



INMET MINING CORPORATION MANAGEMENT PROXY CIRCULAR

This management proxy circular is furnished in connection with the solicitation by the management of Inmet Mining Corporation (the "Corporation") of proxies to be used at the Annual and Special Meeting of Shareholders of the Corporation (the "Meeting") referred to in the accompanying notice of meeting, to be held in the TSX Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario, on Thursday, April 29, 2004, at 10:30 a.m. (Toronto time), and at any adjournment thereof, for the purposes set forth in the accompanying notice. The solicitation will be made primarily by mail, but proxies may also be solicited personally or by telephone by employees of the Corporation at nominal cost. The cost of the solicitation will be borne by the Corporation. Unless otherwise specified, the information contained in this circular is given as of March 1, 2004.

Copies of the Corporation's latest annual information form (together with the documents incorporated therein by reference), the consolidated financial statements of the Corporation for 2003 together with the report of the auditors thereon, management's discussion and analysis of the Corporation's financial condition and results of operations for 2003, the interim financial statements of the Corporation for periods subsequent to the end of the Corporation's last fiscal year and this circular are available upon request from the Secretary of the Corporation.

APPOINTMENT OF PROXIES

The persons names in the enclosed form of proxy are officers of the Corporation. *Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent such shareholder at the Meeting or any adjournment thereof.* Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. The completed form of proxy must be deposited not later than the close of business on the business day immediately preceding the day of the Meeting or any adjournment thereof with CIBC Mellon Trust Company, attention Proxy Department, at 200 Queen's Quay East, Unit 6, Toronto, Ontario, M5A 4K9, by using the envelope provided for this purpose, or by fax at 416-368-2502.

NON-REGISTERED HOLDERS

In this Circular and the enclosed form of proxy and Notice, all references to shareholders are to registered holders of the issued and outstanding common shares of the Corporation ("Common Shares"). Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 — Communication with Beneficial Owners of Securities of a Reporting Issuer, the Corporation has distributed copies of the accompanying Notice, this Circular, the enclosed form of proxy and the Corporation's 2003 Annual Report (which includes management's discussion and analysis of financial condition and results of operations and consolidated financial statements for the fiscal year ended December 31, 2003) (collectively the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

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

- (i) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) and is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with CIBC Mellon Trust Company, by mail addressed to CIBC Mellon Trust Company, Attention: Proxy Department, 200 Queens Quay East, Unit 6, Toronto, Ontario, M5A 4K9 or by facsimile at 416-368-2502, or with the Secretary of the Corporation, as described above; or
- (ii) more typically, given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instructions form by telephone, the internet or facsimile).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form.

In any case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.

REVOCATION OF PROXIES

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so: (1) by delivering another properly executed proxy bearing a later date and depositing it as aforesaid, including within the prescribed time limits noted above; (2) by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder's attorney authorized in writing (i) at the registered office of the Corporation (330 Bay Street, Suite 1000, Toronto, Ontario M5H 2S8) at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chairman of the Meeting, prior to its commencement, on the day of the Meeting or any and adjournment thereof; (3) by attending the Meeting in person and so requesting; or (4) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except 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 that is not received by the Intermediary at least seven days prior to the Meeting.

VOTING OF SHARES RESPRESENTED BY MANAGEMENT PROXIES

The persons named in the enclosed form of proxy will vote or withhold from voting the shares in respect of which they are appointed proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted for or against or withheld from voting accordingly. ***In the absence of such direction, such shares will be:***

- (i) voted for the election as directors of the Corporation of the persons listed under the heading "Election of Directors" below;
- (ii) voted for the appointment of KPMG LLP as auditors of the Corporation and to authorize the directors to fix the auditors' remuneration; and
- (iii) voted for the reconfirmation of the amended and restated Shareholder Rights Plan of the Corporation.

VOTING SHARES

At March 1, 2004, the Corporation had outstanding 40,156,884 Common Shares. Each holder of Common Shares is entitled to five votes on all matters to come before the Meeting or any adjournment thereof for each Common Share registered in the shareholder's name in the list of holders of Common Shares prepared as of March 15, 2004 (the "Record Date") unless a person has transferred shares after the Record Date and the new holder of such shares establishes proper ownership thereof and in writing requests the Secretary of the Corporation by April 20, 2004 to be included in the list of holders of Common Shares entitled to vote. For a description of the procedures to be followed by Non-Registered Holders to direct the voting of shares beneficially owned, see "Non-Registered Holders" above.

PRINCIPAL HOLDERS OF THE CORPORATION'S VOTING SHARES

To the best of the knowledge of the directors and officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10 per cent of the votes attached to all shares of the Corporation, other than Fidelity Management & Research Company ("FMR Co.") and certain of its affiliates and associates, which collectively hold 5,654,760, or approximately 14.1 per cent, of the outstanding Common Shares.

BUSINESS OF THE MEETING

Annual Financial Statements

The Annual Financial Statements of the Corporation for the fiscal year ended December 31, 2003 are included in the 2003 Annual Report, which is being mailed to shareholders with this Circular. The Annual Report will be placed before the shareholders at the Meeting.

ELECTION OF DIRECTORS

The Board of Directors has determined that the number of directors to be elected at the Meeting is nine.

The management representatives named in the enclosed form of proxy intend to cast the votes represented by such proxy for the election as directors of the proposed nominees whose names are set out on pages 3 to 5 of this circular unless the shareholder who has given such proxy has directed that the shares represented thereby be withheld from voting in the election of directors. All of the proposed nominees, except for Mr. Holmes, are currently directors and have been directors of the Corporation since the dates indicated. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the management representatives named in the enclosed form of proxy, unless directed to withhold from voting, reserve the right to vote for other nominees in their discretion.

The following table sets out the name of each person proposed to be nominated for election as a director, to hold office until the next annual meeting of shareholders or until a successor is appointed; the person's principal occupation or employment; all major positions and offices held with the Corporation; the year in which the person was first elected a director of the Corporation; and the number of Common Shares that he has advised the Corporation are beneficially owned, directly or indirectly, or are subject to control or direction by him, as at March 1, 2004 as well as the number of deferred stock units of the Corporation held by him.

	Director Since	Common Shareholdings	Deferred Stock Units Held	
David R. Beatty O.B.E. Toronto, Ontario	2003	20,000	Nil	Mr. Beatty is Professor of Strategic Management and director of the Clarkson Centre for Business Ethics and Board Effectiveness at the University of Toronto's Rotman School of Management. He is also the Managing Director of the Canadian Coalition for Good Governance. Mr. Beatty is a director of Bank of Montreal, First Service Corporation, Garbell Holdings Limited, Goldcorp Inc. and Thistle Mining Inc. He is also Honorary Consul to Canada for the Government of Papua New Guinea and in 1993 was awarded the O.B.E. Mr. Beatty is a member of the Compensation Committee and the Corporate Governance and Nominating Committee.

	Director Since	Common Shareholdings	Deferred Stock Units Held	
Paul E. Gagné Senneville, Quebec	1996	5,300	26,414	<p>Mr. Gagné is a Corporate Director. From 1998 to 2002 he was a consultant to Kruger Inc. and prior to that, he was Chief Executive Officer of Avenor Inc., a pulp, paper and wood products company. He currently serves on the Boards of Textron Inc. and Wajax Limited. Mr. Gagné is also a Canadian Chartered Accountant.</p> <p>Mr. Gagné chairs the Audit Committee and the Safety, Health and Environment Committee.</p>
Oyvind Hushovd Oakville, Ontario	2002	Nil	3,393	<p>Mr. Hushovd is Chairman and Chief Executive Officer of Gabriel Resources Ltd. From 1996 to 2002 he was President and Chief Executive Officer of Falconbridge Limited and prior to that held senior positions within that company. Mr. Hushovd is also a director of Western Oil Sands Inc., Cameco Corporation, Nuinsco Resources Limited and LionOre Mining International Ltd..</p> <p>Mr. Hushovd is a member of the Audit Committee and the Safety, Health and Environment Committee.</p>
William James Toronto, Ontario	1996	40,000	378,234	<p>Mr. James is Chairman of the Corporation. He has extensive experience in international mining and in 2002 was inducted into the Canadian Mining Hall of Fame. Mr. James was President and Chief Executive Officer of the Corporation from 1996 to 1999. Prior to that he was President and Chief Executive Officer of Denison Mines Limited, and from 1983 to 1989 served as the President, Chairman and Chief Executive Officer of Falconbridge Limited. Currently Mr. James also serves as a director of Templeton Growth Fund Ltd.</p> <p>Mr. James is a member of the Compensation Committee, the Corporate Governance and Nominating Committee and the Safety, Health and Environment Committee.</p>
Jyrki Juusela, Ph.D. Helinski, Finland	2002	Nil	3,013	<p>Dr. Juusela is President and Chief Executive Officer of Outokumpu Oyj. He also serves on the Boards of Sampo Plc, Varma Mutual Pension Insurance Company, Technology Industries Finland and the Association of Finnish Steel and Metal Producers. Dr. Juusela received his Doctorate of Technology from the Helinski University of Technology in 1971.</p>

	Director Since	Common Shareholdings	Deferred Stock Units Held	
Thomas E. Kierans Toronto, Ontario	1996	40,000	7,223	<p>Mr. Kierans is Chairman of The Canadian Institute for Advanced Research. Before assuming this position, he was President and Chief Executive Officer of the C.D. Howe Institute, where he served for 10 years, and before that, President of McLeod Young Weir Limited (later Scotia McLeod Inc.). Mr. Kierans is also Chairman of the Board of The Toronto International Leadership Centre for Financial Sector Supervision. He serves as a director of several other companies, including BCE Inc., Manulife Financial Corporation, Petro-Canada and Telsat Canada. Mr. Kierans is the recipient of an Honorary LL.D. from the Royal Roads Military College and was appointed an Officer of the Order of Canada in 2000.</p> <p>Mr. Kieran chairs the Corporate Governance and Nominating Committee and is a member of the Compensation Committee.</p>
W. Warren Holmes Timmins, Ontario	n/a	3,000		<p>Mr. Holmes is President and Chief Executive Officer of Nuinsco Resources Limited. Prior to July 2002, he was Senior Vice-President, Canadian Mining Operations at Falconbridge Limited. Mr. Holmes is a professional engineer. He is also President-Elect of the Canadian Institute of Mining, Metallurgy and Petroleum.</p>
Richard Ross Nobleton, Ontario	1999	30,000	Nil	<p>Mr. Ross has been President and Chief Executive Officer of the Corporation since 2000. Prior to this, Mr. Ross was the Executive Vice-President and Chief Financial Officer and held positions of increasing responsibility since joining the Corporation in 1989. He is also First Vice-Chairman of the Mining Association of Canada, President of the Canadian-Turkish Business Council and serves on the Board of St. Joseph's Health Centre Toronto. Mr. Ross is a Canadian Chartered Accountant.</p>
James M. Tory, Q.C. Toronto, Ontario	1987	68,125	25,073	<p>Mr. Tory is Chair Emeritus and Counsel at Torys LLP. He is also Chairman of the Board of Cognos Inc. and of the Canadian Real Estate Investment Trust. He also serves as a director of Canadian General Tower Ltd.</p> <p>Mr. Tory chairs the Compensation Committee and is also a member of the Audit Committee and the Corporate Governance and Nominating Committee.</p>

APPOINTMENT OF AUDITORS

Unless the shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld from voting in the appointment of auditors, on any ballot that may be called for in the appointment of auditors, the persons named in the form of proxy enclosed with the Notice of Meeting intend to vote "For" the appointment of KPMG LLP, Chartered Accountants, Toronto, as auditors of the Corporation to hold office until the next annual meeting of shareholders and authorizing the directors to fix the remuneration to be paid to the auditors.

PRINCIPAL ACCOUNTING FIRM FEES

KPMG LLP are the auditors of the Corporation. From time to time, KPMG LLP and/or its affiliates (collectively "KPMG") also provide advisory and other non-audit services to the Corporation and certain of its subsidiaries, the details of which are summarized below. It is the Corporation's policy not to engage its auditors to provide services in connection with internal audit and financial information systems design and implementation.

Audit Fees

The aggregate fees billed by KPMG for professional services rendered for audits relating to statutory and regulatory requirements totalled \$313,000 for the fiscal year ended December 31, 2003 and \$237,000 for the fiscal year ended December 31, 2002.

Audit-Related Fees

Audit-related fees are for services provided by KPMG that are reasonably related to its role as auditor. The aggregate audit-related fees billed by KPMG to the Corporation and certain subsidiaries totalled \$30,000 for the fiscal year ended December 31, 2003 and \$230,000 for the fiscal year ended December 31, 2002. Fiscal 2003 fees relate to due diligence and the audit of the Corporation's pension plan. Fiscal 2002 fees largely relate to due diligence in addition to the audit of the Corporation's pension plan and translation services for regulatory filings.

Tax Fees

Tax fees relate to services for tax compliance, tax advice and tax planning, including expatriate tax services. The aggregate fees for tax services billed by KPMG to the Corporation and certain subsidiaries totalled \$156,000 for the fiscal year ended December 31, 2003. For the fiscal year ended December 31, 2002, tax services billed by KPMG totalled \$359,000, and included one-time tax services of \$223,000.

All Other Fees

All other fees relate principally to establishing a number of subsidiary companies and related accounting assistance. The aggregate of these fees billed by KPMG to the Corporation and certain subsidiaries totalled \$27,000 for the fiscal year ended December 31, 2003 and \$98,000 for the fiscal year ended December 31, 2002.

The Audit Committee of the Board has considered whether the provision of the above-captioned services is compatible with maintaining KPMG's independence and has determined that such services were fully compatible with the maintenance of the auditors independence.

RECONFIRMATION OF SHAREHOLDER RIGHTS PLAN

At the Meeting, shareholders will be asked to reconfirm the Corporation's shareholder rights plan (the "Rights Plan"), the terms and conditions of which are set out in the amended and restated Shareholder Rights Plan Agreement (the "Rights Agreement") dated as of March 1, 2004 between the Corporation and CIBC Mellon Trust Company (the "Rights Agent"). The text of the Rights Agreement is set forth in Schedule B.

Reconfirmation by Shareholders

Under the provisions of the Rights Agreement, the Rights and the Rights Agreement will terminate if the Rights Agreement is not reconfirmed by shareholders at the Meeting. See "Shareholder Approval" below.

Recommendation of the Board of Directors

In recommending reconfirmation of the Rights Agreement, the Board of Directors considered the appropriateness of maintaining a shareholder rights plan and concluded, for the reasons discussed below, that it was in the best interests of the Corporation and its shareholders to do so. No substantive changes have been made to the Rights Plan. The Rights Agreement incorporates only minor amendments from the provisions of the prior amended and restated rights plan agreement dated March 1, 2001 between the Corporation and the Rights Agent that are necessary to give continuing effect to the Rights Agreement should shareholders reconfirm the Rights Plan. The Toronto Stock Exchange has accepted notice of filing of the amended and restated Rights Plan, subject to Shareholders' reconfirmation of it.

The Board of Directors unanimously recommends that Shareholders reconfirm the Rights Plan by voting in favour of the resolution to be submitted to the Meeting.

Background to the Rights Plan

The Rights Plan was originally adopted in March, 1995 (and last reconfirmed in 2001) to provide the Board of Directors of the Corporation with sufficient time, in the event of a public take-over bid for the Common Shares of the Corporation, to pursue alternatives to enhance or protect shareholder value. These alternatives could include take-over bids or offers from other interested parties to provide shareholders wishing to sell their shares with the best opportunity to realize the maximum sale price. In addition, the directors would be able to explore and, if feasible, advance other alternatives to maximize or protect share value through possible corporate reorganizations or restructurings.

The time required for considering and completing a change of control transaction for a company of the size and complexity of the Corporation must be examined from both the perspective of the Corporation and of potential purchasers. Under applicable securities laws, a take-over bid must remain open for a minimum of 35 days. The Corporation considers this period to be inadequate to allow it to fully explore alternatives. The result is that shareholders may fail, in the absence of the Rights Plan, to realize the maximum value for their shares. By giving the Board additional time, the Rights Plan will permit the Corporation to assess the merits of competing take-over bids and provide shareholders with full information with which to make their own assessment. In addition, the Board of directors believes that the Rights Plan will encourage persons seeking to acquire control of the Corporation to do so by means of a public take-over bid available to all shareholders, thus giving all shareholders the opportunity to share in the premium that an acquiror is likely to pay upon an acquisition of control. By motivating would-be acquirors to make a public take-over bid, shareholders will have the best opportunity of being assured that they will participate on an equal basis, regardless of the size of their holdings, in any acquisition of control of the Corporation.

Decisions of Canadian securities regulators indicate that a shareholder rights plan can be appropriately used for these purposes.

