicable law (including without limitation, the rules, regulations and policies of the Exchange).

The Board has the authority under the 2007 Plan to establish the option price at the time each stock option is granted. The option price may not be lower than the market price, i.e. the closing price, of the Shares as traded on the Exchange on the last business day proceeding the date on which the option is approved by the Board. The Board, or a committee appointed for such purposes, also has the authority under the 2007 Plan to determine other terms and conditions relating to the grant of Options, including any applicable vesting provisions.

The term of Options granted under the 2007 Plan shall not exceed 10 years from the date of grant, and all options granted under the 2007 Plan are not transferable other than by will or the laws of dissent and distribution. If an optionee ceases to be an Eligible Person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable 30 days following the termination date (being the date on which such optionee ceases to be an Eligible Person). If the expiry date of any vested Option falls on, or within nine trading days immediately following a date upon which any Optionee is prohibited from exercising such Option due to a black-out period or other trading restriction imposed by the Corporation, then the expiry date (and the Option Period) of such Option shall be automatically extended to the tenth trading day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed. If an optionee dies, the legal representative of the optionee may exercise the optionee's options within one year after the date of the optionee's death but only up to and including the original option expiry date.

The Corporation does not provide any financial assistance to participants in order to facilitate the purchase of Shares under the 2007 Plan. As at April 6, 2010 there were options outstanding under the 2007 Plan to acquire 3,833,336 Shares, representing 1.6% of the Corporation's issued and outstanding Shares.

SHARE APPRECIATION RIGHTS PLAN

On October 16th, 2009, on the recommendation of the CC, the Directors of the Corporation adopted a cash-settled Share Appreciation Rights Plan (the “**SAR Plan**”), a long-term incentive plan for non-executive employees of the Corporation. The value of each SAR tracks the appreciation in the market value of the Corporation’s Shares between the date of grant and the date of exercise. Upon exercise, the Corporation is obligated to pay cash to the SAR holder in an amount equal to the number of SARs exercised multiplied by the difference between the market price of the Shares on the date of exercise and the strike price of the SARs.

The Board has the authority under the SAR Plan to establish the strike price at the time each SAR is granted. The strike price may not be lower than the market price, i.e. the closing price of the Shares on the Exchange on the last business day preceding the date on which the SAR is granted. The Board, or a committee appointed for such purposes, also has the authority under the SAR Plan to determine other terms and conditions relating to the grant of the SARs, including any applicable vesting provisions. The maximum number of SAR’s granted pursuant to the SAR Plan will not exceed 2% of the number of Shares of the Corporation outstanding from time to time.

DEFERRED SHARE UNITS

On October 16, 2009 on the recommendation of the CC, the Directors of the Corporation adopted the DSU Plan for participation by Eligible Directors of the Corporation. The DSU Plan is a long term incentive compensation plan, pursuant to which the Eligible Directors are entitled to receive the market price of the Corporation’s Shares for each DSU held following (i) the voluntary resignation or retirement of the Eligible Director from the Board; (ii) the death of the Eligible Director; or (iii) removal of the Eligible Director from the Board whether by shareholder resolution, failure to achieve re-election or otherwise; provided that the Eligible Director must not be an employee of the Corporation or an employee or director of an affiliate of the Corporation at the time the DSUs are redeemed. The maximum number of DSU’s granted pursuant to the DSU Plan will not exceed 1% of the number of Shares of the Corporation outstanding from time to time.

STATEMENT OF CORPORATE GOVERNANCE PRACTICE (presented by the Corporate Governance and Nominating Committee)

This statement of corporate governance practices is made with reference to National Policy 58-201, Corporate Governance Guidelines and National Instrument 58-101, Disclosure of Corporate Governance Practices (hereinafter collectively the “**Governance Guidelines**”) which are initiatives of the Canadian Securities Administrators (“**CSA**”).

Major securities regulatory changes in the United States affecting the Corporation have come into effect over the last several years. Many of these changes arise from SOX and subsequent rules and regulations issued by the United States Securities and Exchange Commission. The Corporate Governance and Nominating Committee has closely monitored the various changes and proposed changes in the regulatory environment and, where applicable, amended its governance practices to align with these changes that are currently in effect.

Board Governance

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

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

Board Mandate

The Board has a written mandate which includes responsibility for (i) satisfying itself as to the integrity of the CEO and other executive officers and that there is a culture of integrity throughout the Corporation; (ii) approving, supervising and providing guidance to management on the Corporation’s strategic planning process; (iii) identifying the principal risks of the

Corporation's business and ensuring management's implementation and assessment of appropriate risk management systems; (iv) ensuring that the Corporation has highly qualified management and adequate and effective succession plans for senior management; (v) overseeing the Corporation's communications policy with its Shareholders and with the public generally; (vi) assessing directly and through its Audit Committee, the integrity of the Corporation's internal control and management information systems; and (vii) providing for the independent functioning of the Board.

The full text of the mandate is attached hereto as Appendix "A".

Composition of the Board

The Board of Directors is currently comprised of six (6) directors, the majority of whom are "independent" directors within the meaning of the Governance Guidelines. A director is "independent" if he is independent of management and has no direct or indirect relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of the member's independent judgment.

The Board has considered the relationship of each director to the Corporation. At the date of this Circular, two of the Corporation's directors were not considered to be independent. Messrs. Lundin and Clark were not independent because of their current or past management positions with the Corporation. Messrs. Hunt, Edgar, Chase and Brack are all independent directors. Mr. Michael Hunt periodically provides legal services to the Corporation, but is considered to be independent because of the size of his fees for such services relative to the overall fee income of his practice.

Although neither of Messrs. Lundin or Clark are considered to be independent within the meaning of the Governance Guidelines, the Board has instituted a practice, however, whereby at the conclusion of each regularly scheduled meeting of the Board of Directors, the Corporation's independent directors may request an in-camera session at which non-independent directors and members of management are not in attendance. In addition, because Lukas H. Lundin, who is Chairman of the Board of Directors, is not an independent director, the Board appointed Brian D. Edgar as Lead Director of the Board of Directors. As Lead Director Mr. Edgar, amongst other things, presides at meetings of the Board and of the Corporation's Shareholders, ensures that the Board is alert to its obligations and responsibilities and that it fully discharges its duties, communicates with the Board to keep the Board up to date on all major developments, and acts as a liaison between the Board and management of the Corporation.

