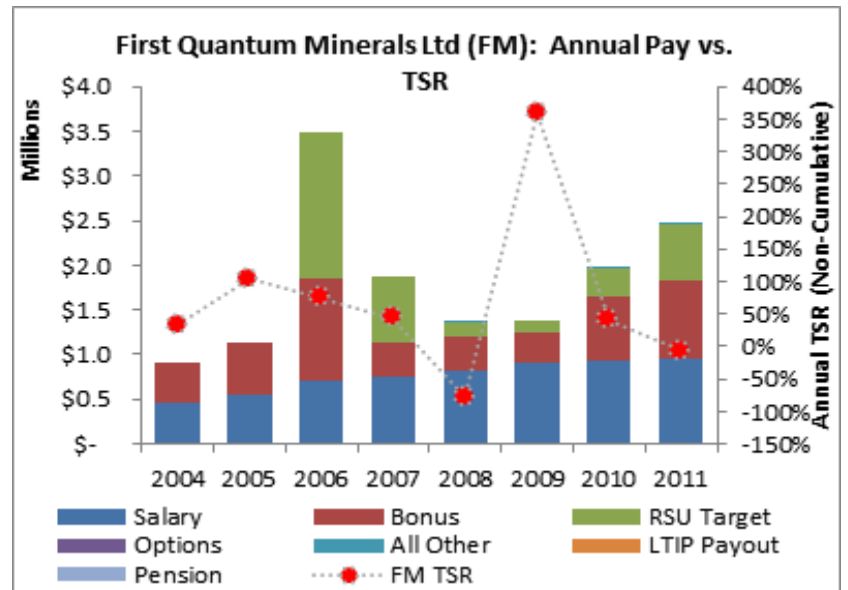
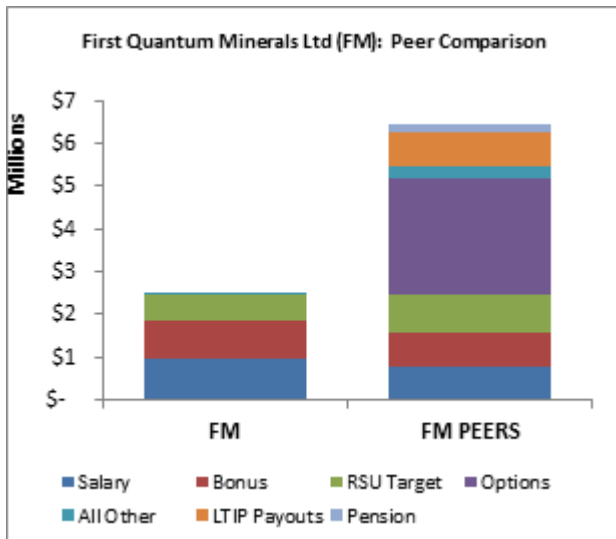


# First Quantum Minerals Ltd (FM): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 0	4 YEAR = 2	6 YEAR = 1	8 YEAR = 3	TOTAL: 6/24

FM provides very little disclosure regarding their metrics and processes for determining incentive payouts. In 2011, TSR was -6.5%, however this places FM 2nd in its 11-firm peer group, which performed very poorly. ROE (4th) and ROA (2nd) results were also relatively strong. Despite negative share performance in 2011, it may be these relative results that drove the year-over-year increase in bonus and PSU grants.

Since the 2008 crisis, FM's share performance has been highly volatile, both upwards and downwards, with CEO pay also varying significantly, although often not in the same direction as TSR. Despite FM's extremely strong 8-year TSR performance, this disconnect has resulted in a very low Pay for Performance Score of 6 out of 24.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:TRQ	Turquoise Hill Resources Ltd.
TSE:CS	Capstone Mining Corp.
TSE:HBM	HudBay Minerals Inc.
TSE:MDI	Major Drilling Group International Inc.
TSE:TCM	Thompson Creek Metals Company Inc.
TSE:IMN	Inmet Mining Corporation
TSE:TKO	Taseko Mines Limited
TSE:TCK.B	Teck Resources Limited
TSE:LUN	Lundin Mining Corp.
TSE:S	Sherritt International Corporation

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:MDI	70.9%	TSE:MDI	18.4%	TSE:MDI	13.1%
2	<b>TSE:FM</b>	<b>-6.5%</b>	TSE:TCM	16.3%	<b>TSE:FM</b>	<b>9.7%</b>
3	TSE:IMN	-14.9%	TSE:TCK.B	15.1%	TSE:TCM	9.4%
4	TSE:TRQ	-21.4%	<b>TSE:FM</b>	<b>13.9%</b>	TSE:IMN	9.1%
5	TSE:CS	-38.1%	TSE:IMN	10.2%	TSE:TCK.B	7.8%
6	TSE:TCK.B	-40.8%	TSE:CS	5.8%	TSE:LUN	4.6%
7	TSE:S	-42.2%	TSE:TKO	5.4%	TSE:CS	4.3%
8	TSE:HBM	-42.7%	TSE:LUN	5.4%	TSE:TKO	2.7%
9	TSE:TKO	-46.3%	TSE:HBM	-8.5%	TSE:S	-5.9%
10	TSE:LUN	-46.7%	TSE:TRQ	-11.7%	TSE:HBM	-6.3%
11	TSE:TCM	-51.2%	TSE:S	-25.3%	TSE:TRQ	-9.0%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	TSE:IVN	\$12,579,997	TSE:TCK.B	\$1,350,000	TSE:S	\$1,750,000	TSE:TCK.B	\$2,801,900	TSE:IVN	\$10,770,000
2	TSE:TCK.B	\$10,800,418	TSE:LUN	\$1,196,207	TSE:TCK.B	\$1,451,900	TSE:S	\$2,500,000	TSE:TCK.B	\$7,353,750
3	TSE:IMN	\$7,220,491	<b>TSE:FM</b>	<b>\$951,979</b>	TSE:IMN	\$1,020,000	<b>TSE:FM</b>	<b>\$1,832,251</b>	TSE:IMN	\$4,361,898
4	TSE:S	\$3,995,117	TSE:IVN	\$890,162	TSE:MDI	\$928,300	TSE:IMN	\$1,820,000	TSE:TKO	\$988,200
5	<b>TSE:FM</b>	<b>\$2,485,069</b>	TSE:IMN	\$800,000	TSE:IVN	\$919,834	TSE:IVN	\$1,809,997	TSE:TCM	\$815,250
6	TSE:LUN	\$2,303,294	TSE:HBM	\$768,800	<b>TSE:FM</b>	<b>\$880,272</b>	TSE:LUN	\$1,678,294	TSE:CS	\$792,000
7	TSE:HBM	\$2,210,219	TSE:S	\$750,000	TSE:HBM	\$701,146	TSE:HBM	\$1,469,946	TSE:LUN	\$625,000
8	TSE:TKO	\$1,894,700	TSE:TCM	\$553,879	TSE:LUN	\$482,087	TSE:MDI	\$1,348,300	<b>TSE:FM</b>	<b>\$622,357</b>
9	TSE:CS	\$1,795,041	TSE:CS	\$530,786	TSE:CS	\$456,649	TSE:CS	\$987,435	TSE:HBM	\$551,383
10	TSE:MDI	\$1,752,956	TSE:TKO	\$519,000	TSE:TKO	\$310,000	TSE:TKO	\$829,000	TSE:MDI	\$344,400
11	TSE:TCM	\$1,751,326	TSE:MDI	\$420,000	TSE:TCM	\$149,547	TSE:TCM	\$703,426	TSE:S	\$341,429

# PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