The Board believes that the Rights Plan will not adversely limit the opportunity for shareholders to dispose of their shares through a take-over bid for the Corporation which provides fair value to all shareholders. The directors will continue to be bound to consider fully and fairly any *bona fide* take-over bid for shares of the Corporation and to discharge their responsibilities with a view to the best interests of the shareholders.

It is not the intention of the Board in recommending the reconfirmation of the Rights Plan to secure the continuance in office of the existing members of the Board or to avoid an acquisition of control of the Corporation in a transaction that is considered to be fair and in the best interests of the shareholders. The rights of shareholders under existing law to seek a change in the management of the Corporation or to influence or promote action of management in a particular manner will not be affected by the Rights Plan.

The proposal to reconfirm the Rights Plan is not being made in response to or in anticipation of any pending or threatened take-over bid for the Common Shares of the Corporation.

THE CORPORATION'S RIGHTS PLAN

The principal terms of the Rights Plan, as amended and restated, are summarized below. Capitalized terms used but not defined in this summary are used as defined in the Rights Agreement. For full particulars, please refer to the text of the Rights Agreement attached as Schedule B. The summary is qualified by reference to the actual provisions of the Rights Agreement.

General

The Rights are issued pursuant to the Rights Agreement between the Corporation and the Rights Agent on the basis of one Right for each Common Share. Each Right entitles the registered holder thereof to purchase from the Corporation, on the occurrence of a "Flip-in Event", Common Shares at an exercise price of \$20.00 (the "Exercise Price"). If a Flip-in Event occurs, each of the Rights entitles the registered holder to receive, upon payment of the Exercise Price, that number of Common Shares that have a Market Price at the date of that occurrence equal to twice the Exercise Price. The Rights are not exercisable until the Separation Time. If the Rights Plan is reconfirmed, the Rights will expire on termination of the Corporation's annual meeting in 2007, unless terminated earlier by the Board in accordance with the Rights Agreement.

Trading of Rights

Until the Separation Time, the Rights are evidenced by outstanding common share certificates. The Rights Plan provides that, until the Separation Time, the Rights will be transferred with and only with the associated Common Shares. Until the Separation Time, or earlier termination or expiration of the Rights, each new common share certificate issued upon transfer of existing Common Shares or the issuance of additional Common Shares, will display a legend incorporating the terms of the Rights Agreement by reference. Promptly following the Separation Time, separate certificates evidencing the Rights (“Rights Certificates”) will be mailed to the holders of record of Common Shares as of the close of business at the Separation Time and thereafter the Rights Certificate alone will evidence the Rights.

Separation Time

The Rights will separate and trade independently of the Common Shares after the Separation Time. The Separation Time means the close of business on the tenth Trading Day after the earlier of (i) the first date (the “Stock Acquisition Date”) of public announcement of facts indicating that a person has become an Acquiring Person and (ii) the commencement of, or first public announcement of the intent of any person to commence, a Take-over Bid other than a Permitted Bid or a Competing Permitted Bid or (iii) such later date as may be determined by the Board of directors.

Acquiring Person and Beneficial Ownership

An “Acquiring Person” is a person who Beneficially Owns 20 per cent or more of the outstanding Common Shares of the Corporation. The Rights Agreement provides certain exceptions, including a person who acquires 20 per cent or more of the outstanding Common Shares through a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro-Rata Acquisition or a Convertible Security Acquisition. There are also certain exceptions for the benefit of Investment Managers, Trust Companies and administrators of pension funds or plans.

A person is not deemed to Beneficially Own any security deposited, without any prior agreement or arrangement with the Offeror, to a Take-over Bid until such security is taken-up under the bid. In addition, a person is not deemed to Beneficially Own any security deposited to a Take-over Bid pursuant to a Lock-up Agreement which meets certain requirements. For this purpose, a Lock-up Agreement is an agreement between an Offeror and a shareholder under which the shareholder agrees to deposit Common Shares to a Take-over Bid made by the Offeror. In order to constitute a Lock-up Agreement, the agreement must permit the shareholder to withdraw any Common Shares tendered to the Take-over Bid in order to deposit them to a higher offer. The Lock-up Agreement may not provide for fees payable by the shareholder for doing so which exceed the greater of 2.5 per cent of the consideration payable to the shareholder under the original Take-over Bid and 50 per cent of the amount of the increase in consideration offered pursuant to a competing bid.

Flip-in Event

If a person becomes an Acquiring Person (this is called a “Flip-in Event”), each Right, other than those held by an Acquiring Person and certain persons related to it, will entitle the holder to purchase from the Corporation, upon exercise, the number of Common Shares having an aggregate Market Price on the date of the Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price.

Permitted Bid

A Flip-in Event does not occur if a Take-over Bid is a Permitted Bid. A Permitted Bid is a Take-over Bid made by means of a take-over bid circular, which, among other things:

- (i) is made to all holders of record of Common Shares of the Corporation (not including those held by the bidder);
- (ii) is open for acceptance for at least 45 days following the date of the bid; and
- (iii) contains provisions that:
 - (a) no shares will be taken up unless at the date of take-up more than 50 per cent of the then outstanding Common Shares held by Independent Shareholders have been deposited to the Take-over Bid and not withdrawn;
 - (b) Common Shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to such shares being taken up and paid for; and
 - (c) if the condition in (a) is satisfied, the Take-over Bid will be extended on the same terms for a period of not less than ten business days.

Take-over Bid

A Take-over Bid is defined in the Rights Plan as an offer to acquire Common Shares or securities convertible into Common Shares, where the Common Shares subject to such offer, together with the Common Shares into which the securities subject to the offer are convertible, and the Offeror's Securities, constitute in the aggregate 20 per cent or more of the outstanding Common Shares of the Corporation at the date of such offer.

Redemption

The Board, with shareholder approval, may redeem all the Rights at a redemption price of \$0.0001 per Right at any time before the occurrence of a Flip-in Event which has not previously been waived.

Waiver

Any time prior to the occurrence of a Flip-in Event, the Board of directors may waive the application of the Flip-in Event provisions of the Rights Agreement to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a take-over bid circular. If the Board of directors waives the application of the Flip-in Event provisions to such a Flip-in Event, the Board of directors is deemed to have waived the application of the Flip-in Event provisions to any other Flip-in Event occurring by reason of any competing Take-over Bid made by means of a take-over bid circular prior to the expiry of a Take-over Bid which is the subject of such a waiver. The Board of directors may also waive the application of the Flip-in Event provisions to a Flip-in Event where the Acquiring Person became such by inadvertence provided that, at the time of the waiver, such Acquiring Person has reduced its beneficial ownership such that it is no longer an Acquiring Person.

Amendments

The Corporation may make amendments to the Rights Agreement in order to correct clerical or typographical errors or to preserve the validity of the Rights Agreement in the event of any change in applicable legislation. Any such change to maintain the validity of the Rights Agreement must be submitted to shareholders for their approval at the next meeting of shareholder or, if made after the Separation Time, to a meeting of holders of the Rights at a meeting called for a date not later than the date of the next meeting of shareholders of the Corporation. The Corporation, with the prior consent of the holders of Common Shares, at any time before the Separation Time or, if after the Separation Time, with the prior consent of holders of Rights, may supplement, amend, vary or rescind any provision of the Rights Agreement and the Rights (whether or not such action would materially adversely affect the interests of holders of Rights generally). No such amendment or variation will be made without the prior approval, where required, of the Toronto Stock Exchange.

Before the date of the Meeting, the Corporation may amend the Rights Agreement without the approval of any holders of Rights, provided that it must consult with the Rights Agent before effecting any such amendment.

Shareholder Approval

In order for the Rights Agreement to remain effective, the Rights Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of the confirmation of the Rights Agreement at the Meeting. The text of the resolution is set out in Schedule A to this circular. For this purpose, "Independent Shareholders" mean holders of Common Shares excluding (i) any Acquiring Person; (ii) an Offeror, with certain exceptions, (iii) any affiliate or associate of such Acquiring Person; (iv) any person acting jointly or in concert with such Acquiring Person; or (v) any trustee or administrator of any employee benefit plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of such plan direct the manner in which the shares are to be voted.

As of the date of this circular, to the knowledge of the directors, all outstanding Common Shares are eligible to be voted in respect of the resolution reconfirming the Rights Plan.

The management representatives named in the attached form of proxy intend to vote the shares represented by such proxy in favour of the resolution reconfirming the Rights Plan set out in Schedule A, unless the shareholder who has given such proxy has directed that the shares represented thereby should be voted against such reconfirmation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The rules of the Toronto Stock Exchange (TSX) require that the Corporation annually prepare a Statement of Corporate Governance Practices, which compares the Corporation's governance practices to those recommended in guidelines established by the TSX (TSX Guidelines). The Statement of Corporate Governance Practices is set out below and has been approved by the Board.

TSX GUIDELINES

The Corporation's Practice

Guideline 1

The Board should explicitly assume responsibility for the stewardship of the Corporation and should assume responsibility for:

The mandate of the Board is to supervise the management of the Corporation and to act in its best interests. The Board acts in accordance with:

- The Canadian Business Corporations Act
- The Corporation's articles of incorporation and by-laws
- The Corporation's code of ethics
- The charters of the Board and committees
- Other applicable laws and Corporation policies

The Board does not currently have a written mandate but intends to implement one during the course of this year.

Under the Corporation's Authorization Policy, the Board must approve all significant decisions that affect the Corporation before such decisions are implemented. Such decisions include but are not limited to annual budgets, significant acquisitions and dispositions, unbudgeted expenditures in excess of specified amounts and transactions outside of the ordinary course of business. The Board also supervises the implementation and reviews the results of such decisions. Changes in senior management are also approved by the Board.

1 (a) adoption of a strategic planning process;

The Board is actively involved in the Corporation's strategic planning process. The Board discusses and reviews all materials relating to the Corporation's strategy with management. The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the Corporation's strategy, and whether it remains appropriate, and takes into account the risks and opportunities of the business.

1 (b) the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage those risks;

The Board, directly and through its committees, is responsible for overseeing the processes by which the principal risks of the Corporation are identified, assessed and managed and for ensuring that risk management systems are implemented. A description of each Board committee and its activities can be found at pages 14 and 15 of this circular.

1 (c) succession planning, including appointing, training and monitoring senior management;

The Board is responsible for choosing the President and Chief Executive Officer and for appointing senior management and for monitoring their performance. The Board, through the Compensation Committee, approves the President and Chief Executive Officer's corporate objectives and compensation as well as those of his direct reports. The Board's expectation is that the Corporation will also ensure that processes are in place to recruit senior management with the highest standards of integrity and competence, and will train, develop and retain them. The Board supports management's commitment to training and developing all employees.

1 (d) a communications policy for the Corporation; and

The Board, or the Audit Committee on behalf of the Board, approves the Corporation's major communications, including disclosure and financing documents, other than press releases that do not contain earnings related financial information. The Corporation communicates with its stakeholders through a number of methods including its web site. The Board has approved a communication policy that covers the accurate and timely communication of all important information. Management holds quarterly conference calls with analysts to which shareholders and the public can listen. The Board has delegated the Corporation's communication policy to management. The President and Chief Executive Officer, the Vice-President, Finance and Chief Financial Officer and the Vice-President, General Counsel and Secretary generally handle shareholder communications and answer all routine questions posed by shareholders.

1 (e) the integrity of the Corporation's internal control and management information systems.

The Board, through its Audit Committee, examines the effectiveness of the Corporation's internal control processes and management information systems. The Corporation is currently implementing an internal audit function and has retained Deloitte & Touche LLP for this purpose. The Audit Committee consults with the external auditors and management to ensure that the integrity of the Corporation's internal control process is maintained. The external auditor and management report to the Audit Committee each year on the quality of the Corporation's internal control processes.

Guideline 2

The Board should be constituted with a majority of individuals who qualify as unrelated directors. Under the TSX Guidelines an unrelated director is also a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. Management directors are related directors.

Mr. James is Chairman of the Board, and a related director, having formerly served as the Chief Executive Officer of the Corporation. Mr. Ross, the current Chief Executive Officer of the Corporation, and a related director, was appointed to the Board in December 1999. Dr. Juusela was a "related" director prior to the disposition by Outokumpu Oyj of Common Shares held by it on October 3, 2003. All other directors are "unrelated" within the meaning of the TSX Guidelines.

Guideline 3

The application of the definition of "unrelated director" to the circumstances of each individual director should be the responsibility of the Board which will be required to disclose on an annual basis whether the Board has a majority of unrelated directors. The Board will also be required to disclose on an annual basis the analysis of the application of the principles supporting this conclusion.

The Board has adopted categorical standards for determining whether a director is "unrelated" within the meaning of the TSX guidelines and "independent" within the meaning of Multilateral Instrument 52-110 promulgated by the Canadian Securities Administrators. A director is "unrelated" and "independent" under these standards if the Board determines that the director has no material relationship with the Corporation or any of its affiliates, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation. A "material relationship" is one which could, in the view of the Board, reasonably interfere with a director's judgment. In addition, certain relationships deem a director not to be "unrelated" or "independent" under these standards. Under the relevant definitions, Mr. James and Mr. Ross are the only directors who are not "independent".

The Corporate Governance and Nominating Committee and the Board have each assessed the manner in which Mr. James carries out his duties as the Chairman of the Board and have determined that he acts independently of management.

Guideline 4

The Board should appoint a committee of directors composed exclusively of outside, i.e., non-management, directors, a majority of whom are unrelated directors, with the responsibility for proposing new nominees to the Board and for assessing directors on an ongoing basis.

The Corporate Governance and Nominating Committee, composed exclusively of outside directors, all of whom, except for Mr. James, are "unrelated" and "independent", is responsible for identifying and recommending to the Board suitable director candidates. In undertaking this responsibility, the committee periodically assesses the skill sets of current Board members and identifies any additional skill sets deemed to be beneficial when considering Board candidates. The committee maintains a list of potential director candidates for its future consideration. Prior to agreeing to join the Board, new directors are given a clear indication of the workload and time commitment required.

Guideline 5

Every Board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.

The Corporate Governance and Nominating Committee evaluates the effectiveness of the Board, its committees and individual directors. The committee also assesses the operation of the Board and its committees and recommends changes to enhance the performance of the Board and its committees based on its assessment.

Guideline 6

The Corporation should provide an orientation and education program for new directors to the Board.

Although the TSX Guidelines recommend that every corporation provide an orientation and education program for new directors, the Corporation has not implemented a formal program but rather arranges for information and access to senior management to be provided to new directors in a manner specifically tailored to their expertise and business background.

Guideline 7

The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.

The Board and the Corporate Governance and Nominating Committee review the composition and size of the Board once a year. Each of them has determined that the current size of the Board, which is comprised of nine members, is appropriate for the Corporation given the size and the complexity of its operations.

Guideline 8

The Board should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.

The Compensation Committee reviews directors' compensation periodically. To make its recommendation on directors' compensation, the committee takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

Guideline 9

Committees of the Board should generally be composed of outside directors, a majority of whom are unrelated directors, although some Board committees, such as the executive committee, may include one or more inside directors.

Other than Mr. James, the members of each Board committee are outside directors who are "unrelated" and "independent" as described under Guidelines 2 and 3 above.

Guideline 10

The Board should expressly assume responsibility for, or assign to a committee of directors, the general responsibility for, developing the Corporation's approach to governance issues. This committee would, amongst other things, be responsible for the Corporation's response to these governance guidelines.

The Corporate Governance and Nominating Committee is responsible for reviewing the Corporation's overall governance principles, recommending any changes to these principles, and monitoring disclosure of them. This Committee is responsible for reviewing the statement of corporate governance practices included in this circular and recommending its approval to the Board. This committee also monitors best practices among major Canadian companies as well as relevant legislative and regulatory initiatives to ensure the Corporation continues to adhere to high standards of corporate governance.

Guideline 11

The Board, together with the Chief Executive Officer, should develop position descriptions for the Board and for the Chief Executive Officer, involving the definition of the limits to management's responsibilities. In addition, the Board should approve or develop the corporate objectives which the Chief Executive Officer is responsible for meeting.

The Compensation Committee on behalf of the Board develops a position description for the Chief Executive Officer. Currently, there are no position descriptions for the Board although the Board anticipates that it will implement a "Charter of Expectations" during this year that will be applicable to its members. The Compensation Committee reviews and approves the corporate objectives that the Chief Executive Officer is responsible for meeting. The committee assesses the Chief Executive Officer's performance against these objectives and reports the results of this assessment to the Board.

Guideline 12

The Board should have in place appropriate structures and procedures to ensure that the Board can function independently of management. An appropriate structure would be to (i) appoint a chair of the Board who is not a member of management with responsibility to ensure the Board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the Board or to a director, sometimes referred to as the "lead director". Appropriate procedures may involve the Board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the Board's relationship to management to a committee of the Board.