BOARD AND COMMITTEE MEETINGS – ATTENDANCE RECORD

Below is the attendance record of each director for all Board and Committee meetings held during the period from January 1, 2009 to December 31, 2009:

Director	Board Committees							
	Board (13 meetings) ⁽¹⁾		Audit (4 meetings) ⁽²⁾		Compensation (5 meetings) ⁽³⁾		Corporate Governance (1 meeting)	
	No.	%	No.	%	No.	%	No.	%
Richard P. Clark	13	100	n/a	n/a	n/a	n/a	n/a	n/a
Lukas H. Lundin	13	100	n/a	n/a	1	100	n/a	n/a
Michael W. Hunt	11	84	n/a	n/a	n/a	n/a	1	100
Harry N. Michael ⁽⁴⁾	12	92	0	0	n/a	n/a	n/a	n/a
Robert F. Chase	12	92	4	100	5	100	1	100
Brian D. Edgar	12	92	4	100	5	100	1	100
George L. Brack	9	100	2	100	4	100	n/a	n/a

- (1) Mr. Brack was appointed to the Board of Directors on May 21, 2009. Mr. Brack has attended all nine Directors meetings held during his term.
(2) Mr. Harry Michael resigned from the Audit Committee on May 26, 2009 and Mr. George Brack was appointed to the Audit Committee on May 26, 2009. Mr. Michael did not attend the two Audit Committee meetings held during his term. Mr. Brack attended the two Audit Committee meeting held during his term.
(3) Mr. Lukas Lundin resigned from the Compensation Committee on May 26, 2009 and Mr. George Brack was appointed to the Compensation Committee on May 26, 2009. Mr. Lundin attended the one Compensation Committee meeting held during his term. Mr. Brack attended the four Compensation Committee meetings held during his term.
(4) Mr. Michael resigned as a Director of the Corporation on March 15, 2010.

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

Director	Public Company Board Membership
Richard P. Clark	Atacama Minerals Corp. (TSX-V); Corriente Resources Inc. (TSX/AMEX); Fortuna Silver Mines Inc. (TSX-V); Sanu Resources Ltd. (TSX-V); Lucara Diamond Corp. (TSX-V)
Lukas H. Lundin	Atacama Minerals Corp. (TSX-V), NGEX Resources Inc. (TSX), Fortress Minerals Corp. (TSX-V), Lucara Diamond Corp. (TSX-V), Denison Mines Corp. (TSX); Lundin Mining Corporation (TSX/AMEX/OMX-Nordic), Lundin Petroleum AB (OMX-Nordic), ; Vostok Nafta Investment Ltd. (OMX-Nordic)
Robert F. Chase	Dome Ventures Corporation (TSX-V); Hudson Resources Inc. (TSX-V); New West Energy Services Inc. (TSX-V); Pacific Northern Gas Ltd. (TSX); Western Coal Corp. (TSX);
Brian D. Edgar	Shamaran Petroleum Corp. (TSX-V), Denison Mines Corp. (TSX); Dome Ventures Corporation (TSX-V), Lundin Mining Corporation (TSX/OMX-Nordic); Blackpearl Resources Inc (TSX-V); Lucara Diamond Corp. (TSX-V)
Michael W. Hunt	A1 Minerals Limited (ASX)
George L. Brack	Alexco Resource Corp. (TSX/AMEX), Capstone Mining Corp. (TSX), Geologix Explorations Inc. (TSX), Silver Wheaton Corp. (TSX/NYSE)

Legend:

AMEX = American Stock and Options Exchange
ASX= Australian Stock Exchange
NYSE= New York Stock Exchange
TSX = Toronto Stock Exchange
TSX-V= TSX Venture Exchange
OMX-Nordic = OMX Nordic Stock Exchange (previously, the Stockholm Stock Exchange)

Position Descriptions

The Board has adopted a written position description for each of the Chairman, Lead Director, Chief Executive Officer, Chief Financial Officer and the chair of each Board committee.

Orientation and Education

The Corporation provides new directors with an orientation program upon joining the Corporation that includes copies of relevant financial, technical, geological and other information regarding its properties and subsidiaries as well as meetings with management.

Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and development, and to attend related industry seminars. Board members have full access to the Corporations records.

Board Diversity

The Corporation recognizes that improving diversity on the Board of Directors and among its senior executives presents the Corporation with an opportunity to develop a competitive advantage by ensuring that the Corporation appeals to potential employees from the broadest possible talent pool. The focus always has been, and will continue to be, to recruit and appoint the most qualified individuals.

Ethical Business Conduct

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

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

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

A copy of the Corporation's Code of Conduct and Ethical Values Policy is available on the Corporation's website and has been filed on and is accessible under the Corporations profile on the SEDAR website at www.sedar.com.

Corporate Governance and Nominating Committee

The purpose of the Corporate Governance and Nominating Committee is to provide a focus on corporate governance that will enhance corporate performance, and to ensure on behalf of the Board of Directors and Shareholders that the Corporation's corporate governance system is effective in the discharge of its obligations to the Corporation's shareholders.

The Corporate Governance and Nominating Committee also has the responsibility of proposing nominees for director. The Committee considers the competencies and skills that the Board as a whole should possess, the competencies and skills of existing Board members and the competencies and skills of proposed new Board members. The Committee members utilize their extensive knowledge of the industry and personal contacts to identify potential nominees that possess the desired skills and competencies.

The duties and responsibilities of the Corporate Governance and Nominating Committee include, without limitation, the following:

- (a) to develop and monitor the Corporation's overall approach to corporate governance issues and, subject to approval by the Board, to implement and administer a system of corporate governance which reflects superior standards of corporate governance practices;
- (b) to report annually to the Corporation's Shareholders, through the Corporation's annual management proxy circular or annual report to Shareholders, on the Corporation's system of corporate governance and the operation of its system of governance;
- (c) to analyze and report annually to the Board the relationship of each director to the Corporation as to whether such director is a related director or an unrelated director; and
- (d) to advise the Board or any of the committees of the Board of any corporate governance issues which the Corporate Governance and Nominating Committee determines ought to be considered by the Board or any such committee.

The Corporation has adopted a formal written mandate for the Corporate Governance and Nominating Committee. The mandate provides that the Corporate Governance and Nominating Committee shall consist of at least three members of the Board, all of whom shall be "independent" within the meaning of NI 58-101. During the most recently completed financial year, the Corporate Governance and Nominating Committee members were Messrs. Michael Hunt, Brian Edgar and Robert Chase, all of whom are and were independent.

The Board appoints the members of the Corporate Governance and Nominating 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 Corporate Governance and Nominating Committee and may fill any vacancy in the committee.

The Corporate Governance and Nominating Committee meets regularly each year on such dates and at such locations as the Chair of the committee determines. The Corporate Governance and Nominating 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.

Audit Committee

The principal purpose of the Audit Committee is to ensure that the Corporation's 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 facts on financial and tax related matters.

The Corporation has adopted a formal written mandate for the Audit Committee. The mandate provides that the Audit Committee shall consist of at least three members of the Board, all of whom shall be "independent" within the meaning of Multilateral Instrument 52-110 *Audit Committees*, (now, National Instrument 52-110 *Audit Committees*) ("**NI 52-110**"). NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect relationship with the issuer, which could, in the view of the issuer's Board of directors, reasonably interfere with the exercise of the member's independent judgment. During the most recently completed financial year, the Audit Committee was composed of three (3) directors: Messrs. Robert Chase, Brian Edgar and Harry Michael. Mr. Michael resigned from the Audit Committee and was replaced by Mr. George Brack on May 26, 2009, all of the members of the Audit Committee are and were independent.

The Audit Committee meets a minimum of four times a year, including to review the annual financial statements prior to their submission to the Board. The Audit Committee has direct communication channels with internal personnel responsible for financial statement preparation and with the Corporation's external auditors. The Audit Committee may also engage independent counsel or other advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

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 Corporation's Shareholders. The Board may at any time remove or replace any member of the Audit Committee and may fill any vacancy in the committee.

Additional information relating to the Audit Committee, including a copy of the Audit Committee mandate, is provided in the Corporation's Annual Information Form for the year ended December 31, 2009, a copy of which may be obtained under the Corporation's profile on the SEDAR website at www.sedar.com.

Compensation Committee

The principal purpose of the Compensation Committee is to implement and oversee compensation policies approved by the Board of Directors of the Corporation. The duties and responsibilities of the Compensation Committee include, without limitation, the following:

- (a) to recommend to the Board compensation policies and guidelines for the Corporation;
- (b) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and, in light of those goals and objectives, to recommend to the Board the annual salary, bonus and other benefits, direct and indirect, of the Chief Executive Officer and to approve compensation for all other designated officers of the Corporation, after considering the recommendations of the Chief Executive Officer, all within the human resources and compensation policies and guidelines approved by the Board.

The Corporation has adopted a formal written mandate for the Compensation Committee. The mandate provides that the committee shall consist of at least three members of the Board, a majority of whom shall be "independent" within the meaning of the Governance Guidelines. During the most completed financial year, the Compensation Committee members were Messrs. Lukas H. Lundin, Brian Edgar and Robert Chase. Mr. Lundin resigned from the Compensation Committee and was replaced by Mr. George Brack on May 26, 2009. All of the members of the Compensation Committee, with the exception of Mr. Lundin, are and were independent. Because Mr. Lundin, who is Chairman of the Board of Directors, was not an independent director, he abstained from any discussions or voting in respect of matters that had a direct impact on him, including decisions relating to the compensation he received as Chairman of the Board of Directors.

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

The Compensation Committee meets regularly each year on such dates and at such locations as the Chair of the Compensation Committee determines. The Compensation Committee has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel or advisors at the

expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

Environmental, Health, Safety and Community Committee

The Corporation expects to establish an Environment, Health, Safety and Community Committee ("EHSC") of the Board shortly after the Meeting. The purpose of the EHSC will be to focus on the Corporation's commitment to operating in a safe, healthy and environmentally conscious manner.

Assessment of the Board

In accordance with the Board's mandate, the Board, through its Corporate Governance and Nominating Committee, undertakes assessments of itself, its committees and each individual director's effectiveness and contribution on an annual basis.

The Corporate Governance and Nominating Committee prepares and delivers an Annual Board Effective 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. The Corporate Governance and Nominating Committee reviews and considers the responses received and makes a final report, with recommendations (if any) to the Corporation's Board of Directors.

Minimum Share Ownership

On the recommendation of the Compensation Committee the Board developed a minimum requirement with respect to ownership of securities of the Corporation by Directors. Each Director (personally or through a family member or a related corporation) is expected to acquire and hold Shares totaling not less than 15,000 Shares of the Corporation and any new Board members have a grace period of three months to acquire the Shares. Any DSU's granted to Directors are included in the minimum Corporation share ownership requirement for Directors. All current directors are in compliance with this requirement.

MANAGEMENT CONTRACTS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the best of the Corporation's knowledge, none of the directors, officers or principal Shareholders of the Corporation, and no associate or affiliate of any of them, has or has had any material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation or any of its subsidiaries other than as disclosed herein.

PARTICULARS OF OTHER BUSINESS TO BE ACTED UPON

Approval of New Stock Option Plan

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve a resolution to approve a new incentive stock option plan, the 2009 Plan. A copy of the 2009 Plan is attached as Appendix "B" to this Circular. The 2009 Plan has been pre-cleared by the TSX.

Stock option grants are a critical element of the Corporation's compensation program and enable the Corporation to attract and retain talented people in a competitive global environment. If the Corporation is not successful in attracting and retaining experienced and talented individuals, its ability to execute strategy, drive financial results and increase shareholder value may be adversely affected. In light of the above, the Board has approved the adoption of the 2009 Plan to increase the maximum number of Shares reserved for issuance under the stock option plans of the Corporation. Management of the Corporation believes that the proposed increase is within a competitive range in the Corporation's industry.

The 2009 Plan is a fixed stock option plan reserving an aggregate of 8,000,000 Shares of the Corporation for issuance upon the exercise of options granted pursuant to the 2009 Plan. The 2009 Plan was prepared in accordance with the

policies of the TSX. Assuming the 2009 Plan is approved by the Shareholders and receives regulatory approval, the 2009 Plan will be in effect concurrently with the 2007 Plan.

The following is a summary of the principal terms and conditions of the 2009 Plan:

The Board, or a committee appointed for such purposes, may from time to time grant to Directors, officers, eligible employees of, or consultants to, the Corporation or its subsidiaries, or to employees of management companies providing services to the Corporation (collectively, "**Participants**") options to acquire Shares in such numbers, for such terms and at such exercise prices as may be determined by the Board or such committee. The purpose of the 2009 Plan is to advance the interests of the Corporation by providing Participants with a financial incentive for the continued improvement of the Corporation's performance and encouragement to stay with the Corporation. The Board, or a committee appointed for such purposes, also has the authority under the 2009 Plan to determine other terms and conditions relating to the grant of options, including any applicable vesting provisions.

The maximum number of Shares that are issuable for all purposes under the 2009 Plan is 8,000,000 Shares which represents 3.4% of the issued and outstanding Shares. Any Shares subject to a 2009 Plan stock option which for any reason is cancelled or terminated without having been exercised will again be available for grant under the 2009 Plan.

Participation by independent Directors in the 2009 Plan is limited. A Director who is not an employee or officer of the Corporation may be granted options only if:

- (a) the grant of the options would not result in such Director being awarded options with an aggregate grant value in excess of CAD\$100,000 in any one year; and
- (b) the number of Shares underlying all options issued pursuant to the 2009 Plan or any other share compensation arrangement of the Corporation (pre-existing or otherwise) and held by Directors who are not an employee or officer of the Corporation does not exceed 1% of the outstanding capital of the Corporation on the date of grant.