The Corporate Governance and Nominating Committee is responsible for ensuring that the Board functions independently of management. While the Chairman is, under the criteria used by the Board, a related director who is not "independent", the Board and the Corporate Governance and Nominating Committee, have each formally discussed and assessed the independence of the Chairman and determined that the Chairman acts independently of management. The Board has therefore, concluded that it, as constituted, functions independently of management in accordance with the TSX Guidelines. A portion of each Board and Board committee meeting is held without management present. Each Board committee also administers the Board's relationship to management as it pertains to the scope of the committee's responsibilities.

Guideline 13

The audit committee of the Board should be composed only of outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.

A description of the Audit Committee's role and responsibilities can be found on page 14 of this circular.

Guideline 14

The Board should implement a system which enables an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the Board.

The Board, its committees or individual directors may hire outside advisors at the Corporation's expense, subject to the approval of the Corporate Governance and Nominating Committee. During 2003, one outside advisor was retained to assess the effectiveness of the Corporation's system of internal controls and a second outside advisor was hired to help assess the competitiveness of senior management's compensation.

The Board and Board Committees

The Board ordinarily meets on a quarterly basis. The frequency of Board meetings and the nature of agenda items vary depending on the state of the Corporation's affairs and opportunities available to it or risks that it faces. In 2003, the Board met four times.

The Board of Directors has four standing committees: the Audit Committee, the Safety, Health and Environment Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. From time to time, *ad hoc* committees of the Board may be appointed.

Audit Committee

The Audit Committee operates under a written charter that is reviewed annually. The Charter provides that the Audit Committee's principal function is to assist the Board in fulfilling its oversight responsibilities with respect to (1) the quality, integrity and appropriateness of the Corporation's financial reporting; (2) the quality, integrity and performance of the Corporation's systems of internal controls regarding finance, accounting and ethics; (3) the quality, performance and independence of the Corporation's external auditors; and (4) the Corporation's compliance with legal and regulatory requirements. The Charter is reviewed annually by the Audit Committee and the Corporate Governance and Nominating Committee to ensure compliance with applicable regulatory requirements as well as best practices in an evolving governance environment.

The Audit Committee is responsible for reviewing the Corporation's financial reporting procedures, internal controls and risk management practices, and the terms of engagement and performance of its external auditors. The Audit Committee is also responsible for reviewing and approving the interim financial statements, and for reviewing annual financial statements, management's discussion and analysis of financial condition and results, and annual report of the Corporation, prior to their approval by the Board. In fulfilling its mandate, the Audit Committee receives, among other information, quarterly reports from management with respect to: (i) significant accounting transactions and financial matters that required significant professional judgment in arriving at the financial statements; (ii) risk management, including metals and currency hedging; and (iii) exploration and capital spending in relation to approved budgets. The Audit Committee meets regularly with the Corporation's external auditors in the absence of management and has direct

access to management in order to review specific issues. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and has direct access to the independent auditors, any officer or employee of the Corporation, and all books and records of the Corporation. At the request of any Audit Committee member, the Audit Committee may retain, at the Corporation's expense, accounting, legal or other consultants or experts it deems necessary in the performance of its duties.

The Audit Committee has assessed the composition and role of the Audit Committee, and the independence and financial literacy of its members and believes that these comply with the TSX corporate governance guidelines and with Multilateral Instrument 52-110 "Audit Committees" promulgated by the Canadian Securities Administrators that will come into effect in 2005. The members of the Audit Committee are Messrs. Gagné, Hushovd and Tory. The Audit Committee met six times in 2003.

Compensation Committee

The Compensation Committee operates under a written charter that is reviewed annually. The Committee makes recommendations to the Board on, among other things, the compensation of senior executives and incentive compensation plans for senior executives and other employees. The Compensation Committee from time to time seeks advice from compensation consultants with respect to the appropriateness of the Corporation's compensation practices. The members of the Compensation Committee are Messrs. Tory, Beatty, James and Kierans. The Committee held three meetings in 2003.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee operates under a written charter. The members of the Corporate Governance and Nominating Committee are Messrs. Kierans, Beatty, James and Tory. Prior to February 16, 2004, Dr. Juusela was also a member of the Committee. Although the relevant TSX Guidelines suggest that a corporate governance committee should be composed entirely of unrelated directors, Mr. James, the former Chief Executive Officer of the Corporation, sits on the Corporate Governance and Nominating Committee. The Board does not consider this to be inappropriate. The Corporate Governance and Nominating Committee is responsible for reviewing corporate governance practices generally, monitoring the composition of the Board, assessing directors on an ongoing basis, reviewing and making recommendations with respect to compensation of directors, and seeking and reporting to the Board with respect to appropriate candidates for nomination to the Board. The Corporate Governance and Nominating Committee held two meetings in 2003.

Safety, Health and Environment Committee

The Safety, Health and Environment Committee operates under a written mandate that is renewed annually. The Committee reviews the Corporation's safety, health and environmental policies and programs and the safety, health and environmental performance of Inmet's operations and makes recommendations to management and the Board of Directors with respect to issues arising during the course of such review. The Safety, Health and Environment Committee receives regular reports with respect to safety, health and environmental matters and from time to time requests specific additional information. In addition, Safety, Health and Environment Committee members have direct access to the Corporation's Director, Safety, Environmental and Community Affairs, who is responsible for safety, health and environmental matters. The members of the Committee are Messrs. Gagné, Hushovd and James. This Committee held four meetings in 2003.

DIRECTORS' AND OFFICERS' COMPENSATION

Directors' and Officers' Compensation

Directors of the Corporation who are not officers of the Corporation on a full-time basis were entitled in 2003 to receive an annual director's fee of \$15,000 and Board meeting fees of \$1,500, and to be reimbursed for reasonable costs and expenses incurred in attending any meeting. Members of the Audit Committee or any other committee of directors are entitled to receive \$1,000 for each committee meeting attended. In 2003, the Chairman of the Board received an annual retainer of \$50,000. The Chairman of the Audit Committee received an annual retainer of \$5,000 for acting in such capacity and all other Committee Chairs received annual retainers of \$2,000 for acting in such capacity. In 2003, directors' fees of \$239,500 were paid in cash.

The Corporation has a deferred stock unit ("DSU") plan that was adopted in 1998. The DSU plan operates to permit all directors to receive their annual retainers and meeting fees in the form of DSUs in lieu of cash. The value of the DSUs

fluctuates with variations in the market price of the Common Shares. Under the terms of the DSU plan, upon retirement, directors can elect to redeem their DSUs for cash or for Common Shares. Effective January 1, 2003, all directors elected to take their future compensation for annual retainers and meeting fees in cash in lieu of DSUs. Accordingly, the Corporation does not anticipate issuing further DSUs. As of January 1, 2003, the directors also waived their right to elect to receive cash upon redemption of their DSUs under the DSU Plan. In May 2003, the shareholders approved amendments to the DSU Plan and all outstanding DSUs to permit Common Shares delivered to directors under the amended DSU Plan to be issued from treasury. Previously such Common Shares could only be purchased in the market on behalf of the Corporation.

In 2003, no DSUs were issued. To date, 472,467 DSUs have been issued under the DSU plan. In July 2003, 22,539 DSUs were redeemed upon the retirement of one director from the Board. Currently, there are 449,928 DSUs outstanding under the DSU plan.

The Corporation maintains directors' and officers' liability insurance in the amount of \$20 million in the aggregate, in respect of which premiums of \$162,500 were paid during 2003. This insurance provides for a deductible of \$100,000 for all claims, other than for securities claims, for which there is a \$250,000 deductible.

Summary Compensation Table

The following table sets forth all compensation paid in respect of individuals who were, at December 31, 2003, the Chief Executive Officer and the other four most highly compensated executive officers of the Corporation (the “Named Executives”).

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation				All Other Compensation (\$) ⁽¹⁾
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts		
					Securities Under Options/SARs Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)		
Richard Ross, President & Chief Executive Officer	2003	500,000	750,000	—	—	—	—	192,529	
	2002	440,000	560,000	—	—	—	—	121,178	
	2001	387,500	290,000	—	270,000	—	—	85,195	
Jochen Tilk, ⁽²⁾ Executive Vice-President & Chief Operating Officer	2003	350,000	370,000	—	—	—	—	124,148	
	2002	254,583	155,000	—	—	—	—	54,262	
	2001	225,000	100,000	—	110,000	—	—	42,695	
Jo-Anne Oswald Vice-President, Finance & Chief Financial Officer	2003	250,000	155,000	—	—	—	—	79,445	
	2002	200,000	100,000	—	—	—	—	39,358	
	2001	185,000	62,000	—	70,000	—	—	32,103	
Frank Balint ⁽³⁾ Vice-President, Corporate Development	2003	240,000	120,000	252	—	—	—	77,065	
	2002	240,000	115,000	351	—	—	—	42,600	
	2001	212,500	68,000	891	90,000	—	—	33,660	
Steve Astritis ⁽⁴⁾ Vice-President, General Counsel	2003	225,000	145,000	—	—	—	—	74,257	
	2002	200,000	90,000	—	—	—	—	39,885	
	2001	84,792	30,000	—	75,000	—	—	13,775	

(1) The amounts in this column reflect the value of perquisites and benefits including but not limited to: (i) premiums paid by the Corporation for standard and executive benefits including term life insurance; (ii) annual contributions by the Corporation under various pension arrangements; (iii) automobile benefits; and (iv) directors’ fees paid by associated corporations.

(2) Mr. Tilk became Executive Vice-President and Chief Operating Officer effective August 1, 2003. Prior to that he was Executive Vice-President.

(3) Other annual compensation represents imputed interest (as calculated for purposes of the *Income Tax Act*) on non-interest-bearing house purchase loans.

(4) Mr. Astritis joined the Corporation as Vice President, General Counsel in July 2001.

Stock Option Plans

The Corporation has two stock option plans. The treasury stock option plan of the Corporation (the “Treasury Stock Option Plan”) was implemented in 1987. Under the Treasury Stock Option Plan as amended, the Board of Directors is empowered, at its discretion, to grant non-assignable options to purchase Common Shares to directors, officers and certain key executives of the Corporation and its affiliates. Any such option will have an exercise price not less than the closing price on the date of grant. Unless the Board of Directors determine otherwise, 25 per cent of a grant of options will vest on each of the first, second, third and fourth anniversaries of the date of the grant. The options are exercisable over a period of not more than 10 years.

In 2000, the Corporation adopted a supplementary stock option plan (the “Supplementary Stock Option Plan”) in addition to the Treasury Stock Option Plan. The terms of options issued under the Supplementary Stock Option Plan, as amended in May 2003, are the same as those issued under the Treasury Stock Option Plan, except that options issued under the Supplementary Stock Option Plan are exercisable over a period of not more than six years.

On April 30, 2003, shareholders approved amendments to the Supplementary Stock Option Plan and all outstanding stock options under that plan to permit Common Shares delivered to option to be issued from treasury. Prior to the amendment, such Common Shares could only be purchased in the market on behalf of the Corporation. In addition,

directors and senior management of the Corporation who are option holders waived all entitlements to stock appreciation rights associated with options granted under the Plans.

As at March 1, 2004, there are approximately 2.8 million Common Shares reserved for issuance under the Plans. As of the same date, there are options in respect of 2,146,500 Common Shares outstanding under the Plans at prices ranging from \$1.75 to \$5.80, of which 1,580,750 options are exercisable.

Options Granted During Year Ended December 31, 2003

No options were granted during the year ended December 31, 2003 to the Named Executives or other persons.

Aggregate Options Exercised During Year Ended December 31, 2003 and Year-end Option Values

The following table sets forth the exercise of options during the financial year ended December 31, 2003 by the Named Executives, as well as the number of unexercised options held by the Named Executives at December 31, 2003 and the notional value of such options.

Name	Securities Acquired on Exercise (#) ⁽¹⁾	Aggregate Value Realized (\$) ⁽²⁾	Unexercised Options at December 31, 2003 Exercisable/Unexercisable	Value of All Unexercised In-the-Money Options at December 31, 2003 ⁽³⁾ Exercisable/Unexercisable
Richard Ross	Nil	Nil	797,500/262,500	\$11,447,000/\$3,913,000
Jochen Tilk	Nil	Nil	291,250/108,750	\$4,344,125/\$1,622,625
Jo-Anne Oswald	Nil	Nil	122,500/47,500	\$1,793,750/\$698,750
Frank Balint	30,000	217,500	286,250/93,750	\$3,884,625/\$1,399,125
Steve Astritis	Nil	Nil	37,500/37,500	\$551,875/\$551,875

(1) All options exercised in 2003 by Named Executives were exchanged for shares of Inmet Mining Corporation.

(2) Determined on the basis of fair market value at date of exercise, less the exercise price of the options.

(3) At December 31, 2003, the closing market price of the Common Shares on the Toronto Stock Exchange was \$17.45. The value of unexercised options represents the excess of such market price over the exercise price of unexercised options, multiplied by the number of shares subject to such options.

Pension Plan

The Corporation provides retirement benefits to its executive officers from a registered and funded pension plan and a supplementary retirement plan.

The Named Executives participate in the defined contribution component of the Corporation's registered retirement plan. These executives also participate in the supplementary retirement plan, under which the Corporation pays fixed amounts in excess of the contribution limits established by Canada Customs and Revenue Agency for registered pension plans directly to the Named Executives. The aggregate contribution by the Corporation to the defined contribution component of the registered plan and the supplementary plan is equivalent to 12 per cent of salary and bonus for the Named Executives.

The amounts in excess of the contribution limits established by Canada Customs and Revenue Agency for registered pension plans paid in the year to the Named Executives aggregated \$295,100.

Employment Agreements

Each of the Named Executives currently employed by the Corporation is employed for an indefinite period of employment to hold his or her current office on the terms of compensation described in this section. In the event of termination of their employment by the Corporation, other than for cause, within 24 months of a change of control of the Corporation, the Chief Executive Officer of the Corporation and the other Named Executives are entitled to compensation equal to the aggregate of their salary, bonus, benefits and other perquisites for a three year and two year period, respectively.

Indebtedness of Directors and Senior Officers to the Corporation

The aggregate indebtedness to the Corporation and its subsidiaries as at March 1, 2004 of all its officers, directors and employees not entered into in connection with a purchase of securities of the Corporation or any of its subsidiaries, excluding routine indebtedness, was approximately \$110,000. The following table summarizes this indebtedness in respect of the Corporation's directors and senior officers:

Name and Principal Position	Involvement of the Corporation	Largest Amount Outstanding During 2003	Amount Outstanding as at March 1, 2004
Frank Balint, Vice-President, Corporate Development	Loan from the Corporation ⁽¹⁾	\$ 10,417	\$4,584
Oliver Merton, Vice-President, Commercial	Loan from the Corporation ⁽²⁾	\$122,993	nil

(1) The loan is an unsecured non-interest bearing demand loan.

(2) The loan is a non-interest bearing loan secured by a mortgage on Mr. Merton's residence. The balance of this loan was repaid in full on February 16, 2004.

The aggregate indebtedness to the Corporation or any of its subsidiaries as at March 1, 2004 of all officers, directors and employees entered into in connection with a purchase of securities of the Corporation or any of its subsidiaries, excluding routine indebtedness, was \$281,250. The following table summarizes this indebtedness in respect of the Corporation's directors and senior officers:

Name and Principal Position	Involvement of the Corporation	Largest Amount Outstanding During 2003	Amount Outstanding as at March 1, 2004	Financially Assisted Securities Purchases During 2003	Security for Indebtedness
Frank Balint, Vice-President, Corporate Development	Loan from the Corporation	\$112,500	Nil	Nil	Inmet Common Shares
Richard A. Ross, President and Chief Executive Officer	Loan from the Corporation	\$ 27,638	Nil	Nil	Inmet Common Shares
James M. Tory, Director	Loan from the Corporation	\$281,250	\$281,250	Nil	Inmet Common Shares

Report on Executive Compensation

The Corporation, through the Compensation Committee of the Board, has established the principles of the Corporation's compensation policy. These are: to attract and retain high calibre individuals; to incent employees to meet the Corporation's strategic objectives; and to ensure the Corporation's compensation policy is consistent with the alignment of the management's interests with those of the shareholders.

The Corporation's executive compensation consists of three main components: a base salary; a short-term/medium term incentive; and an option-based long-term incentive. The Committee has targeted total compensation at the median of a comparator group of mining companies. Where it deems it appropriate, the Committee recommends adjustments to executive compensation in line with this target. In doing so, the Committee relies on data from published proxy circulars as well as salary surveys conducted by external consultants. The Committee places particular attention to the executive compensation levels within specific Canadian mining companies that it believes are competitors of the Corporation for executive talent. The Committee is satisfied that the Corporation's overall compensation levels remain competitive in relation to the comparator group of companies.

Option-Based Long-Term Incentive

In February, 2002, the Committee concluded that, in light of the number of stock options outstanding then held by senior management (equal to approximately 6 per cent of the issued and outstanding Common Shares at that time), this was the maximum level appropriate for senior officers of the Corporation. Accordingly, the Committee determined that in the absence of extraordinary circumstances no further stock option grants should be made for the foreseeable future. As a result, no stock options were granted in 2003 and in 2002. At the time of its determination to cease future option grants, the

Committee also adopted a senior officer share ownership policy. This policy requires each senior officer, during the term of his or her employment with the Corporation, to hold an amount of Common Shares at least equal in value to 100 per cent of base salary after a sale of Common Shares by the senior officer that have been acquired through an option exercise.

Base Salary

With the cessation of option grants for the foreseeable future, the Committee determined that executive base salaries at the median of the comparator group would be appropriate. In establishing such salaries, the Committee takes into consideration the seniority and level of experience of each senior executive in carrying out his or her responsibilities.

Incentive Plan

With the cessation of stock option grants, the short-term incentive plan was amended to take into consideration both short-term and medium-term objectives. The objectives include both broader corporate objectives as well as specific personal performance objectives. The targeted bonus amount under the revised incentive plan in relation to base salary is 100 per cent for the Chief Executive Officer, 80 per cent for the Chief Operating Officer and 60 per cent for other senior executives. The Chief Executive Officer's incentive payment is based solely on the performance of the Corporation in relation to corporate objectives established at the beginning of each year. Any incentive payment for the Chief Operating Officer and other senior officers is based on an allocation between the established corporate objectives, and personal objectives that are agreed upon with the Compensation Committee, of 75/25 per cent and 50/50 per cent, respectively.

The Board established specific corporate objectives at the beginning of 2003 with regard to relative share price performance, production and financial targets, growth of the Corporation's reserve base and the improvement in its safety and health performance. At the end of 2003, performance was measured by the Committee on behalf of the Board against these objectives for all executives and cash payments under the incentive plan were paid based on the results achieved.

The Committee determined that the performance of the Corporation in 2003 and the efforts by management in achieving its success were exceptional. As a result, the incentive payments for 2003 reflect a multiplier of 1.5 times the corporate objectives performance factor. Specifically, the Company's share price performance was very strong in the year, opening the year at \$6.00 and closing the year at \$17.45. The Committee reviewed the share price performance against that of the TSX diversified metals and mining index. As the Corporation's share price outperformed the TSX metals and mining index by 65 per cent, the Committee took this into account in concluding that a significant part of the Corporation's share price increase was due to value added transactions unique to the Corporation. With respect to the financial and operating objectives, the Corporation exceeded the targets established at the beginning of the year, in spite of the difficulties encountered following the ground fall event at Cayeli in 2002. The Corporation also advanced its growth objectives in a number of areas, including the near doubling of reserves at Troilus and the acquisition of the Çerattepe and Rize properties in Turkey. The Corporation also made excellent strides in positioning its balance sheet to be able to readily finance future growth through the sale of the Antamina NPI and the full repayment of the Pyhäsalmi acquisition debt. Finally, the Corporation successfully pursued its legal claims against Homestake Canada, Inc. after the Corporation received a favourable decision of the British Columbia Court of Appeal that upheld a lower court decision that awarded damages in favour of the Corporation. The Court of Appeal decision led to a settlement of the litigation and as a result, the Corporation received settlement proceeds of \$110 million in November.

The compensation of the Chief Executive Officer was reviewed during 2003 and his base salary was viewed to be competitive with his peers. The incentive payment made to him for 2003 was calculated, based on 150 per cent of base salary, in recognition of the exceptional performance in achieving the specified corporate objectives.

Presented by the Compensation Committee: David Beatty, William James, Thomas E. Kierans and James M. Tory.

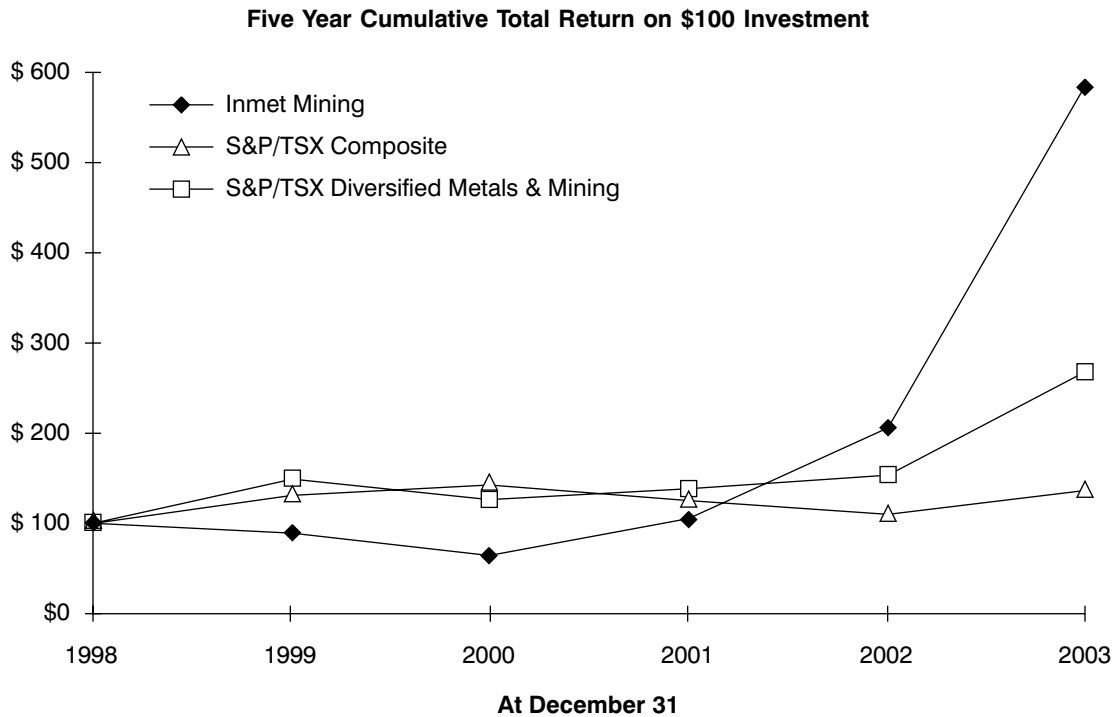
INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

On October 3, 2003 the Corporation and Outokumpu Oyj amended their agreement regarding Outokumpu Oy's holding of four million Common Shares that it received as part of the consideration paid by the Corporation when it acquired the Pyhäsalmi mine in March 2002. Outokumpu Oyj was restricted from selling the Common Shares held by it until March 19, 2005 under a pre-emptive right and share sale agreement between the parties. Under the amendment, the Corporation consented to the sale by Outokumpu Oyj of all of the Common Shares held by it. Outokumpu Oyj subsequently sold all four million Common Shares held by it on October 3, 2003. In return for obtaining the consent of the Corporation to the amendment, Outokumpu Oyj agreed to extend, from March 19, 2012 to October 3, 2013, the maturity date of a 14 million euro six per cent promissory note that was part of the consideration provided to acquire the Pyhäsalmi mine. In addition,

Outokumpu Oyj made a payment of 600,000 euros to the Corporation. As a result of the sale of the Common Shares held by it, Outokumpu Oyj ceased to be an “insider” of the Corporation under applicable securities legislation.

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for \$100 invested in the Common Shares of the Corporation on December 31, 1998 with the total return of the S&P/TSX Composite Total Return Index, and the S&P/TSX Diversified Metals & Mining Total Return Index for the five most recently completed financial years.



	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Inmet Mining Common Shares	100	89	63	105	200	582
S&P/TSX Composite Total Return Index	100	132	141	124	108	137
S&P/TSX Diversified Metals & Mining Total Return Index	100	148	127	139	152	267

OTHER BUSINESS

The Corporation knows of no matter to come before the Meeting other than the matters referred to in the notice of meeting.

DIRECTORS' APPROVAL

The contents and sending of this circular have been approved by the directors of the Corporation.

Toronto, Ontario
March 15, 2004

By Order of the Board

Steve Astritis,
Vice-President, General Counsel and Secretary

SCHEDULE A
RESOLUTION RECONFIRMING THE
AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN

BE IT RESOLVED THAT:

1. A Shareholder Rights Plan upon the terms and conditions set forth in the amended and restated Shareholder Rights Plan Agreement (the "Agreement") dated as of March 1, 2004 between Inmet Mining Corporation (the "Corporation") and CIBC Mellon Trust Company as Rights Agent, as the same may be further amended prior to the date of the shareholders' meeting, is hereby approved, ratified and confirmed; and
2. Any director or officer of the Corporation is hereby authorized to execute and deliver in the name of and on behalf of the Corporation and under its corporate seal or otherwise all such certificates, instruments, agreements, notices and other documents and to do all such other acts and things as in the opinion of such person may be necessary or desirable in connection with the Agreement and with the performance by the Corporation of its obligations thereunder.

SCHEDULE B

SHAREHOLDER RIGHTS PLAN AGREEMENT

Dated as of 1 March 2004

Between

INMET MINING CORPORATION

and

**CIBC MELLON TRUST COMPANY
as Rights Agent**

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SHAREHOLDER RIGHTS PLAN AGREEMENT

This agreement, dated as of 1 March 2004, is between INMET MINING CORPORATION, a corporation incorporated under the laws of Canada (the "Corporation"), and CIBC MELLON TRUST COMPANY, a trust company existing under the laws of Canada, as rights agent (the "Rights Agent", which includes any successor Rights Agent), and amends and restates an agreement (the "Existing Rights Agreement") dated as of 1 March, 2001 between the Corporation and the Rights Agent, which, amended and restated an agreement dated as of 17 April, 1998 (the "Prior Agreement") which in turn amended and restated an agreement (the "Original Agreement") dated as of 3 May 1995 between the Corporation and the Rights Agent.

- A. The Board of directors of the Corporation adopted, and the shareholders of the Corporation confirmed, a shareholder rights plan (the "Rights Plan") pursuant to the Existing Rights Agreement.
- B. In implementing the Rights Plan pursuant to the Original Agreement, the Board of directors of the Corporation authorized:
 - (a) the distribution of one right (a "Right") for each Common Share outstanding at the close of business on 15 March 1995 (the "Record Time"), the distribution to be made to holders of Common Shares of record at the Record Time; and
 - (b) the issuance of one Right for each Common Share issued after the Record Time and before the earlier of the Separation Time and the Expiration Time.

Each Right remains outstanding at the date of this agreement.

- C. Each Right entitles the holder, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth in this agreement.
- D. The Corporation appointed the Rights Agent to act on behalf of the Corporation, and the Rights Agent is willing to continue to act in that capacity, in connection with the issue, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to in this agreement.
- E. Under the Existing Rights Agreement, no Person will have any rights thereunder or in respect of any Rights after the termination of the Corporation's annual meeting in 2004.
- F. The Board of directors has determined that it is in the best interest of the Corporation (i) to amend and restate the terms of the Existing Rights Agreement (and the Existing Rights Agreement is amended, and where not amended is restated, on the terms of this agreement) and (ii) to ask the shareholders of the Corporation at the annual meeting of shareholders to be held on April 29, 2004 to consider and, if thought appropriate, to reconfirm the Existing Rights Agreement, as so amended and restated.
- G. The Existing Rights Agreement as so amended and restated is referred to as "this agreement".
 - (a) For good and valuable consideration, the parties agree as follows.

ARTICLE 1. INTERPRETATION

1.1. **Definitions.** In this agreement:

- (a) "**Acquiring Person**" means any Person who is or becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding but the term "Acquiring Person" does not include:
 - (i) the Corporation or any Subsidiary of the Corporation;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding as a result of one or any combination of:
 - (A) an acquisition or redemption by the Corporation of Voting Shares, which, by reducing the number of Voting Shares outstanding, increases the proportionate number of Voting Shares Beneficially Owned by that Person to 20% or more of the Voting Shares then outstanding ("Voting Share Reduction");
 - (B) an acquisition of Voting Shares made pursuant to a Permitted Bid or Competing Permitted Bid ("Permitted Bid Acquisition");
 - (C) an acquisition of Voting Shares (1) in respect of which the Board of directors has waived (or deemed to have waived) the application of section 3.1 pursuant to section 5.1, (2) which was made pursuant to any

dividend reinvestment plan of the Corporation, (3) other than by a Commercial Enterprise, pursuant to a distribution by the Corporation of Voting Shares or Convertible Securities (and the conversion or exchange of such securities) pursuant to a prospectus or similar document (provided that the purchaser does not thereby Beneficially Own a greater percentage of Voting Shares or Convertible Securities so offered than the percentage of Voting Shares or Convertible Securities Beneficially Owned by the purchaser immediately prior to that distribution) or by way of private placement provided that, in the case of a private placement, all necessary stock exchange approvals for the private placement have been obtained and the private placement complies with the terms and conditions of those approvals and the purchaser does not become the Beneficial Owner of more than 25% of the Voting Shares outstanding immediately prior to the private placement (and in making this determination, the securities to be issued to that purchaser pursuant to the private placement will be deemed to be held by that purchaser but will not be included in the aggregate number of outstanding Voting Shares immediately prior to the private placement) (“Exempt Acquisition”) or (4) pursuant to an amalgamation, merger or other statutory procedure requiring shareholder approval;

- (D) a stock dividend, stock split or other event pursuant to which that Person receives or acquires Voting Shares or Convertible Securities on the same basis proportionately as all other holders of Voting Shares of the same class or, other than by a Commercial Enterprise, any other event pursuant to which all holders of Voting Shares are entitled to receive Voting Shares or Convertible Securities on a proportionate basis, including pursuant to the receipt or exercise of rights issued by the Corporation and distributed to all the holders of a series or class of Voting Shares to subscribe for or purchase Voting Shares or Convertible Securities, provided that such rights are acquired directly from the Corporation and not from any other Person, in either case, other than holders resident in any jurisdiction where participation in such event is restricted or impractical as a result of applicable laws (“Pro Rata Acquisition”); or
- (E) the exercise of Convertible Securities received by that Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition (“Convertible Security Acquisition”);

provided, however, that if any Person becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding by reason of one or any combination of a Voting Share Reduction, Permitted Bid Acquisition, Exempt Acquisition, Pro Rata Acquisition or Convertible Security Acquisition and, after such Voting Share Reduction, Permitted Bid Acquisition, Exempt Acquisition, Pro Rata Acquisition or Convertible Security Acquisition, becomes the Beneficial Owner of an additional 1% or more of the Voting Shares then outstanding other than pursuant to one or any combination of a Voting Share Reduction, Permitted Bid Acquisition, Exempt Acquisition, Pro Rata Acquisition or Convertible Security Acquisition, then as of the date of such acquisition that Person will become an “Acquiring Person”;

- (iii) any Person who, on 3 May 1995, was the Beneficial Owner of 20% or more of the Voting Shares outstanding at that time provided, however, that if that Person becomes the Beneficial Owner of an additional 1% or more of the Voting Shares then outstanding other than pursuant to a Voting Share Redemption, Permitted Bid Acquisition, Exempt Acquisition, Pro Rata Acquisition or Convertible Security Acquisition, then as of the date of such acquisition that Person will become an “Acquiring Person”;
 - (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding in acting in that capacity in connection with a public offering or distribution of securities, provided that that Person does not make or propose to make a Take-over Bid alone or by acting jointly or in concert with any other Person; or
 - (v) for the period of 10 days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of that Person becoming disqualified from relying on clause 1.1(d)(v) solely because that Person makes or proposes to make a Take-over Bid either alone or by acting jointly or in concert with any other Person. For the purpose of this definition, “Disqualification Date” means the first date of public announcement that any Person is making or proposes to make a Take-over Bid, including a report to that effect filed pursuant to section 101 of the *Securities Act* or section 13(d) of the *Exchange Act*.
- (b) “**Affiliate**” means a Person that is affiliated with another Person within the meaning of section 3.1.
 - (c) “**Associate**” of a specified Person means any person to whom the specified Person is married or with whom the specified Person is living in a conjugal relationship outside marriage or a child of the specified Person, or any relative of the specified Person, where that relative has the same home as the specified Person.