The maximum number of Shares that may be reserved for issuance to insiders of the Corporation under the 2009 Plan and under any other share compensation arrangement is limited to 10% of the Shares outstanding at the time of grant (on a non-diluted basis). The maximum number of Shares that may be issued pursuant to the 2009 Plan or any other share compensation arrangement of the Corporation (pre-existing or otherwise) to insiders of the Corporation within a one-year period shall not exceed 10% of the Shares outstanding from time to time.

The Board may amend, suspend or terminate the 2009 Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including without limitation, the rules, regulations and policies of the Exchange), if any, that require the approval of Shareholders or any governmental or regulatory body. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the 2009 Plan without seeking Shareholder approval:

- (a) amendments of a "housekeeping" or administrative nature including without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the 2009 Plan or to correct or supplement any provision of the 2009 Plan that is inconsistent with any other provision of the 2009 Plan;
- (b) amendments necessary to comply with the provisions of applicable law (including without limitation, the rules, regulations and policies of the Exchange);
- (c) amendments respecting administration of the 2009 Plan;
- (d) any amendment to the vesting provisions of the 2009 Plan or any stock option;
- (e) any amendment to the early termination provisions of the 2009 Plan or any stock option, whether or not such stock option is held by an Insider, provided that such amendment does not entail an extension beyond the original expiry date;
- (f) the addition of any form of financial assistance by the Corporation for the acquisition by all or certain categories of participants of Shares under the 2009 Plan, and the subsequent amendment of any such provision which is more favourable to participants;
- (g) the addition or modification of a cashless exercise feature, payable in cash or Shares, which provides for a full deduction of the number of underlying Shares from the 2009 Plan reserve;
- (h) amendments necessary to suspend or terminate the 2009 Plan; and
- (i) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law (including without limitation, the rules, regulations and policies of the Exchange).

Shareholder approval will be required for the following types of amendments:

- (i) amendments to the number of Shares which may be issued under the 2009 Plan, including an increase to a fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage;
- (ii) any amendment which reduces the exercise price of an option (the Exchange does not permit the exercise price to be below the market price);
- (iii) any amendment extending the term of an option beyond its original expiry date;
- (iv) any amendment to the "Eligible Persons" under the 2009 Plan that would increase participation in the 2009 Plan by Directors who are not employees or officers of the Corporation;
- (v) any amendment to allow the transfer or assignment of options;
- (vi) any amendment to section 3.9(b) of the 2009 Plan which sets out the amendments which require Shareholder approval;
- (vii) the adoption of any option exchange scheme involving options; and
- (viii) amendments required to be approved by shareholders under applicable law (including without limitation, the rules, regulations and policies of the Exchange).

Where shareholder approval is sought for amendments under subsections (ii) or (iii) above, the votes attached to Shares held directly or indirectly by insiders benefiting from the amendments will be excluded. In the event of any conflict between subsections (a) to (i) and subsections (i) to (v), above, the latter shall prevail to the extent of any conflict.

The Board has the authority under the 2009 Plan to establish the option price at the time each stock option is granted. The option price may not be lower than the market price, i.e. the closing price, of the Shares on the Exchange on the last business day proceeding the date on which the option is granted. The Board, or a committee appointed for such purposes, also has the authority under the 2009 Plan to determine other terms and conditions relating to the grant of options, including any applicable vesting provisions.

The term of options granted under the 2009 Plan shall not exceed 10 years from the date of grant, and all options granted under the 2009 Plan are not transferable other than by will or the laws of dissent and distribution. If an optionee ceases to be an "Eligible Person" for any reason whatsoever other than death or long term disability, each option held by such optionee will cease to be exercisable 30 days following the termination date (being the date on which such optionee ceases to be an "Eligible Person") (or such longer period as may be prescribed by law) or prior to the expiration of the term of the options, whichever is sooner. If the expiry date of any vested option falls on, or within nine trading days immediately following a date upon which any optionee is prohibited from exercising such option due to a black-out period or other trading restriction imposed by the Corporation, then the expiry date (and the option period) of such option shall be automatically extended to the tenth trading day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed. If an optionee dies, the legal representative of the optionee may exercise the optionee's options within one year after the date of the optionee's death but only up to and including the original option expiry date.

The text of the ordinary resolution to be submitted to Shareholders at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting. This resolution requires the approval of a majority of the vote cast thereon, in person or by proxy, at the Meeting.

"NOW THEREFORE BE IT RESOLVED THAT:

1. the 2009 Plan of the Corporation in the form presented to the Shareholders and attached as "Appendix B" to this Circular dated April 6, 2010 be and is hereby approved and the Corporation is authorized to reserve for issuance 8,000,000 Shares of the Corporation pursuant to the 2009 Plan."
2. the Board of Directors be authorized on behalf of the Corporation to make any amendments to the 2009 Plan as may be required by regulatory authorities, without further approval of the Shareholders of the Corporation, in order to ensure adoption of the 2009 Plan; and
3. any director or officer of the Corporation be and is hereby authorized and directed, on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such documents, instruments, deeds and assurances, and any amendments thereto, and to do or cause to be done all acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the intent of the foregoing resolutions."

Approval of Certain Stock Option Grants

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve the grant of certain stock options (the “**Stock Options**”) to certain insiders of the Corporation (the “**Interested Shareholders**”) which were granted under the proposed 2009 Plan to address the absence of option based awards available for granting during a significant part of 2009. At the time such Stock Options were granted, the Corporation had not received shareholder approval to the 2009 Plan and the Stock Options were granted on the condition that Shareholder approval was received for the 2009 Plan. The aggregate number of Stock Options to be approved is 1,175,000 which represents 0.5% of the issued and outstanding shares.

The Stock Option grants to be approved are as follows:

Date of Grant	Number of Options	Exercise Price	Grantee	Expiry Date	Vesting
October 16, 2009	500,000	\$13.29	Directors	October 15, 2014	1/3 upon Shareholder approval of the 2009 Plan 1/3 on October 16, 2010 1/3 on October 16, 2011
October 16, 2009	525,000	\$13.29	Officers	October 15, 2014	1/3 upon Shareholder approval of the 2009 Plan 1/3 on October 16, 2010 1/3 on October 16, 2011
October 16, 2009	75,000	\$13.29	Employees	August 1, 2011	50% on July 1, 2010 50% on July 1, 2011
October 16, 2009	75,000	\$13.29	Employees	September 17, 2011	50% on August 17, 2010 50% on August 17, 2011

In order to approve the grant of the Stock Options, an ordinary resolution of the Shareholders must be passed at the Meeting. The text of the resolution to be submitted to the Shareholders at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting. This resolution requires the approval of a majority of the vote cast thereon, in person or by proxy, by the Shareholders at the Meeting, excluding votes by the Interested Shareholders. As of the date of this Circular Interested Shareholders hold 1,243,388 Shares.