- (d) A Person will be deemed to be the “**Beneficial Owner**” and to have “**Beneficial Ownership**” of and to “**Beneficially Own**”:
- (i) any securities which that Person or any Affiliate or Associate of that Person owns at law or in equity;
 - (ii) any securities which that Person or any Affiliate or Associate of that Person has the right to become the owner in law or equity, where that right is exercisable immediately or at any time within 60 days of the date of the determination of Beneficial Ownership and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion, exchange or purchase right attaching to the Convertible Securities or pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and banking or selling group members with respect to a public offering or distribution of securities and other than pursuant to a pledge of securities in the ordinary course of business); and
 - (iii) any securities which are Beneficially Owned within the meaning of clauses (i) or (ii) by any other Person with which that Person is acting jointly or in concert;
provided, however, that a Person will not be deemed to be the “Beneficial Owner” or to have “Beneficial Ownership” of, or to “Beneficially Own”, any security because:
 - (iv) that security has been agreed to be deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited or tendered to a Take-over Bid made by that Person or any Affiliate or Associate of that Person or any other Person referred to in clause (iii) until that deposited or tendered security has been accepted unconditionally for payment or taken up and paid for, whichever occurs first;
 - (v) that Person or any Affiliate or Associate of that Person or any other Person referred to in clause (iii) holds such security, provided that:
 - (A) the ordinary business of any such Person (the “Investment Manager”) includes the management of investment funds for others and such security is held by the Investment Manager in the ordinary course of its business in the performance of the Investment Manager’s duties for the account of any other Person (a “Client”);
 - (B) any such Person (the “Trust Company”) is licensed to carrying on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each, an “Estate Account”) or in relation to other accounts (each, an “Other Account”) and holds such security in the ordinary course of its duties for Estate Accounts or Other Accounts;
 - (C) any such Person (the “Plan Trustee”) is the administrator or trustee of one or more pension funds or plans (a “Plan”) registered under applicable laws and holds such security for the purposes of its activity as administrator or trustee;
 - (D) any such Person is established by statute for purposes that include, and the ordinary business or activity of that Person (the “Statutory Body”) includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies and such security is held by the Statutory Body in the ordinary course of the management of the such investment funds;
 - (E) any such Person is a Crown Agent or agency (the “Crown Agent”); or
 - (F) any such Person is a Plan;
- provided that, in any of those cases, the Investment Manager, the Trust Company, the Plan Trustee, the Statutory Body, the Crown Agent or Plan, as applicable, is not then making or has not announced a current intention to make a Take-over Bid, alone or by acting jointly or in concert with any other Person, other than an Offer to Acquire Voting Shares or other securities (1) pursuant to a distribution by the Corporation, (2) by means of a Permitted Bid Acquisition or (3) by means of market transactions made in the ordinary course of business of such Person (including pre-arranged trades entered into in the ordinary course of business of that Person) executed through the facilities of a stock exchange or organized over-the-counter market;
- (vi) that Person is (A) a Client of the same Investment Manager as another Person for whose account the Investment Manager holds such security, (B) an Estate Account or Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or (C) is a Plan with the same Plan Trustee as another Plan on whose account the Plan Trustee holds such security;

- (vii) that Person is (A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (B) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (C) a Plan and such security is owned at law or in equity by the Plan Trustee; or
- (viii) that Person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.
- (e) **“Board of directors”** means the Board of directors of the Corporation and includes any duly constituted and empowered committee of the Board of directors.
- (f) **“Business Day”** means any day other than a Saturday, Sunday or statutory holiday in Toronto, Canada.
- (g) **“Canada Business Corporations Act”** means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, and the regulations made under the act, and any comparable or successor laws or regulations to the act and regulations.
- (h) **“close of business”** on any given date means the time on that date (or, if that date is not a Business Day, the time on the next Business Day) at which the principal office in Toronto of the transfer agent for the Common Shares of the Corporation (or, after the Separation Time, the principal office in Toronto of the Rights Agent) becomes closed to the public.
- (i) **“Commercial Enterprise”** has the meaning set out in section 1.7.
- (j) **“Common Shares of the Corporation”** and **“Common Shares”** means the Common Shares of the Corporation and “Common Shares”, when used with reference to any Person other than the Corporation, means the class or classes of shares (or similar equity interests) with the greatest per share voting power entitled to vote generally in the election of all directors of that other Person or the class or classes of shares (or similar equity interests) having power (whether or not exercised) to control or direct the management of that other Person or, if that other Person is a Subsidiary of another Person, the person or persons which ultimately control that first-mentioned other Person.
- (k) **“Competing Permitted Bid”** means a Take-over Bid that:
 - (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid (in this definition, the “Prior Bid”);
 - (ii) satisfies all components of the definition of Permitted Bid other than the requirement set out in clause (ii) of that definition; and
 - (iii) contains, and the take up and payment for securities tendered or deposited under the Take-over Bid is subject to, irrevocable and unqualified conditions that:
 - (A) no Voting Shares will be taken up or paid for pursuant to the Take-over Bid (1) prior to the close of business on a date that is no earlier than the later of the date which is 35 days (or such other minimum deposit period for a take-over bid as is provided in the *Securities Act*) after the date the Take-over Bid is made and the 45th day after the date of the Prior Bid that is then outstanding and (2) then only if, at the close of business on the date Voting Shares are first taken up or paid for, more than 50% of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to such Take-over Bid and not withdrawn; and
 - (B) if the requirement in clause (iii)(A)(2) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for a period of at least 10 Business Days after the date of the announcement.
- (l) **“Convertible Securities”** means any right (regardless of whether it constitutes a security) to acquire Voting Shares from the Corporation and any securities (other than the Rights) issued from time to time by the Corporation carrying an exercise, conversion or exchange right pursuant to which the holder of that security may acquire Voting Shares or other securities which are convertible into or exercisable or exchangeable for Voting Shares (whether such right is exercisable immediately or within a period of 60 days after the relevant time and whether or not on condition or the happening of any contingency).

- (m) **“Co-Rights Agent”** has the meaning set out in subsection 4.1(1).
- (n) **“Effective Date”** has the meaning set out in section 5.17.
- (o) **“Election to Exercise”** has the meaning set out in subsection 2.2(4).
- (p) **“Exchange Act”** means the Securities Exchange Act of 1934 of the United States of America, as amended, and the rules and regulations under that Act, and any comparable or successive laws or regulations to that Act.
- (q) **“Exercise Price”**, as of any date, means the price at which a holder may purchase the securities issuable on exercise of one whole Right, and until adjusted in accordance with the terms of this agreement, the Exercise Price is \$20.00.
- (r) **“Expiration Time”** means the earliest of:
 - (i) the Termination Time;
 - (ii) the termination of the annual meeting of shareholders of the Corporation held in 2007 if the resolution referred to in section 5.18 to be submitted to annual meeting of the Corporation in 2007 is submitted to the Independent Shareholders for their consideration and approval and if such approval is not given by the Independent Shareholders in accordance with section 5.18; and
 - (iii) the termination of the annual meeting of shareholders of the Corporation in 2010 and every third anniversary thereafter and so on unless the continuation of this agreement for each such three year period (or other period approved by the Independent Shareholders) is approved in accordance with section 5.18.
- (s) **“Flip-in Event”** means any transaction or event in or pursuant to which any Person becomes an Acquiring Person.
- (t) **“holder”** has the meaning set out in section 2.8.
- (u) **“Independent Shareholders”** means the holders of Voting Shares other than:
 - (i) any Acquiring Person;
 - (ii) an Offeror other than a Person deemed not to own Voting Shares pursuant to clause 1.1(d)(v);
 - (iii) any Affiliate or Associate of that Acquiring Person;
 - (iv) any Person acting jointly or in concert with that Acquiring Person; or
 - (v) a Person who is a trustee or an administrator of any employee benefit plan, share purchase plan, deferred profit sharing plan and any similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid.
- (v) **“Lock-Up Agreement”** means an agreement between an Offeror or any Affiliate or Associate of the Offeror or any other Person acting jointly or in concert with the Offeror and a Person who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror (the “Locked-up Person”) under which the Locked-up Person agrees to deposit or tender Voting Shares held by it to the Offeror’s Take-over Bid or to any Take-over Bid made by any Affiliate or Associate of the Offeror or any Person acting jointly or in concert with the Offeror (the “Lock-up Bid”) where the agreement:
 - (i) permits the Locked-up Person to withdraw the Voting Shares in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that is higher than the consideration contained in or proposed to be contained in, and is made for at least the same number of Voting Shares as, the Lock-up Bid; or
 - (ii) (A) permits the Locked-up Person to withdraw the Voting Shares in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that exceeds by as much as or more than a specified amount (the “Specified Amount”) the consideration for each Voting Share contained in or proposed to be contained in, and made for at least the same number of Voting Shares as, the Lock-up Bid and (B) does not by its terms provide for a Specified Amount that is greater than 7% over the consideration for each Voting Share contained in or proposed to be contained in the Lock-up Bid;

and for greater certainty, the Lock-Up Agreement may contain a right of first refusal or require a period of delay to give the Offeror an opportunity to at least match a higher consideration in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Voting Shares from the Lock-Up Agreement and not tender such Voting Shares to the Take-over Bid to which the Locked-up Person has agreed to deposit or tender, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares in sufficient time to tender to the other Take-over Bid or participate in the other transaction; but

- (iii) does not provide for any "break-up fees", "top up fees", penalties, expense reimbursement or other amounts that exceed in the aggregate the greater of (A) the cash equivalent of 2.5% of the consideration payable under the Take-over Bid to the Locked-up Person and (B) 50% of the amount by which the consideration payable under another Take-over Bid or transaction to a Locked-up Person exceeds the consideration that that Locked-up Person would have received under the Lock-up Bid to be paid by a Locked-up Person pursuant to the Lock-up Agreement if the Locked-up Person fails to deposit or tender Voting Shares to the Lock-up Bid or withdraws Voting Shares in order to tender to another Take-over Bid or participate in another transaction.
- (w) "**Market Price**" per security of any securities on any date of determination means the average of the daily closing prices per security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding that date; provided, however, that if an event of a type analogous to any of the events described in section 2.3 has caused the price used to determine the Closing Price Per Security on any Trading Day not to be fully comparable with the price used to determine the Closing Price Per Security on that date of determination, or if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such price so used will be appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 2.3 in order to make it fully comparable with the closing price on that date of determination, or if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The "**closing price per security**" of any securities on any date will be:
- (i) the closing Board lot sale price or, where no such sale takes place on that day, the average of the closing bid and asked prices, for such securities as reported by the principal Canadian stock exchange on which such securities are listed or admitted to trading;
 - (ii) if for any reason none of such prices is available on that day or the securities are not listed or admitted to trading on a Canadian stock exchange, the closing Board lot sale price, or, where no such sale takes place on that day, the average of the closing bid and asked prices for such securities, as reported by any other securities exchange on which such securities are listed or admitted for trading;
 - (iii) if for any reason none of the foregoing prices is available on that day or such securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last sale price, or, where no such sale takes place on that day, the average of the high bid and low asked prices for such securities in the over-the-counter market, as quoted by any reporting system then in use; and
 - (iv) if for any reason none of the foregoing prices are available on that day or the securities are not listed or admitted to trading as contemplated in clauses (i), (ii) and (iii), the average of the closing bid and asked prices, as furnished by a professional market maker (selected by the Board of directors) making a market in the securities;

provided, however, that if on any such date the closing price per security cannot be determined in accordance with the foregoing, the closing price per security of such securities on that date will mean the fair value per security of such securities on that date as determined in good faith by a recognized investment dealer or investment banker (selected by the Board of directors). The Market Price will be expressed in Canadian dollars and if initially determined on any day forming part of the 20 consecutive Trading Days in question in United States dollars, the United State dollar amount will be translated into Canadian dollars at the Bank of Canada's noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars on the relevant day or, if the Bank of Canada has not set a noon spot rate, a rate for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of directors acting in good faith.

- (x) "**1933 Securities Act**" means the *Securities Act of 1933* of the United States of America, as amended, and the rules and regulations made under that Act, and any comparable or successive laws or regulations to that Act.
- (y) "**Offer to Acquire**" includes (i) an offer to purchase, or a solicitation of an offer to sell, or a public announcement of an intention to make such an offer or solicitation and (ii) an acceptance of an offer to sell, whether or not the

offer to sell has been solicited, or any combination of clauses (i) or (ii), and the Person accepting an offer to sell will be deemed to be making an offer to acquire to the Person that made the offer to sell.

- (z) **“Offeror”** means any Person that has announced an intention to make or that has made a Take-over Bid (including a Permitted Bid or a Competing Permitted Bid but excluding an Offer to Acquire Voting Shares or other securities of the Corporation made by an Investment Manager, Trust Company, Plan Trustee, Statutory Body, Crown Agent or Plan pursuant to a distribution by the Corporation or by means of market transactions made in the ordinary course of business of that Person (including pre-arranged trades entered into in the ordinary course of business of that Person) executed through the facilities of a stock exchange or organized over-the-counter market) but only for so long as the Take-over Bid so announced or made has not been withdrawn or terminated and has not expired.
- (aa) **“Offeror’s Securities”** means the aggregate of Voting Shares Beneficially Owned on the date of a Take-over Bid by an Offeror.
- (bb) **“Permitted Bid”** means a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following provisions:
 - (i) the Take-over Bid is made to all holders of Voting Shares other than the Offeror;
 - (ii) the Take-over Bid contains, and the provisions for the take-up and payment for Voting Shares tendered or deposited under the Take-over Bid are subject to, an irrevocable and unqualified condition that none of the Voting Shares will be taken up or paid for pursuant to the Take-over Bid before the close of business on a date which is not less than 45 days after the date of the Take-over Bid unless, at that date, more than 50% of the Voting Shares then outstanding held by Independent Shareholders have been deposited or tendered to the Take-over Bid and not withdrawn;
 - (iii) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, all Voting Shares may be deposited under the Take-over Bid at any time during the period of time specified in clause (i) and that any Voting Shares deposited under the Take-over Bid may be withdrawn until taken up and paid for; and
 - (iv) the Take-over Bid contains an irrevocable and unqualified provision that, if the condition in clause (ii) is satisfied, the Offeror will make a public announcement of that fact the Take-over Bid will remain open for deposits and tenders of Voting Shares for a period of at least 10 Business Days after the date of the announcement.
- (cc) **“Person”** includes an individual, firm, partnership, association, trust, trustee, personal representative, estate, body corporate, corporation, unincorporated organization, syndicate, government or government agency or instrumentality, group (as that term is used in Rule 13d-5 under the *Exchange Act*, as in effect on the Effective Date), or other entity.
- (dd) **“Record Time”** has the meaning in recital B(a).
- (ee) **“Redemption Price”** has the meaning set out in subsection 5.1(1).
- (ff) **“Rights Certificate”** has the meaning set out in subsection 2.2(3).
- (gg) **“Rights Register”** has the meaning set out in subsection 2.6(1).
- (hh) **“Securities Act”** means the Securities Act, R.S.O. 1990, c. s.5, as amended, and the regulations under that act, and any comparable or successor laws or regulations to that act and the regulations.
 - (ii) **“Separation Time”** means the close of business on the tenth Trading Day after the earlier of:
 - (i) the Stock Acquisition Date; and
 - (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence, a Take-over Bid (other than a Take-over Bid which is a Permitted Bid or a Competing Permitted Bid); or
 - (iii) such later date as may be determined from time to time by the Board of directors;

provided that, if any such Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid will be deemed, for the purpose of this definition, never to have been made, and provided further that, if the Board of directors determines pursuant to section 5.1 to waive the application of section 3.1 to a Flip-in Event, the Separation Time in respect of that Flip-in Event will be deemed never to have occurred.

- (jj) **“Stock Acquisition Date”** means the first date of public announcement (which, for purposes of this definition, includes a report filed pursuant to section 101 of the *Securities Act* or section 13(d) of the *Exchange Act*) of facts indicating that a Person has become an Acquiring Person.
- (kk) **“Subsidiary”** of any specified Person means any corporation or other Person controlled by that specified Person.
- (ll) **“Take-over Bid”** means an Offer to Acquire Voting Shares or securities convertible into Voting Shares, where the Voting Shares subject to the Offer to Acquire, together with the Voting Shares into which the securities subject to the Offer to Acquire are convertible, exercisable or exchangeable, and the Offeror’s Securities, constitute in the aggregate 20% or more of the Voting Shares outstanding at the date of the Offer to Acquire.
- (mm) **“Termination Time”** means the time at which the right to exercise Rights will terminate pursuant to section 5.1 or 5.18.
- (nn) **“Trading Day”**, when used with respect to any securities, means a day on which the principal securities exchange in Canada or the United States on which those securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any securities exchange in Canada or the United States, a Business Day.
- (oo) **“Voting Shares”** means the Common Shares of the Corporation and any other shares of the Corporation (including the Subordinate Voting Participating Shares of the Corporation) entitled to vote generally in the election of directors of the Corporation and, when used with reference to any Person other than the Corporation, means voting shares of such other Person and any other shares of capital stock or voting interests of such other Person entitled to vote generally in the election of the directors of such other Person.

1.2. **Currency.** References in this agreement to “\$” or to “dollars” are to lawful money of Canada.

1.3. **Affiliated Persons.** One Person is affiliated with another Person if one of them is controlled by the other or both are controlled by the same Person.

1.4. **Control.**

(1) For the purpose of this agreement:

- (a) a Person controls a body corporate if securities of the body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate are Beneficially Owned by that Person and the votes attached to those securities are sufficient, if exercised, to elect the majority of the directors of the body corporate;
- (b) a Person controls an unincorporated Person (other than a limited partnership) if more than 50% of the ownership interests into which the unincorporated Person is divided are Beneficially Owned by that Person and that Person is able to direct the business and affairs of the unincorporated Person; and
- (c) the general partner of a limited partnership controls the limited partnership;

and “control”, “controlled by” and “under common control” will be interpreted accordingly.