“NOW THEREFORE BE IT RESOLVED THAT:

- the following stock option grants are hereby approved, confirmed and ratified:

Date of Grant	Number of Options	Exercise Price	Grantee	Expiry Date	Vesting
October 16, 2009	500,000	\$13.29	Directors	October 15, 2014	1/3 upon Shareholder approval of the 2009 Plan 1/3 on October 16, 2010 1/3 on October 16, 2011
October 16, 2009	525,000	\$13.29	Officers	October 15, 2014	1/3 upon Shareholder approval of the 2009 Plan 1/3 on October 16, 2010 1/3 on October 16, 2011
October 16, 2009	75,000	\$13.29	Employees	August 1, 2011	50% on July 1, 2010 50% on July 1, 2011
October 16, 2009	75,000	\$13.29	Employees	September 17, 2011	50% on August 17, 2010 50% on August 17, 2011

- any director or officer of the Corporation be and is hereby authorized and directed, on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such documents, instruments, deeds and assurances, and any amendments thereto, and to do or cause to be done all acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the intent of the foregoing resolution.”

Approval of Amendments to By-laws

Shareholders will be asked at the Meeting to consider and approve an amendment to By-law No. 8.03 and By-law No. 8.05 (collectively, the "**By-laws**") of the Corporation. The amendments to the By-laws will allow a Shareholder's ownership of Shares to be recorded and maintained without the issuance of a physical share certificate through the Direct Registration System ("**DRS**").

The DRS provides for electronic direct registration, also known as book-entry, of shares in a shareholder's name on the books of a corporation and allows shares to be transferred electronically. Under DRS, a shareholder will receive a statement from the transfer agent evidencing ownership of its shares, rather than a physical share certificate. The DRS makes it easier to sell or transfer shares, protects shareholders against loss or damage of physical share certificates and eliminates costs related to physical share certificates.

The text of the ordinary resolution to be submitted to Shareholders at the Meeting is set forth below, subject: to such amendments, variations or additions as may be approved at the Meeting. This resolution requires the approval of a majority of the vote cast thereon, in person or by proxy, at the Meeting.

"NOW THEREFORE BE IT RESOLVED THAT:

1. By-law No. 8.03 of the Corporation is amended by adding the words underlined below:

Registration of Transfers. - Subject to the Act, no transfer of a share shall be registered in a securities register except upon presentation of the certificate or acknowledgment of the right to receive a certificate 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, upon payment of all applicable taxes and any reasonable fees prescribed by the board.

2. By-law No. 8.05 of the Corporation is amended by deleting the word struck out below and adding the word underlined below:

Share Certificates. - Every holder of one or more shares of the Corporation shall be entitled, at the ~~holder's~~ Corporation'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 section 2.04 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 section 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 section 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 aforesaid 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.

3. any director or officer of the Corporation be and is hereby authorized and directed, on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such documents, instruments, deeds and assurances, and any amendments thereto, and to do or cause to be done all acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the intent of the foregoing resolutions."

OTHER MATTERS

Management of the Corporation are not aware of any other matter to come before the Meeting other than as set out in the Notice of Meeting. If any other matter properly comes before the Meeting, or any adjournment thereof, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website under the Corporation's profile at www.sedar.com. The Corporation will provide, without charge to a security holder, a copy of the Corporation's latest Annual Information Form and any documents incorporated therein by reference, its 2009 Annual Report to Shareholders containing the comparative financial statements for 2009 together with the auditors report thereon and management's discussion and analysis, interim financial statements for subsequent periods, and this management proxy circular upon request to the Corporate Secretary of the Corporation, Suite 2101, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. If you wish, this information may also be accessed on the Corporation's website (www.redbackmining.com).

CERTIFICATE

The contents and the distribution of this Management Proxy Circular have been approved by the Board of Directors of the Corporation.

DATED this 6th day of April, 2010.

BY ORDER OF THE BOARD
(signed) **Richard P. Clark**
President and CEO



APPENDIX A

RED BACK MINING INC. (the "Corporation")

MANDATE FOR THE BOARD OF DIRECTORS (as reviewed and approved by the Board on October 19, 2005)

The directors of the Corporation are elected by the Shareholders and are responsible for the stewardship of the business and affairs of the Corporation. The Board seeks to discharge this responsibility by reviewing, discussing and approving the Corporation's strategic planning and organizational structure and supervising management to oversee that the long-term operational and financial goals and organizational structure enhance and preserve the business of the Corporation and the underlying value of the Corporation.

DUTIES OF DIRECTORS

The Board discharges its responsibility for overseeing the management of the Corporation's business by delegating to the Corporation's senior officers the responsibility for day-to-day management of the Corporation. The Board discharges its responsibilities both directly and through its standing committees; namely, the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Corporation's strategic objectives. Other principal duties include, but are not limited to, the following categories:

Appointment of Management

1. The Board is responsible for approving the appointment of the Chief Executive Officer and other senior officers of the Corporation. The Compensation Committee is responsible for approving the compensation of the Chief Executive Officer and the other executive officers, senior management and key personnel of the Corporation.
2. The Board from time to time delegates to senior management the authority to enter into transactions, such as financial transactions, subject to specified limits. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business are reviewed by and are subject to the prior approval of the Board.
3. The Board oversees that succession planning programs are in place, including the appointment and monitoring of senior management. The Board is responsible for approving succession plans for the Chief Executive Officer and the other officers of the Corporation.

Board Organization

4. The Board will respond to recommendations received from the Corporate Governance and Nominating Committee, but retains responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee appointments and committee mandates.
5. The Board may delegate to Board committees matters the Board is responsible for, including the approval of compensation matters relating to the Board, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

Strategic Planning

6. The Board has oversight responsibility to participate directly, and through its committees, in developing, reviewing and approving the business objectives and goals of the Corporation.
7. The Board is responsible for reviewing the business, financial and strategic plans by which it is proposed that the Corporation may reach those goals.
8. The Board is responsible for providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.

9. The Board will consider alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for Shareholders.

Monitoring of Financial Performance and Other Financial Reporting Matters

10. The Board is responsible for enhancing congruence between shareholder expectations, corporate objectives and management performance.

11. The Board is responsible for:

- (a) monitoring the Corporation's progress toward its strategic and operational goals, and to revise its direction to management in light of changing circumstances affecting the Corporation; and
- (b) taking action when Corporation performance falls short of its goals, or when other special circumstances warrant.

12. The Board is responsible for reviewing and approving the annual consolidated audited financial statements, the interim consolidated financial statements, and the notes and Management's Discussion and Analysis accompanying such financial statements, as well as the Corporation's Annual Information Form and Management Information Circular.

13. The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Corporation's governing statute, including the payment of dividends, the issuance, purchase and redemption of securities, acquisitions and dispositions of material assets and material expenditures.

Risk Management

14. The Board is responsible for the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to effectively monitor and manage those risks with a view to the long-term viability of the Corporation and achieving a proper balance between the risks incurred and the potential return to the Corporation's Shareholders.

Environmental Oversight

15. The Board is responsible for ensuring the implementation of appropriate environmental stewardship and health and safety management systems, which are sufficient within the terms and practices of the mining industry, to ensure compliance with applicable laws.

Policies and Procedures

16. The Board is responsible for:

- (a) approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated; and
- (b) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and in accordance with ethical and moral standards.

17. The Board shall enforce its policy respecting confidential treatment of the Corporation's proprietary information and the confidentiality of Board deliberations.

Communications and Reporting

18. The Board will review from time to time as circumstances warrant the Corporation's corporate disclosure procedures to address communications with Shareholders, employees, financial analysts, governments and regulatory authorities, the media and the communities in which the business of the Corporation is conducted.

19. The Board is responsible for:

- (a) overseeing the accurate reporting of the financial performance of the Corporation to Shareholders, other security holders and regulators on a timely and regular basis;
- (b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
- (c) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Corporation;
- (d) reporting annually to Shareholders on its stewardship for the preceding year; and
- (e) overseeing the Corporation's implementation of systems to accommodate feedback from Shareholders.

APPENDIX B

RED BACK MINING INC. 2009 INCENTIVE STOCK OPTION PLAN

ARTICLE 1 INTRODUCTION

1.1 Purpose of Plan

The purpose of the Plan is to secure for Red Back Mining Inc. (the “**Corporation**”) and its Shareholders the benefits of incentive inherent in the share ownership by the key employees, consultants, directors and officers of the Corporation and its Affiliates. It is generally recognized that a stock option plan of the nature provided for herein aids in retaining and encouraging key employees, consultants, directors and officers of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Corporation.

1.2 Definitions

- (a) “Affiliate” means with respect to a company, a second company that is a parent or subsidiary of the first company or that is controlled by the same company or individual as the first company.
- (b) “Associate” has the meaning ascribed thereto in the Securities Act.
- (c) “Board” means the board of directors of the Corporation, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated.
- (d) “Change of Control” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:
 - (i) any one person holds a sufficient number of voting shares of the Corporation or resulting company to affect materially the control of the Corporation or resulting company, or
 - (ii) any combination of persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of voting shares of the Corporation or its successor to affect materially the control of the Corporation or its successor,where such person or combination of persons did not previously hold a sufficient number of voting shares to affect materially control of the Corporation or its successor. In the absence of evidence to the contrary, any person or combination of persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Corporation or its successor is deemed to materially affect control of the Corporation or its successor.
- (e) “Corporation” means Red Back Mining Inc., a company duly incorporated under the laws of Canada.
- (f) “Consultant” means, in relation to the Corporation, an individual or a consultant company, other than an Employee or a Director of the Corporation, that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a distribution;
 - (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the consultant companies;
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
 - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

- (g) “Consultant Corporation” means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (h) “Director” means a director of the Corporation.
- (i) “Disinterested Shareholder Approval” means approval by a majority of the votes cast by all the Corporation’s Shareholders at a duly constituted Shareholders’ meeting, excluding votes attached to shares of the Corporation beneficially owned by Optionees or their Associates.
- (j) “Eligible Person” means an Employee, Management Corporation Employee, Director or Officer of the Corporation and includes a company that is wholly-owned by such person.
- (k) “Employee” means an individual who is a bona fide employee of the Corporation or of any Subsidiary of the Corporation and includes:
 - (i) a bona fide permanent part-time employee of the Corporation or any Subsidiary of the Corporation, and
 - (ii) a bona fide Consultant or Consultant Corporation of the Corporation or of a Subsidiary of the Corporation who is approved for participation in this Plan by the Board and in respect of whom the Corporation has qualified by way of an exemption, or has obtained an order from any securities commission or other regulatory authority having jurisdiction over the granting of options to consultants, permitting granting of the Option.
- (l) “Exchange” means the Toronto Stock Exchange or any other stock exchange on which the Shares are listed.
- (m) “Insider” of the Corporation means a Participant who is an “insider” of the Corporation as defined in the Securities Act.
- (n) “Investor Relations Activities” has the meaning ascribed thereto in the Securities Act.
- (o) “Management Corporation Employee” means an individual who is a bona fide employee of a company providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities.
- (p) “Officer” means a senior officer of the Corporation or any of its Subsidiaries.
- (q) “Option” means an option granted under the terms of the Plan.
- (r) “Option Commitment” means the notice of grant of an Option delivered by the Corporation hereunder to an Optionee and substantially in the form of Exhibit A hereto.
- (s) “Option Period” means the period during which an Option may be exercised, subject to the provisions of section 2.6.
- (t) “Optionee” means a Participant to whom an Option has been granted under the terms of the Plan.
- (u) “Participant” means, in respect of the Plan, a person who elects to participate in the Plan.
- (v) “Plan” means this Incentive Stock Option Plan established and operated pursuant to Article II hereof.
- (w) “Securities Act” means the *Securities Act*, R.S.B.C., 1996 c.418, as amended from time to time.
- (x) “Share Compensation Arrangement” means the Plan described herein and any other stock option, stock option plan, employee stock purchase plan, share distribution plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Persons.

- (y) "Shares" means the common shares of the Corporation.
- (z) "Subsidiary" has the meaning ascribed thereto in the Securities Act.

ARTICLE 2 STOCK OPTION PLAN

2.1 Participation

Options to purchase Shares may be granted hereunder to Eligible Persons.

2.2 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors which it may deem proper and relevant.

2.3 Exercise Price

The exercise price per Share shall be determined by the Board but, in any event, the exercise price may not be lower than the market price, i.e. the closing price of the Shares as traded on the Exchange on the last business day preceding the date on which the Option is approved by the Board, or such other method of determining market price as may be required by the Exchange. Any reduction in the exercise price of an Option held by an Optionee who is an Insider of the Corporation at the time of the proposed reduction will require Disinterested Shareholder Approval.