(2) A Person who controls another Person is deemed to control any Person that is controlled by that other Person and so on.

1.5. **Acting Jointly or in Concert.**

(1) Subject to subsection (2), for the purpose of this agreement, a Person is acting jointly or in concert with another Person if the first Person or any Associates or Affiliates of that Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with the other Person for the purpose of acquiring or offering to

acquire any Voting Shares (other than customary agreements with and between underwriters and banking group or selling group members with respect to a public offering or distribution of securities and other than pursuant to a pledge of securities in the ordinary course of business).

(2) A Commercial Enterprise is acting jointly or in concert with another Person if the Commercial Enterprise has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with the other Person for the purpose of acquiring, offering to acquire or voting any Voting Shares.

1.6. Determination of Percentage Ownership of Voting Shares. For the purpose of this agreement, the percentage of Voting Shares Beneficially Owned by any Person will be and will be deemed to be the product determined by the formula:

$$100 \times A/B$$

where:

A = the aggregate number of votes for the election of all directors generally attaching to the Voting Shares Beneficially Owned by that Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

In determining the percentage of the outstanding Voting Shares with respect to which a Person is or is deemed to be the Beneficial Owner, all unissued Voting Shares of which that Person is deemed to be the Beneficial Owner will be deemed to be outstanding.

1.7. Commercial Enterprise. For the purpose of this agreement, a “Commercial Enterprise” means a Person whose principal business or one of whose principal businesses is in, or which has a significant presence in, or indirectly through intermediaries in, natural resources, including without limitation the mining, smelting or processing of base or precious metals or any business activity connected with or related to mining, but a Commercial Enterprise does not include an Investment Manager, a Trust Company, a Plan Trustee, a Statutory Body, a Crown Agent or a Plan acting in their respective capacities described in clause 1.1(d)(v).

1.8. Description of Headings. Descriptive headings are for convenience only and do not control or affect the meaning or construction of any provision of this agreement.

ARTICLE 2. THE RIGHTS

2.1. Legend on Voting Share Certificate.

(1) Certificates for Common Shares issued after the Record Time but before the earlier of the Separation Time and the Expiration Time will evidence, subject to section 2.3, one Right for each Common Share represented by the certificates and will have impressed on, printed on, written on or otherwise affixed to them the following legend:

Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder of this certificate to Rights (as defined in the Rights Agreement) as set forth in a Shareholder Rights Plan Agreement, as amended and restated, dated as of March 1, 2004 (the “Rights Agreement”), between Inmet Mining Corporation (the “Corporation”) and CIBC Mellon Trust Company, as Rights Agent, the terms of which are incorporated by reference in this certificate and a copy of which is on file at the principal executive offices of the Corporation. In certain circumstances, as set out in the Rights Agreement, the Rights may be amended or redeemed, may expire, may become void (if, in certain cases, they are “Beneficially Owned” by an “Acquiring Person”, as those terms are defined in the Rights Agreement, or a transferee thereof) or may be evidenced by separate certificates and not this certificate. The Corporation will arrange to mail a copy of the Rights Agreement to the holder of this certificate without charge within five business days after receipt of a written request for a copy.

(2) Certificates representing Common Shares that are issued and outstanding on the Effective Date will also evidence one Right for each Voting Share evidenced thereby despite the absence of the legend in subsection (1) until the earlier of the Separation Time and the Expiration Time.

2.2. Initial Exercise Price; Exercise of Rights; Detachment of Rights.

(1) Subject to adjustment as set forth in this Article, each Right will entitle the holder, after the Separation Time and prior to the Expiration Time, to purchase one Common Share for the Exercise Price.

(2) Notwithstanding any other provision of this agreement, any Rights held by the Corporation or any of its Subsidiaries will be void.

(3) Until the Separation Time, (i) Rights are not exercisable and may not be exercised and (ii) each Right will be evidenced by the certificate for the associated Common Share and will be transferable only together with, and will be transferred by a transfer of, the associated Common Share.

(4) After the Separation Time and before the Expiration Time, the Rights (i) may be exercised and (ii) will be registered and transferable separate from and independently of Common Shares. Promptly after the Separation Time, the Corporation will issue and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by an Acquiring Person which are not held of record by that Acquiring Person, the holder of record of such Rights) at such holder's address as shown by the records of the Corporation (and the Corporation will furnish to the Rights Agent copies of such records for this purpose), (x) a certificate (a "Rights Certificate") in substantially the form of Exhibit A appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed on it as the Corporation may deem appropriate and as are not inconsistent with the provisions of this agreement, or as may be required to comply with any law or with any rule, regulation or judicial or administrative order or with any rule or regulation of any stock exchange or quotation system or self-regulating organization on which the Rights may be listed or traded from time to time, or to conform to usage, and (y) a disclosure statement prepared by the Corporation describing the Rights. The Corporation will not send any of such materials to an Acquiring Person or to a holder of record (a "Nominee") of Voting Shares or securities convertible into Voting Shares in respect of any rights Beneficially Owned by an Acquiring Person, and the Corporation may require any Nominee or suspected nominee to provide such information and documentation as the Corporation may reasonably require for that purpose.

(5) Rights may be exercised in whole or in part on any Business Day after the Separation Time and before the Expiration Time by submitting to the Rights Agent (at its principal office in Toronto, Canada or at any other office of the Rights Agent in the cities designated from time to time for that purpose by the Corporation) (i) the Rights Certificate evidencing such Rights, together with an election to exercise (an "Election to Exercise"), substantially in the form attached to the Rights Certificate, appropriately completed and duly executed by the holder or its executors or administrators or other legal personal representatives or its or their attorney duly appointed by instrument in writing and executed in a manner satisfactory to the Rights Agent and (ii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, of an amount equal to the Exercise Price multiplied by the number of Rights being exercised and an amount sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Voting Shares in a name other than that of the holder of the Rights being exercised.

(6) On receipt of a Rights Certificate, which does not indicate that it is void in accordance with subsection 3.1(2), with an Election to Exercise appropriately completed and duly executed accompanied by payment as set forth in subsection (5), the Rights Agent (unless the Corporation instructs otherwise) will promptly:

- (a) requisition from the transfer agent of the Common Shares certificates for the number of Common Shares to be purchased (the Corporation hereby irrevocably agreeing to authorize its transfer agent to comply with all such requisitions);
- (b) when appropriate, requisition from the Corporation the amount of cash (if any) to be paid in lieu of issuing fractional Common Shares;
- (c) after receipt of the Common Share certificates, deliver them to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
- (d) after receipt of such cash, deliver such cash to or to the order of the registered holder of the Rights Certificate; and
- (e) tender to the Corporation all payments received on exercise of the Rights.

(7) If the holder of any Rights exercises less than all the Rights evidenced by such holder's Rights Certificate, the Rights Agent will issue to such holder or to its duly authorized assigns a new Rights Certificate evidencing the unexercised Rights.

(8) The Corporation will:

- (a) take all action as may be necessary and within its power to ensure that all Voting Shares delivered on exercise of Rights, at the time of delivery of the certificates for such shares (subject to payment of the Exercise Price), will be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
- (b) take all action as may reasonably be considered necessary and within its power to comply with any applicable requirements of the *Canada Business Corporations Act*, the *Securities Act* and the securities laws or comparable legislation of each other province of Canada, and, if applicable, the *1933 Securities Act* and the *Exchange Act*, applicable to the issuance and delivery of the Rights Certificates and the issuance of any Voting Shares on exercise of Rights;
- (c) use reasonable efforts to cause all Voting Shares issued on exercise of Rights to be listed on the stock exchanges or traded in the over-the-counter markets on which the Voting Shares may be traded or traded at that time; and
- (d) pay when due and payable any Canadian federal or provincial or United States federal or state transfer taxes (not in the nature of income or withholding taxes) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Voting Shares, provided that the Corporation will not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer of Rights or the issuance or delivery of certificates for Voting Shares issued on exercise of Rights in a name other than that of the holder of the Rights being exercised;
- (e) cause to be reserved and kept available out of its authorized and unissued Voting Shares the number of Voting Shares that, as provided in this agreement, will be sufficient from time to time to permit the exercise in full of all outstanding Rights; and
- (f) after the Separation Time, except as permitted by section 5.1 or authorized under section 5.4, not take (or permit any corporation it controls to take) any action if, at the time such action is taken, it is reasonably foreseeable that such action would diminish substantially or eliminate the benefits intended to be afforded by the Rights.

2.3. Adjustments to Exercise Price; Number of Rights.

- (1) The Exercise Price, the number and kind of securities subject to purchase on exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this section.
- (2) If at any time after the Record Time and prior to the Expiration Time, the Corporation:
 - (a) declares or pays a dividend on the Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares other than pursuant to any optional stock dividend program;
 - (b) subdivides or changes the then outstanding Common Shares into a greater number of Common Shares;
 - (c) consolidates or changes the then outstanding Common Shares into a smaller number of Common Shares; or
 - (d) issues any Common Shares or securities exchangeable for or convertible into or giving a right to acquire Common Shares in respect of, in lieu of or in exchange for existing Common Shares;

the Exercise Price and the number of Rights outstanding will be adjusted in the following manner. The Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (the "Expansion Factor") that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof (assuming the exercise of all such exchange and conversion rights and each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be allocated among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, combination or issuance, so that each such Common Share will have exactly one Right associated with it.

- (3) If at any time after the Record Time and prior to the Expiration Time the Corporation fixed a record date for the making of a distribution to all or substantially all holders of Common Shares of rights or warrants entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right per share)) less than 90% of the Market Price per Common Share on

such record date, the Exercise Price will be adjusted in the following manner. The Exercise Price in effect after such record date will equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction, of which (i) the numerator will be the number of Common Shares outstanding on such record date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered (including the price required to be paid to purchase such convertible or exchangeable securities or rights)) would purchase at such Market Price and (ii) the denominator will be the number of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a consideration part or all of which is in a form other than cash, the value of such consideration will be as determined by an independent financial adviser retained by the Board of directors whose determination will be described in a statement filed with the Rights Agent and will be binding on the Rights Agent and the holders of Rights. Such adjustment will be made successively whenever such a record date is fixed and, if any such rights or warrants are not exercised prior to their expiry, the Exercise Price will be readjusted to the Exercise Price that would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon exercise of such rights or warrants. For purposes of this subsection, the granting of the right to purchase Common Shares (whether from treasury shares or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) will not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that in the case of any dividend or interest reinvestment plan, the right to purchase Common Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of the Common Shares.

(4) If at any time after the Record Time and prior to the Expiration Time the Corporation fixed a record date for the making of a distribution to all or substantially all holders of Common Shares of evidences of indebtedness or assets (other than a regular periodic cash dividend or a dividend paid in Common Shares) or rights or warrants entitling them to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) at a price per Common Share (or, in the case of a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) having a conversion, exchange or exercise price per share (including the price required to be paid to purchase such convertible or exchangeable security or right) of less than 90% of the Market Price per Common Share on such record date (excluding rights or warrants referred to in subsection (3)), then the Exercise Price in effect after such record date will be equal to the Exercise Price in effect immediately prior to such record date less the fair market value (as determined by the Board of directors) of the portion of the evidences of indebtedness, assets, rights or warrants so to be distributed applicable to a Common Share (such determination to be described in a statement filed with the Rights Agent and the holders of the Rights). Such adjustment will be made successively whenever such a record date is fixed. If such a distribution is not made, the Exercise Price will be adjusted to be the Exercise Price that would have been in effect if such record date had not been fixed.

(5) Each adjustment made pursuant to this section will be made as of:

- (a) the payment or effective date for the applicable dividend, subdivision, change, consolidation or issuance, in the case of an adjustment made pursuant to subsection (2); and
- (b) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to subsection (3) or (4), subject to readjustment to reverse the same if such distribution is not made.

(6) If at any time after the Record Time and prior to the Expiration Time the Corporation issues any shares of its capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in clause (2)(a) or (2)(d), or if the Corporation takes any other action (other than the issue of Common Shares) which might have a negative effect on the holders of Rights, if the Board of directors acting in good faith determines that the adjustments contemplated by subsections (2), (3) or (4) are not applicable or will not appropriately protect the interests of the holders of Rights, the Corporation may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, if the adjustments contemplated by subsections (2), (3) or (4) are applicable, notwithstanding such subsections, the adjustments so determined by the Corporation, rather than the adjustments contemplated by subsections (2), (3) or (4), will be made. Such adjustments will be effected by the Corporation and the Rights Agent amending this agreement but subject to the prior approval of holders of Common Shares or Rights, as applicable, given in accordance with subsections 5.4(2) and (3), respectively.

- (7) Whenever an adjustment to the Exercise Price is made pursuant to this section, the Corporation will:
- (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment; and
 - (b) promptly file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate and mail a brief summary of it to each holder of Rights.

The failure to file such certificate or cause such notice to be given, or any defect in either of them, will not affect the validity of any such adjustment or change.

(8) Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates (whether issued before or after any adjustment or change) may continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued under this agreement.

(9) If at any time after the Record Time and prior to the Separation Time the Corporation issues any Common Shares otherwise than in a transaction referred to in subsection (2), each such Common Share so issued will automatically have one new Right associated with it, which Right will be evidenced by the certificate representing such share.

(10) If an event occurs which would require an adjustment under both this section and section 3.1, the adjustment provided for in this section will be in addition to, and will be made prior to, any adjustment required pursuant to section 3.1.

(11) Notwithstanding anything to the contrary in this section, no adjustment of the Exercise Price will be required unless that adjustment would require an increase or decrease of at least 1% in the Exercise Price; provided, however, that any adjustments which by reason of this subsection are not required to be made will be carried forward and taken into account in any subsequent adjustment. All adjustments made pursuant to section 2.3 will be made to the nearest cent or to the nearest ten-thousandth of a Common Share or a Right, as applicable.

(12) All Rights originally issued by the Corporation after any adjustments made to an Exercise Price will evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time under this agreement on the exercise of the Rights, all subject to further adjustment as provided in this section.

(13) Unless the Corporation has exercised its election, as provided in subsection (14), on each adjustment of an Exercise Price as a result of the calculations in subsections (3) and (4), each Right outstanding immediately prior to such adjustment will thereafter evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares obtained by (i) multiplying (A) the number of Voting Shares which would have been issuable on exercise of a Right immediately prior to this adjustment by (B) the relevant Exercise Price in effect immediately prior to this adjustment of the relevant Exercise Price and (ii) dividing the product so obtained by the relevant Exercise Price in effect immediately after such adjustment of the relevant Exercise Price.

(14) The Corporation may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights in lieu of any adjustment in the number of Voting Shares purchasable on exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights will be exercisable for the number of Common Shares for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights will become the number of Rights obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of the relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Corporation will make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, it must be at least 10 days later than the date of the public announcement. If Rights Certificates have been issued, on each adjustment of the number of Rights under this subsection, the Corporation, as promptly as practicable, will cause to be distributed to holders of record of Rights Certificates on such record date Rights Certificates evidencing, subject to section 5.5, the additional Rights to which such holders are entitled as a result of such adjustment, or, at the option of the Corporation, will cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and on surrender thereof, if required by the Corporation, new Rights Certificates evidencing all the Rights to which such holders are entitled after such adjustment. Rights Certificates so to be distributed will be issued, executed and countersigned in the manner provided for in this agreement and may bear, at the option of the Corporation, the relevant adjusted Exercise Price and will be registered in the names of holders of records of Rights Certificates on the record date specified in the public announcement.

(15) In any case in which this section requires that an adjustment in an Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer, until the occurrence of that event, the issuance to the holder

of any Right exercised after that record date of the number of Common Shares and other securities of the Corporation (if any) issuable on such exercise over and above the number of Common Shares and other securities of the Corporation (if any) issuable on such exercise on the basis of the relevant Exercise Price in effect prior to such adjustment; provided, however, that the Corporation delivers to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional Common Shares (fractional or otherwise) or other securities (if any) on the occurrence of the event requiring such adjustment.

(16) Notwithstanding anything in this section to the contrary, the Corporation will be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this section, as and to the extent that in its good faith judgment the Board of directors determines to be advisable in order that any (i) subdivision or consolidation of the Common Shares, (ii) issuance wholly for cash of any Common Shares or securities that by their terms are exchangeable for or convertible into or give a right to acquire Common Shares, (iii) issuance wholly for cash of any Common Shares at less than the applicable Market Price, (iv) stock dividends or (v) issuance of rights, options or warrants referred to in this section, made by the Corporation to holders of its Common Shares, subject to applicable taxation laws, will be not be taxable to such shareholders.