2.4 Grant of Options

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. A Director of the Corporation to whom an Option may be granted shall not participate in the decision of the Board to grant such Option. The date of each grant of Options shall be determined by the Board when the grant is authorized.

2.5 Option Commitment

Each Option granted to an Optionee shall be evidenced by an Option Commitment detailing the terms of the Option and upon delivery of the Option Commitment to the Optionee by the Corporation the Optionee shall have the right to purchase the Shares underlying the Option at the exercise price set out therein, subject to any provisions as to the vesting of the Option.

2.6 Term of Options

The periods within which Options may be exercised and the number of Shares which may be acquired upon exercise of an Option in any such period shall be determined by the Board at the time of granting the Options provided, however, that all Options must be exercisable during a period not extending beyond ten years from the date of the Option grant. Notwithstanding the foregoing, if the expiry date of any vested Option falls on, or within nine trading days immediately following a date upon which any applicable Optionee is prohibited from exercising such Option due to a black-out period or other trading restriction imposed by the Corporation, then the expiry date (and the Option Period) of such Option shall be automatically extended to the tenth trading day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed.

2.7 Exercise of Option

Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation of a written notice of exercise, substantially in the form of Exhibit B hereto, specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the exercise price of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within three business days following the receipt of such notice and payment.

2.8 Vesting

Options granted pursuant to the 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 the Option grant and as indicated in the Option Commitment related thereto.

Notwithstanding the foregoing, Options granted to Participants providing Investor Relations Services shall vest in stages over a 12 month period with a maximum of one-quarter of the Options vesting in any three month period.

2.9 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

2.10 Death or Long Term Disability of Optionee

If an Optionee ceases to be an Eligible Person due to its death, any Option held by it at the date of death shall be exercisable by the Optionee's legal heirs or personal representatives. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of death and only for 12 months after such date or until the expiration of the Option Period in respect thereof, whichever is sooner.

If an Optionee becomes eligible to receive benefits under the Corporation's Long Term Disability Plan (the "LTDP"), all Options held by the Optionee shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the first date of eligibility under the LTDP and only for 12 months after such date or until the expiration of the Option Period in respect thereof, whichever is sooner.

2.11 Termination of Employment

If an Optionee ceases to be an Eligible Person due to the termination of the Optionee's employment at the election of either the Corporation or the Optionee, other than as a result of termination by the Corporation with cause, any Option held by such Optionee at the effective date thereof shall be exercisable only to the extent that the Optionee is entitled to exercise the Option and only for 30 days thereafter (or such longer period as may be prescribed by law) or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Notwithstanding the foregoing, Options granted to an Optionee who was engaged in Investor Relations Activities must expire within 30 days after the Optionee ceases to be employed to provide Investor Relations Activities. In the case of an Optionee being dismissed from employment or service for cause, the Option shall immediately terminate and shall no longer be exercisable as of the date of such dismissal.

2.12 Effect of Take-Over Bid

If a bona fide offer (the "Offer") for Shares is made to the Optionee or to Shareholders generally or to a class of Shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror exercising control over the Corporation within the meaning of the Securities Act, then the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the "Optioned Shares") pursuant to the Offer. If:

- (a) the Offer is not completed within the time specified therein;
- (b) the Optionee does not tender the Optioned Shares pursuant to the Offer; or
- (c) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror in respect thereof;

then at the discretion of the Board, the Optioned Shares or, in the case of clause (c) above, the Optioned Shares that are not taken up and paid for, shall be returned by the Optionee to the Corporation and reinstated as authorized but unissued Shares and the terms of the Option as set forth in this Plan and the Option Commitment shall again apply to the Option. If any Optioned Shares are returned to the Corporation under this Section, the Corporation shall refund the exercise price to the Optionee for such Optioned Shares.

2.13 Effect of Reorganization, Amalgamation or Merger

If the Corporation is reorganized, amalgamated or merges with or into another corporation, at the discretion of the Board, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such reorganization, amalgamation or merger if the Optionee had exercised his Option immediately prior to the record date applicable to such reorganization, amalgamation or merger, and the exercise price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

2.14 Effect of Change of Control

Upon the occurrence of a Change of Control, all Options will immediately become fully vested, whereupon such Option may be exercised in whole or in part by the Optionee for the remainder of the term of the Option.

2.15 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassifications of Shares, or otherwise, the number of Shares subject to any Option, and the exercise price thereof and the maximum number of Shares which may be issued under the Plan in accordance with Section 3.1(a) shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan. An adjustment under Section 2.13 or 2.15 (the "**Adjustment Provisions**") will take effect at the time of the event giving rise to the adjustment, and the Adjustment Provisions are cumulative. The Corporation will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Share that would, except for this provision, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Corporation. If any questions arise at any time with respect to the exercise price or number of Shares deliverable upon exercise of an Option in any of the events set out in Section 2.12, 2.13, 2.14 or 2.15 such questions will be conclusively determined by the Corporation's auditors, or, if they decline to so act, any other firm of Chartered Accountants that the Corporation may designate and who will have access to all appropriate records and such determination will be binding upon the Corporation and all Optionees.

ARTICLE 3 GENERAL

3.1 Maximum Number of Shares

- (a) The maximum number of Shares that may be issuable pursuant to this Plan to all Participants is 8,000,000 Shares.
- (b) The maximum number of Shares that may be issued pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Shares outstanding from time to time.
- (c) The maximum number of Shares that may be issued pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Shares outstanding from time to time.
- (d) A Director who is not an employee or officer of the Corporation may be granted Options only if :
 - (i) the grant of the Options would not result in such Director being awarded Options with an aggregate grant value in excess of CAD\$100,000 in any one year; and
 - (ii) the number of Shares underlying all Options issued pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) and held by Directors who are not an employee or officer of the Corporation does not exceed 1% of the outstanding capital of the Corporation on the date of grant.

3.2 Transferability

Options are not assignable or transferable other than by will or by the applicable laws of descent. During the lifetime of an Optionee, all Options may only be exercised by the Optionee.

3.3 Employment

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Subsidiary, or interfere in any way with the right of the Corporation or any Subsidiary, to terminate the Optionee's employment at any time. Participation in the Plan by an Optionee is voluntary.

3.4 No Shareholder Rights

An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by an Option until the Optionee exercises such Option in accordance with the terms of the Plan and the issuance of the Shares by the Corporation.

3.5 Record Keeping

The Corporation shall maintain a register in which shall be recorded the name and address of each Optionee, the number of Options granted to an Optionee, the details thereof and the number of Options outstanding.

3.6 Necessary Approvals

The Plan shall be effective only upon the approval of both the Board and the Shareholders of the Corporation by ordinary resolution or Disinterested Shareholder Approval, as may be applicable. The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any exercise price paid by an Optionee to the Corporation shall be returned to the Optionee.

3.7 Administration of the Plan

Subject to the provisions of section 3.9, the Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

3.8 Income Taxes

- (a) As a condition of and prior to participation in the Plan, a Participant shall authorize the Corporation in written form to withhold from any remuneration otherwise payable to such Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.
- (b) The payment of all taxes payable by a Participant as a consequence of participation in the Plan shall be the sole responsibility of such Participant.

3.9 Amendments and Shareholder Approval

- (a) The Board may amend, suspend or terminate the Plan, or any portion thereof, at any time, subject to section 3.9(b) below and those provisions of applicable law (including without limitation, the rules, regulations and policies of the Exchange), if any, that require the approval of Shareholders or any governmental or regulatory body. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the Plan without seeking shareholder approval:
 - (i) amendments of a "housekeeping" or administrative nature including without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
 - (ii) amendments necessary to comply with the provisions of applicable law (including without limitation, the rules, regulations and policies of the Exchange);
 - (iii) amendments respecting administration of the Plan;

- (iv) any amendment to the vesting provisions of the Plan or any Option;
 - (v) any amendment to the early termination provisions of the Plan or any Option, whether or not such Option is held by an Insider, provided that such amendment does not entail an extension beyond the original expiry date;
 - (vi) the addition of any form of financial assistance by the Corporation for the acquisition by all or certain categories of Participants of Shares under the Plan, and the subsequent amendment of any such provision which is more favourable to Participants;
 - (vii) the addition or modification of a cashless exercise feature, payable in cash or Shares, which provides for a full deduction of the number of underlying Shares from the Plan reserve;
 - (viii) amendments necessary to suspend or terminate the Plan; and
 - (ix) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under section 3.9(b) or applicable law (including without limitation, the rules, regulations and policies of the Exchange).
- (b) Shareholder approval will be required for the following types of amendments:
- (i) amendments to the number of Shares issuable under the Plan, including an increase to a fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage;
 - (ii) any amendment which reduces the exercise price of an Option or allows the cancellation and reissuance of an Option (the Exchange does not permit the exercise price to be below the Market Price);
 - (iii) any amendment extending the term of an Option beyond its original expiry date;
 - (iv) any amendment to the Eligible Persons under the Plan that would increase participation in the Plan by Directors who are not employees or officers of the Corporation;
 - (v) any amendment to allow the transfer or assignment of Options;
 - (vi) any amendment to this section 3.9(b) of the Plan;
 - (vii) the adoption of any option exchange scheme involving Options; and
 - (viii) amendments required to be approved by Shareholders under applicable law (including without limitation, the rules, regulations and policies of the Exchange).

Where shareholder approval is sought for amendments under subsections (ii) or (iii) above, the votes attached to Shares held directly or indirectly by Insiders benefiting from the amendments will be excluded. In the event of any conflict between subsections (a) (i) to (ix) and subsections (b) (i) to (vii), above, the latter shall prevail to the extent of any conflict.

3.10 No Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

3.11 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

3.12 Compliance with Applicable Law

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

Approved by the Board on December 22, 2009.

Approved by the Shareholders on [•].

EXHIBIT A
RED BACK MINING INC.
INCENTIVE STOCK OPTION PLAN
OPTION COMMITMENT

Date: ●

Dear ● **[NAME OF OPTIONEE AND ADDRESS]:**

RED BACK MINING INC. (the "**Corporation**") hereby offers you an option ("**Option**") to purchase common shares in the capital of the Corporation pursuant to the Corporation's Incentive Stock Option Plan, as amended from time to time (the "**Plan**"). A copy of the Plan is available for review at the office of the Corporation and will be provided to you upon request, subject to the terms and conditions set out below.

Your Option is subject to the terms and conditions of the Plan, which are deemed to be incorporated in this agreement, and is subject to the following specific provisions:

Date of Grant: ●

Number of Shares: ●

Exercise Price: \$● per share (Cdn.)

Term of Option: ● years

Exercise Period: From the Date of Grant until the Expiry Date

Expiry Date: 5:00 p.m. Vancouver time on the ___ day of _____, 20_____

Vesting Periods: **[Your Options will vest as follows: ●]**

Your Option may be exercised in whole or in part at any time during the Exercise Period by notice in writing to the Corporation in the form of the Exercise Notice attached as Exhibit B to the Plan, a copy of which is attached to this Option Commitment. The Exercise Notice must be accompanied by a certified cheque or bank draft in favour of the Corporation payable in Canadian funds in full payment of the Exercise Price for the number of shares then being purchased plus such amount, if any, as is required for withholding taxes. The Corporation may also require you to sign further documentation in respect of the shares to be purchased.

The shares to be issued to you as a result of the exercise of your Option may only be issued if the issuance is in compliance with applicable securities laws. The sale by you of the shares is subject to the resale rules under applicable securities laws. If you are in doubt about the requirements of applicable securities laws, you should seek independent legal advice.

By signing below you confirm and acknowledge that you will comply with the terms of the Corporation's trading restrictions and blackout periods when a blackout period has been imposed.

If you would like to accept this Option on the terms and conditions noted, please sign in the space provided below and return a copy to Kathy Love, Corporate Secretary of the Corporation by fax or e-mail at 604-689-5452 or klove@redbackmining.com.

RED BACK MINING INC.

Per: _____
Authorized Signatory

I, **[NAME OF OPTIONEE]** hereby accept the above Option and agree to the terms and conditions described above, including the terms and conditions of the Plan and agree to accept as binding, conclusive and final all decisions and interpretations of the Board upon any questions arising under the Plan, as of this ____ day of _____, ●.

[NAME OF OPTIONEE]

Witness: _____
(Please print name)

EXHIBIT B

**Red Back Mining Inc.
Incentive Stock Option Plan (the "Plan")**

EXERCISE NOTICE

TO: Red Back Mining Inc. (the "Corporation")
FROM: _____
DATE: _____

I hereby exercise my Option to purchase _____ shares of Red Back Mining Inc. for a per share Exercise Price of \$_____ (being an aggregate exercise price of \$_____), effective today's date. I confirm that the number of shares I am purchasing have vested in accordance with the terms of my Option Commitment.

I further acknowledge that the shares to be issued to me as a result of the exercise of my Option may only be issued if the issuance is in compliance with applicable securities laws and any sale or transfer of such shares is subject to the resale rules under applicable securities laws.

I enclose a certified cheque bank draft payable to the Corporation for the aggregate exercise price of the shares being purchased.

Please prepare the share certificate in the following name:

NOTE: If the shares are to be registered in a name other than the Participant's name, please advise the Corporation. There are limited circumstances in which this will be permitted.

Sincerely,

Signature

Print or type name