2.4. Date on Which Exercise is Effective. Each Person in whose name any certificate for Common Shares is issued on the exercise of Rights will be deemed for all purposes to have become the holder of record of the Common Shares represented by that certificate on, and such certificate will be dated, the date on which the Rights Certificate evidencing such Rights was duly surrendered (together with an appropriately completed and executed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by such Person hereunder) was made in accordance with subsection 2.2(5); provided, however, that if the date of such surrender and payment is a date on which the Common Share transfer books of the Corporation are closed, such Person will be deemed to have become the record holder of such shares on, and such certificate will be dated, the next Business Day on which the Common Share transfer books of the Corporation are open.

2.5. Execution, Authentication, Delivery and Dating of Rights Certificates.

(1) The Rights Certificates will be executed on behalf of the Corporation by the Chairman of the Board, the President or any Vice President and by any other Vice President or the Secretary of the Corporation. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation will bind the Corporation even though those individuals or any of them have ceased to hold such offices before the countersignature and delivery of such Rights Certificates.

(2) Promptly after the Separation Time, the Corporation will notify the Rights Agent of the Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent will countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and mail the Rights Certificates to the holders of the Rights pursuant to subsection 2.2(3). Rights Certificates will not be valid for any purpose until countersigned by the Rights Agent.

(3) Each Rights Certificate will be dated the date it is countersigned.

2.6. Registration, Registration of Transfer and Exchange.

(1) After the Separation Time, the Corporation will cause to be kept a register (the "Rights Register") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is appointed "Rights Registrar" for the purpose of maintaining the Rights Register and registering Rights and transfers and exchanges of Rights as provided in this agreement. If the Rights Agent ceases to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

(2) After the Separation Time and before the Expiration Time, on surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subsections (4) and 3.1(2), the Corporation will execute, and the Rights Agent will countersign, deliver and register, in the name of the holder or the designated transferee, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as the Rights Certificates so surrendered.

(3) All Rights issued on any registration of transfer or exchange of Rights Certificates will be the valid obligations of the Corporation, and such Rights will be entitled to the same benefits under this agreement as the Rights surrendered on such registration of transfer or exchange.

(4) Every Rights Certificate surrendered for registration of transfer or exchange will be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this section, the Corporation may require the payment of an amount sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expense (including the fees and expenses of the Rights Agent) connected therewith.

2.7. Mutilated, Destroyed, Lost and Stolen Rights Certificates.

(1) If any mutilated Rights Certificate is surrendered to the Rights Agent before the Expiration Time, the Corporation will execute and the Rights Agent will countersign and deliver in exchange for the mutilated Rights Certificate a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so surrendered.

(2) If there is delivered to the Corporation and the Rights Agent before the Expiration Time (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate and (ii) such security or indemnity as may be required by them to indemnify each of them and any of their agents, then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation will execute and at its request the Rights Agent will countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so destroyed, lost or stolen.

(3) As a condition to the issuance of any new Rights Certificate under this section, the Corporation may require the payment of an amount sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

(4) Every new Rights Certificate issued pursuant to this section in lieu of any destroyed, lost or stolen Rights Certificate will evidence an original additional contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate is at any time enforceable by anyone, and will be entitled to all the benefits of this agreement equally and proportionately with all other Rights duly issued under this agreement.

2.8. Persons Deemed Owners. The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, before the Separation Time, the Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes. As used in this agreement, unless the context otherwise requires, the term "holder" of any Rights means the registered holder of such Rights (or, before the Separation Time, the associated Common Shares).

2.9. Delivery and Cancellation of Certificates. All Rights Certificates surrendered on exercise or for redemption, registration of transfer or exchange, if surrendered to any Person other than the Rights Agent, will be delivered to the Rights Agent and, in any case, will be promptly cancelled by the Rights Agent. The Corporation may deliver at any time to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered under this agreement which the Corporation may have acquired in any manner, and the Rights Agent will promptly cancel all Rights Certificates so delivered. No Rights Certificate will be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this section, except as expressly permitted by this agreement. The Rights Agent will destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation.

2.10. Agreement of Rights Holders. Every holder of Rights, by accepting Rights, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights that:

- (a) it will be bound by and subject to the provisions of this agreement, as amended from time to time in accordance with its terms, in respect of all Rights held;
- (b) before the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;
- (c) after the Separation Time, the Rights will be transferable only on the Rights Register as provided in this agreement;
- (d) before due presentment of a Rights Certificate (or, before the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, before the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (despite any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes, and neither the Corporation nor the Rights Agent will be affected by any notice to the contrary;

- (e) it is not entitled to receive any fractional Rights or any fractional Common Shares on exercise of a Right;
- (f) subject to section 5.4, without the approval of any holder of Rights and on the sole authority of the Board of directors of the Corporation, this agreement may be supplemented or amended from time to time as provided in this agreement; and
- (g) notwithstanding anything in this agreement to the contrary, neither the Corporation nor the Rights Agent will have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

ARTICLE 3.
ADJUSTMENTS TO THE RIGHTS ON A FLIP-IN EVENT

3.1. Flip-in Event.

(1) Subject to subsection (2) and section 5.1, if a Flip-in Event occurs before the Expiration Time, each Right will constitute, effective from and after the close of business on the tenth Trading Day following the Stock Acquisition Date, the right to purchase from the Corporation, on exercise of the Right in accordance with the terms of this agreement, that number of Common Shares of the Corporation having an aggregate Market Price on the date of consummation or occurrence of the Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 2.3 if after such date of consummation or occurrence an event of a type analogous to any of the events described in section 2.3 has occurred with respect to the Common Shares).

(2) Subject to section 5.1, but notwithstanding any other provision of this agreement to the contrary, on the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) or (ii) a transferee of Rights, direct or indirect, of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) where such transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person in a transfer that the Board of directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding clause (i) will become void without any further action, and any holder of such Rights (including transferees) will not have any right thereafter to exercise such Rights under any provision of this agreement and will not have any other rights whatsoever with respect to such Rights, whether under this agreement or otherwise. The holder of Rights represented by a Rights Certificate which is submitted to the Rights Agent on exercise or for registration for transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this subsection, will be deemed to be an Acquiring Person for the purposes of this subsection and those rights will become null and void.

(3) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in clause 3.1(2)(i) or (ii) or transferred to any nominee of any such Person, and any Rights Certificate issued on transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, will contain the following legend:

The Rights represented by this Rights Certificate are or were Beneficially Owned by a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person or a Person who was acting jointly or in concert with any of them. This Rights Certificate and the Rights represented by this certificate are void.

The Rights Agent will not be under any responsibility to ascertain the existence of facts that would require the inclusion of the legend but will impose the legend only if instructed to do so by the Corporation in writing or if a holder fails to certify on transfer or exchange in the space provided on the Rights Certificate that it is not an Acquiring Person or other Person referred to in the legend. The issuance of a Rights Certificate without the legend referred to in this subsection will not affect the application of subsection (2).

(4) After the Separation Time, the Corporation will do all such acts and things as are necessary and within its power to ensure compliance with this section, including all such acts and things as may be required to satisfy the requirements of the *Canada Business Corporations Act*, the *Securities Act*, securities laws or comparable legislation in each of the

provinces of Canada and in any other jurisdiction where the Corporation is subject to such laws, and the rules of the stock exchanges where the Common Shares are listed at that time, in connection with the issue of Common Shares on the exercise of Rights in accordance with this agreement.

ARTICLE 4. THE RIGHTS AGENT

4.1. General.

(1) The Corporation appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions of this agreement, and the Rights Agent accepts its appointment. The Corporation may appoint from time to time as many additional agents ("Co-Rights Agents") as it deems necessary or desirable, subject to the prior written approval of the Rights Agent. If the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents will be as the Corporation may determine, subject to the prior written approval of the Rights Agent and the Co-Rights Agent. The Corporation will pay to the Rights Agent reasonable compensation for all services rendered by it under this agreement and, from time to time, on demand of the Rights Agent, its reasonable expenses and fees of counsel and other disbursements incurred in the execution and administration of this agreement and the exercise and performance of its duties (including the reasonable fees and other disbursements of any expert retained by the Rights Agent). The Corporation will indemnify the Rights Agent and its directors, officers, employees and agents for, and hold them harmless against, any loss, liability or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent or any of its directors, officers, employees or agents, for anything done or omitted by the Rights Agent or any of its directors, officers, employees or agents in connection with the acceptance, execution and administration of this agreement and the exercise and performance of its or their duties under this agreement, including the costs and expenses of defending against any claim of liability. The right to indemnification will survive the termination of this agreement or the removal or resignation of the Rights Agent.

(2) The Rights Agent will be protected and will not incur any liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this agreement in reliance on any certificate for Common Shares, or any Rights Certificate or certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, opinion or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

(3) The Corporation will inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this agreement by the Rights Agent and, at any time upon request, will provide to the Rights Agent an incumbency certificate certifying the then current officers and directors of the Corporation.

4.2. Merger, Amalgamation or Consolidation or Change of Name of Rights Agent.

(1) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this agreement without the execution or filing of any document or any further act on the part of any of the parties to this agreement, provided that such corporation is eligible for appointment as a successor Rights Agent under section 4.4. If at the time a successor Rights Agent succeeds to the agency created by this agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and if at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases those Rights Certificates will have the effect provided in the Rights Certificates and in this agreement.

(2) If the Rights Agent changes its name and at that time any of the Rights Certificates have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its previous name and deliver Rights Certificates so countersigned; and if at that time any of the Rights Certificates have not been countersigned, the Rights Agent may countersign such Rights Certificates either in its previous name or in its changed name; and in all such cases those Rights Certificates will have the effect provided in the Rights Certificates and in this agreement.

4.3. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this agreement on the following terms and conditions, by all of which the Corporation and the holders of Rights Certificates, by their acceptance thereof, will be bound:

- (a) the Rights Agent may retain and consult with legal counsel (who may be legal counsel to the Corporation), and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent, with the approval of the Corporation (such approval not to be unreasonably withheld), may also consult with such other experts as the Rights Agent considers necessary or appropriate to carry out properly the duties and obligations imposed under this agreement and the Rights Agent will be entitled to rely in good faith on the advice of any such expert;
- (b) whenever in the performance of its duties under this agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation before taking or suffering any action hereunder, such fact or matter (unless other evidence in respect of such fact or matter is specifically prescribed in this agreement) may be deemed to be conclusively proved and established by a certificate signed by a person believed by the Rights Agent to be the Chairman of the Board, the President or any Vice President and by any other Vice President or the Secretary of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this agreement in reliance on such certificate;
- (c) the Rights Agent will be liable under this agreement only for its own negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature of them) nor will it be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not be under any responsibility in respect of:
 - (i) the validity of this agreement or its execution and delivery (except the due authorization, execution and delivery of it by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof);
 - (ii) any breach by the Corporation of any covenant or condition contained in this agreement or in any Rights Certificate,
 - (iii) any change in the exercisability of the Rights (including the Rights becoming void under subsection 3.1(2)) or any adjustment made under section 2.3; or
 - (iv) the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by section 2.3 describing any such adjustment); and

no act by it under this agreement will be deemed to be a representation or warranty by it as to the authorization of any Common Shares to be issued pursuant to this agreement or any Rights or as to whether any Common Shares, when issued, will be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;

- (f) the Corporation will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent to enable it to carry out or perform its obligations under this agreement;
- (g) the Rights Agent is authorized and directed to accept instructions with respect to the performance of its duties under this agreement from any person believed by the Rights Agent to be the Chairman of the Board, the President, any Vice President or the Secretary of the Corporation, and to apply to such persons for advice or instructions in connection with its duties, and it will not be liable for any action taken or suffered by it in good faith in reliance on instructions of any such person; it is understood that, except where circumstances make it impracticable or the Rights Agent otherwise agrees, instructions to the Rights Agent must be given in writing and, if not in writing, must be confirmed in writing as soon as reasonably possible after the giving of such instructions;
- (h) the Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation, become pecuniarily interested in any transaction in which the Corporation may be interested, contract with or lend money to the Corporation or otherwise act as

fully and freely as though it were not Rights Agent under this agreement; and nothing in this agreement will preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and

- (i) the Rights Agent may execute and exercise any of the rights or powers vested in it or perform any duty under this agreement either itself or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, omission, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, omission, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment of its attorneys or agents.

4.4. Change of Rights Agent. The Rights Agent may resign and be discharged from its duties under this agreement on at least 60 days' notice (or such lesser notice as is acceptable to the Corporation) in writing given to the Corporation and to each transfer agent of the Common Shares (by personal delivery or registered or certified mail), and to the holders of Rights in accordance with section 5.9. The Corporation may remove the Rights Agent on at least 30 days' notice in writing given to the Rights Agent and to each transfer agent of the Common Shares (by personal delivery or registered or certified mail), and to the holders of Rights in accordance with section 5.9. If the Rights Agent resigns or is removed or otherwise becomes incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to appoint a successor within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (who, with its notice, must submit its Rights Certificate for inspection by the Corporation), then the holder of Rights may apply to a court of competent jurisdiction for the appointment of a new Rights Agent, at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, must be a corporation incorporated under the laws of Canada or a province of Canada and authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; and the predecessor Rights Agent, on payment in full of any outstanding amounts owing by the Corporation to the Rights Agent under this agreement, will deliver and transfer to the successor Rights Agent any property at the time held by it under this agreement, and execute and deliver any further assurance, conveyance, act or deed necessary for that purpose. Not later than the effective date of any such appointment, the Corporation will notify in writing the predecessor Rights Agent and each transfer agent of the Common Shares, and notify the holders of the Rights, of the appointment. Failure to give any notice provided for in this section or any defect in the notice will not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE 5. MISCELLANEOUS

5.1. Redemption and Termination.

(1) At any time before the occurrence of a Flip-in Event as to which the application of section 3.1 has not been waived pursuant to this section, the Board of directors, with the prior consent of the holders of Common Shares or the holders of Rights given in accordance with subsection (7) or (8), as applicable, may elect to redeem all (but not less than all) the outstanding Rights at a redemption price of \$0.0001 per Right, appropriately adjusted by the Board of directors in a manner analogous to the applicable adjustment provided for in section 2.3 if an event of the type analogous to any of the events described in section 2.3 has occurred (the redemption price being referred to as the "Redemption Price").

(2) The Board of directors may waive the application of section 3.1 to a Flip-in Event that would occur in circumstances where a Commercial Enterprise would otherwise become an Acquiring Person as a result of an acquisition of shares pursuant to (i) a distribution by the Corporation of Voting Shares or Convertible Securities pursuant to a prospectus or similar document or by way of private placement or (ii) the exercise of rights issued by the Corporation to all holders of Voting Shares to subscribe for or purchase Voting Shares or Convertible Securities.

(3) At any time before the occurrence of a Flip-in Event as to which the application of section 3.1 has not been waived pursuant to this section, if a Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular sent to all holders of Voting Shares and otherwise than in the circumstances set forth in subsection (2) or (5), the Board of directors, with the prior consent of the holders of Common Shares given in accordance with subsection (7), may determine to waive the application of section 3.1 to that Flip-in Event. If the Board of directors proposes such a waiver, the Board of directors must extend the Separation Time to a date after but not more than 10 Business Days following the meeting of shareholders called to approve such waiver.

(4) At any time before the occurrence of a Flip-in Event as to which the application of section 3.1 has not been waived pursuant to this section, the Board of directors may determine, on prior written notice to the Rights Agent, to waive the application of section 3.1 to a Flip-in Event that would occur by reason of a Take-over Bid made by means of a take-over

bid circular sent to all holders of Voting Shares provided that, if the Board of directors waives the application of section 3.1 to such a Flip-in Event, the Board of directors will be deemed to have waived the application of section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid made by means of a take-over bid circular sent to all holders of Voting Shares, which is made prior to the expiry of any Take-over Bid (as it may be extended from time to time) made by take-over bid circular in respect of which a waiver is, or is deemed to have been, granted under this subsection.

(5) The Board of directors, in respect of any Flip-in Event, may waive, on prior written notice to the Rights Agent, the application of section 3.1 to that Flip-in Event, but only on the conditions that (i) the Board of directors has determined that the Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person and (ii) the Person has reduced its Beneficial Ownership of Voting Shares such that at the time the waiver is granted pursuant to this subsection it is no longer an Acquiring Person. If such a waiver is granted, for the purpose of this agreement, that Flip-in Event will be deemed not to have occurred and the Separation Time will be deemed not to have occurred as a result of that Person having inadvertently become an Acquiring Person.

(6) The Rights will become void and be of no further effect, without any further formality, on the date that a Person who has made a Permitted Bid, a Competing Permitted Bid or a Take-over Bid in respect of which the Board of directors has waived or is deemed to have waived the application of section 3.1 pursuant to this section, takes up and pays for the Voting Shares in accordance with the terms and conditions of the Permitted Bid, Competing Permitted Bid or Take-over Bid, as applicable.

(7) If a redemption of Rights pursuant to subsection (1) or a waiver of a Flip-in Event pursuant to subsection (3) is proposed at any time before the Separation Time, that redemption or waiver must be submitted for approval to the holders of Voting Shares. Their approval will be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of holders of the Voting Shares duly called and held in accordance with applicable laws and the Corporation's by-laws.

(8) If a redemption of Rights pursuant to subsection (1) is proposed at any time after the Separation Time, that redemption must be submitted for approval to the holders of Rights. Their approval will be deemed to have been given if the redemption is approved by a majority of the votes cast by the holders of Rights represented in person or by proxy at and entitled to vote at a meeting of holders of Rights. For the purpose of this agreement, each outstanding Right (other than Rights that are Beneficially Owned by any Person referred to in clauses (i) to (v) inclusive of the definition of Independent Shareholders) will be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting will be those, as nearly as may be, which are provided in the Corporation's by-laws and the *Canada Business Corporations Act* with respect to meetings of shareholders of the Corporation.

(9) If the Board of directors of the Corporation elects to redeem the Rights under subsection (1) and that redemption is approved by the holders of Voting Shares or the holders of Rights in accordance with subsection (7) or (8), as applicable, the right to exercise the Rights will thereupon terminate, without further action and without notice, and the only right thereafter of the holders of Rights will be to receive the Redemption Price.

(10) Within 10 days after the Board of directors have elected to redeem the Rights or, if subsection (1) applies, within 10 Business Days after the holders of Voting Shares or the holders of Rights have approved a redemption of the Rights in accordance with subsection (7) or (8), as applicable, the Corporation will give notice of redemption to the holders of the Rights by mailing the notice to each such holder at its last address as it appears on the register of the Rights Agent or, before the Separation Time, on the register of the Transfer Agent for the Common Shares. Any notice which is mailed in the manner provided in this agreement will be deemed given, whether or not the holder receives the notice. Each such notice of redemption must state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than as specifically set forth in this section or in connection with the purchase of Common Shares before the Separation Time.

(11) Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and before the occurrence of a Flip-in Event, the Board of directors may elect to redeem all the outstanding Rights without the consent of the holders of Voting Shares or the holders of Rights, as applicable, at the Redemption Price and reissue Rights under this agreement to holders of record of Common Shares immediately after the time of such redemption and, thereafter, all the provisions of this agreement will continue in effect and such reissued Rights, without any further formality, will be attached to the outstanding Common Shares in the same manner as before the occurrence of the Separation Time.

5.2. Expiration. No Person will have any rights under this agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in subsection 4.1(1).

5.3. **Issuance of New Rights Certificates.** Notwithstanding any provision of this agreement or of the Rights to the contrary, the Corporation, at its option, may issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of directors to reflect any adjustment or change in the number of Voting Shares purchasable on exercise of Rights made in accordance with the provisions of this agreement.

5.4. **Supplements and Amendments.**

(1) The Corporation may make amendments to this agreement from time to time in order to correct any clerical or typographical error or which the Board of directors acting in good faith considers are required to maintain the validity of this agreement as a result of any change in applicable law or regulations or the decision of any court or regulatory authority.

(2) At any time before the Separation Time, the Corporation, with the prior approval of the holders of Voting Shares, may amend, vary or rescind any of the provisions of this agreement (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such approval will be deemed to have been given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of holders of the Common Shares duly called and held in accordance with applicable laws and the Corporation's by-laws.

(3) At any time on or after the Separation Time, the Corporation, with the prior approval of the holders of Rights, may amend, vary or rescind any provision of this agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such approval will be deemed to have been given if the proposed amendment, variation or rescission is approved by a majority of the votes cast by the holders of Rights (other than any holder of rights whose Rights have become null and void pursuant to this agreement) represented in person or by proxy at a meeting of holders of Rights. The procedure for the calling, holding and conduct of such a meeting will be those that apply, with necessary modifications, to a meeting of the shareholders of the Corporation.

(4) Any amendments made by the Corporation pursuant to subsection (1) which are required to maintain the validity of this agreement:

- (a) if made before the Separation Time, must be submitted to the shareholders of the Corporation at the next meeting of shareholders and the holders of Voting Shares, by resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such amendment, may confirm or reject such amendment; or
- (b) if made after the Separation Time, must be submitted to the holders of Rights at a meeting to be called (in accordance with the procedures set out in subsection (3)) for a date not later than immediately after the next meeting of shareholders of the Corporation and the holders of Rights (other than any holder of Rights whose Rights have become null and void pursuant to this agreement), by resolution passed by a majority of the votes cast by the holders of Rights who vote in respect of such amendment, may confirm or reject such amendment.

Any such amendment will be effective from the date of the resolution of the Board of directors adopting such amendment until it is confirmed or rejected or until it ceases to be effective (as described in this subsection) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the holders of Voting Shares or the holders of Rights or is not submitted to the holders of Voting Shares or holders of Rights as required, then such amendment will cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of directors to amend any provision of this agreement substantially to the same effect will be effective until confirmed by the holders of Voting Shares or holders of Rights, as the case may be.

(5) For greater certainty, neither the exercise by the Board of directors of any power or discretion conferred on it under this agreement nor the making by the Board of directors of any determination or the granting of any waiver it is permitted to make or give under this agreement will constitute an amendment, variation or rescission of the provisions of this agreement or Rights for purposes of this section or otherwise.

(6) Notwithstanding anything in this section to the contrary, no such supplement, amendment, variation or rescission may be made to Article 4 without the written concurrence of the Rights Agent to that supplement, amendment, variation or rescission. The Corporation must provide the Rights Agent with notice in writing of any such supplement, amendment, variation or rescission within five days of effecting that supplement, amendment, variation or rescission.

5.5. Fractional Rights and Fractional Shares.

(1) The Corporation will not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, there will be paid to the registered holders of Rights Certificates, with regard to which fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the Market Price of a whole Right in lieu of such fractional Rights. The Rights Agent will not be under any obligation to make any payments in lieu of fractional Rights unless the Corporation has provided the Rights Agent with the necessary funds to pay in full all amounts payable in accordance with subsection 2.2(5).

(2) The Corporation will not be required to issue fractional Common Shares on exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation will pay to the holders of Rights, at the time such Rights are exercised or provided in this agreement, an amount in cash equal to the same fraction of the Market Price of one Common Share. The Rights Agent will not have any obligation to make any payments in lieu of fractional Common Shares unless the Corporation has provided the Rights Agent with the necessary funds to pay in full all amounts payable in accordance with section 2.2(5).

5.6. Rights of Action. Subject to the terms of this agreement, any rights of action in respect of this agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of Rights, without the consent of the Rights Agent or of the holder of any other Rights, on such holder's own behalf and for its own benefit and the benefit of other holders of Rights, may enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in this agreement and in such holder's Rights Certificate. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that holders of Rights would not have an adequate remedy at law for any breach of this agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this agreement.

5.7. Holder of Rights Not Deemed a Shareholder. No holder, as such, of any Rights or Rights Certificates will be entitled to vote, receive dividends or be deemed for any purpose to be a holder of Common Shares or any other securities which at any time may be issuable on the exercise of Rights. Nothing in this agreement or in any Rights Certificate will be construed to confer on the holder of any Rights, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or on any matter submitted to shareholders at any meeting of shareholders, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in section 5.8), or to receive dividends, distributions or subscription rights or otherwise, until the Rights have been exercised in accordance with this agreement.

5.8. Notice of Proposed Actions. If after the Separation Time and before the Expiration Time the Corporation proposes to effect the liquidation, dissolution or winding up of the Corporation or the sale of all or substantially all of its assets then, in each such case, the Corporation will give to each holder of a Right a notice of such proposed action. The notice must specify the date on which the liquidation, dissolution, winding up or sale is to take place, and the notice must be given at least 20 Business Days before the date of taking of such proposed action by the Corporation.

5.9. Notices.

(1) Notices or demands authorized or required by this agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation will be sufficiently given or made if delivered or sent by mail, postage prepaid, or by fax, addressed (until another address is filed in writing with the Rights Agent) as follows:

Inmet Mining Corporation
Suite 1000
330 Bay Street
Toronto, Ontario
M5H 2S8
Attention: The Secretary
Facsimile: (416) 368-4692

(2) Notices or demands authorized or required by this agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent will be sufficiently given or made if delivered or sent by mail, postage prepaid, or by fax, addressed (until another address is filed in writing with the Corporation) as follows:

CIBC Mellon Trust Company
320 Bay Street, P.O. Box 1
Toronto, Ontario
M5H 4A6
Attention: Vice-President, Client Services
Facsimile: (416) 643-5570

(3) Subject to subsection (4), notices or demands authorized or required by this agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights will be sufficiently given or made if delivered or sent by first class mail, postage prepaid, or by fax (with, in the case of fax, an original copy of the notice or demand sent by first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears on the register of the Rights Agent or, before the Separation Time, on the register of the Corporation for the Voting Shares. Any notice which is mailed in this manner will be deemed to have been given, whether or not the holder actually received the notice.

5.10. **Costs of Enforcement.** If the Corporation or any other Person the securities of which are purchasable on exercise of Rights fails to fulfil any of its obligations under this agreement, the Corporation will reimburse the holder of any Rights for the costs and expenses (including reasonable legal fees) incurred by that holder in any successful action to enforce its rights under any Rights or this agreement.

5.11. **Successors.** All the covenants and provisions of this agreement by or for the benefit of the Corporation or the Rights Agent will bind and enure to the benefit of their respective successors and assigns.

5.12. **Benefits of this Agreement.** Nothing in this agreement will be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this agreement. This agreement is for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of Rights.

5.13. **Governing Law.** This agreement and each Right issued under it will be deemed to be a contract made under the laws of Ontario and for all purposes will be governed by and construed in accordance with the laws of Ontario applicable to contracts to be made and performed entirely within Ontario.

5.14. **Language.** Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

5.15. **Counterparts.** This agreement may be executed in any number of counterparts and each counterpart will for all purposes be deemed to be an original, and all counterparts together will constitute one and the same instrument.

5.16. **Severability.** If any term or provision of this agreement or the application of that term or provision to any circumstance in any jurisdiction and to any extent is invalid or unenforceable, that term or provision will be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this agreement or the application of that term or provision to circumstances other than those as to which it is held invalid or unenforceable.

5.17. **Effective Date.** This agreement will be effective on and from the date of termination of the annual meeting of the Corporation in 2004 if the resolution referred to in section 5.18 to be submitted to the annual meeting of the Corporation in 2004 is submitted to Independent Shareholders for their consideration and approval and if such approval is given by the Independent Shareholders in accordance with section 5.18 (the "Effective Date").

5.18. **Shareholder Approval.** At each of (i) the annual meeting of shareholders of the Corporation held in 2004, (ii) the annual meeting of shareholders of the Corporation held in 2007 and (iii) the annual meeting of shareholders of the Corporation in 2010 and every third anniversary thereafter and so on, provided that a Flip-in Event has not occurred prior to such time (other than a Flip-in Event in respect of which the application of section 3.1 has been waived pursuant to section 5.1), the Board of directors will submit a resolution to the Independent Shareholders for their consideration and approval, ratifying this agreement (as it may be amended and restated) and its continued existence after each such meeting. If a majority of the votes cast by Independent Shareholders who vote in respect of such resolution at any such

meeting are not voted in favour of this agreement and its continued existence, then the Board of directors immediately upon the confirmation by the Chairman of such shareholders' meeting of the result of the vote on such resolution, without further formality, will be deemed to have elected to redeem the Rights at the Redemption Price.

5.19. **Regulatory Approvals.** Any obligation of the Corporation or action or event contemplated by this agreement will be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority. In addition, the Corporation may not make any amendment to this agreement without the prior written consent of The Toronto Stock Exchange.

5.20. **Declaration as to Non-Canadian and Non-United States Holders.** If in the opinion of the Board of directors of the Corporation (who may rely on the advice of counsel) any action or event contemplated by this agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada or the United States, the Board of directors acting in good faith may take such actions as it may deem appropriate to ensure that such compliance is not required, including without limitation establishing procedures for the issuance to a Canadian resident fiduciary of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Persons entitled thereto (but reserving to the fiduciary or to the fiduciary and the Corporation, as the Corporation may determine, absolute discretion with respect thereto) and the sale thereof and remittance of the proceeds of such sale (if any) to the Persons entitled thereto. In no event will the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada and the United States of America in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

5.21. **Determinations and Actions by the Board of Directors.** All actions and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of directors in good faith will not subject any member of the Board of directors to any liability whatsoever to the holders of Rights or to any other Person.

5.22. **Time of the Essence.** Time is of the essence in this agreement.

5.23. **Fiduciary Duties of the Board of Directors.** For greater certainty, this agreement will not be construed to suggest or imply that the Board of directors is not entitled to recommend that holders of Voting Shares reject or accept any Take-over Bid (whether or not such Take-over Bid is a Permitted Bid or a Competing Permitted Bid) or take any other action (including the commencement, prosecution, defence or settlement of any litigation) with respect to any Take-over Bid or otherwise that the Board of directors believes is necessary or appropriate in the exercise of its fiduciary duties.

IN WITNESS WHEREOF, the parties hereto have signed this agreement.

INMET MINING CORPORATION

By: _____

CIBC MELLON TRUST COMPANY

By: _____
Authorized Signatory

Authorized Signatory

EXHIBIT A
FORM OF RIGHTS CERTIFICATE

Certificate No. _____

_____ Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. IN CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(2) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR TRANSFEREES OF AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM MAY BECOME VOID.

Rights Certificate

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms and conditions of the Shareholder Rights Plan Agreement, as amended and restated, dated as of March 1, 2004 (the "Rights Agreement"), between Inmet Mining Corporation, a corporation incorporated under the laws of Canada (the "Corporation"), and CIBC Mellon Trust Company, a trust company existing under the laws of Canada, as Rights Agent (the "Rights Agent", which includes any successor Rights Agent under the Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as defined in the Rights Agreement) and before the Termination Time (as defined in the Rights Agreement) one fully paid common share of the Corporation (a "Common Share") at the Exercise Price referred to below, on presentation and surrender of this Rights Certificate, together with the Form of Election to Exercise duly executed, to the Rights Agent at its principal office in Toronto, Canada and in such other cities as the Corporation may designate from time to time. The Exercise Price initially will be \$20.00 per Right and will be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, the number of Common Shares which each Right entitles the registered holder thereof to purchase may be adjusted as provided in the Rights Agreement.

This Rights Certificate is subject to all the terms and conditions of the Rights Agreement which are incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the principal executive offices of the Corporation and are available on written request.

This Rights Certificate, with or without other Rights Certificates, on surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate is exercised in part, the registered holder will be entitled to receive, on surrender of this Rights Certificate, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the Rights Agreement, the Rights evidenced by this Rights Certificate may be redeemed by the Corporation with the prior consent of the approval of the holders of Rights given in accordance with the Rights Agreement at a redemption price of \$0.0001 per Right, subject to adjustment in certain events and under certain circumstances.

Fractional Common Shares will not be issued on the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, will be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares. Nothing contained in the Rights Agreement or herein will be construed to confer on the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or on any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive dividends, distributions or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate have been exercised as provided in the Rights Agreement.

This Rights Certificate will not be valid or obligatory for any purpose until it is countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

Date: _____

INMET MINING CORPORATION

By: _____
President Secretary

Countersigned:
CIBC MELLON TRUST COMPANY

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights represented by this Rights Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers to

(Please print name and address of transferee) the Rights represented by this Rights Certificate, together with all right, title and interest therein, and hereby irrevocably constitutes and appoints _____, as attorney, to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated: _____

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Schedule 1 Canadian chartered bank, a major Canadian trust company, or a member of a recognized Medallion Guarantee program.

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing (all capitalized terms are used as defined in the Rights Agreement).

Dated: _____ Signature: _____

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

TO: INMET MINING CORPORATION

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares (or other securities or property) issuable upon the exercise of such Rights and requests that certificates for such shares (or other securities or title to such property) be issued in the name of:

(Name)

(Street)

(City and Province)

(Country, Postal Code)

SOCIAL INSURANCE, SOCIAL SECURITY OR OTHER TAXPAYER NUMBER

If such number of Rights are not all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights will be registered in the name of and delivered to:

(Name)

(Street)

(City and Province)

(Country, Postal Code)

SOCIAL INSURANCE, SOCIAL SECURITY OR OTHER TAXPAYER NUMBER

Dated: _____

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Schedule 1 Canadian chartered bank, a major Canadian trust company, or a member of a recognized Medallion Guarantee program.

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing (all capitalized terms are used as defined in the Rights Agreement).

Dated: _____ Signature: _____

NOTICE

In the event the certification set forth above in the Form of Election to Exercise is not completed upon exercise of the Right(s) evidenced hereby or in the event that the certification set forth above in the Form of Assignment is not completed upon the assignment of the Right(s) evidenced hereby, the Corporation will deem the Beneficial Owner of the Right(s) evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment, will affix a legend to that effect on any Rights Certificates issued in exchange for this Rights Certificate.

INMET

MINING