

LIBERTY MINES INC.
COMPENSATION COMMITTEE CHARTER

The term "**Company**" refers to Liberty Mines Inc., and the term "**Board**" refers to the board of directors of the Company.

PURPOSE

The Compensation Committee (the "**Committee**") is a standing committee appointed by the Board. The Committee is responsible for ensuring that effective human resources and compensation policies and procedures are in place for the Company.

The Committee's responsibilities include oversight of director, officer and employee remuneration and compensation together with oversight of the evaluation of management of the Company.

COMPOSITION AND PROCEDURES

In addition to the procedures and powers set out in any resolutions of the Board, the Committee will have the following composition and procedures:

1. Composition

The Committee shall consist of no fewer than three members. Each member of the Committee shall be an "independent director" (in accordance with the definition of "independent director" established from time to time under the requirements or guidelines for committee service under applicable securities laws and the rules of any stock exchange on which the Company's shares are listed for trading).

The Board Chair, if independent and not already appointed to the Committee, shall serve as an ex officio voting member of the Committee.

2. Appointment and Replacement of Committee Members

The members of the Committee shall be elected by the Board annually. At any meeting of the Committee a quorum of at least two committee members must be present for the Committee to exercise any of its powers. Any member of the Committee may be removed or replaced by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by election from its independent members. The Board shall fill any vacancy if the membership on the Committee is less than three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

3. Professional Assistance

The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense, including any executive search firm or any compensation consulting firm.

4. Review of Charter

The Committee will periodically review and reassess the adequacy of this Charter as it deems appropriate and recommend changes to the Board. The Committee will periodically evaluate its performance with reference to this Charter. The Committee will approve the form of disclosure of this Charter, where required by applicable securities laws or regulatory requirements, in the annual proxy circular or annual report of the Company.

5. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

6. Reporting to the Board

The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

SPECIFIC MANDATES OF THE COMMITTEE

The Committee shall:

I. In Respect of Governance

- (a) review at least annually the "Compensation Committee Charter"; and
- (b) recommend policies regarding succession in the event of an emergency or the retirement of the Chairman of the Board, President & CEO, and CFO of the Company;

II. In Respect of Director Compensation and Protection

- (a) review periodically director compensation and recommend compensation terms that adequately reflect the responsibilities being assumed by the directors, the Chairman of the Board, and committee chairs and members;
- (b) review periodically the Company's directors' and officers' insurance policy and make recommendations for its renewal or amendment or the replacement of the insurer;
- (c) administer all policies of or agreements by the Company with respect to the indemnification by the Company of its directors and officers, if any;

III. In Respect of the Company's Officers and Employees and Compensation Plans

- (a) annually review, approve and recommend to the Board for approval the remuneration of the senior executives of the Corporation, namely the Chief Executive Officer, Chief Operating Officer, President, Vice-President, Chief Financial Officer and any other senior executives of the Corporation having comparable positions as may be specified by the Board (collectively, the "Senior Executives"); the remuneration of the Senior Executives other than the Chief Executive Officer shall be subject to review by the Committee in consultation with the Chief Executive Officer;
- (b) to review the Chief Executive Officer's goals and objectives for the upcoming year and to provide an appraisal of the Chief Executive Officer's performance at the end of the year;

- (c) to meet with the Chief Executive Officer to discuss goals and objectives of other Senior Executives, their compensation and performance;
- (d) to review and recommend to the Board for approval any special employment contracts including employment offers, retiring allowance agreements or any agreement to take effect in the event of termination or change in control affecting any Senior Executives;
- (e) to review and recommend to the Board for its approval the remuneration of directors and senior executives, and to develop and submit to the Board recommendations with regard to other employee benefits;
- (f) to compare on an annual basis the total remuneration (including benefits) and the main components thereof for the Senior Executives with the remuneration practices of peers in the same industry;
- (g) to review and recommend to the Board for its approval the disclosure required in any management information circular of the Corporation relating to annual and/or special meetings of the shareholders of the Corporation relating to executive compensation as may be required pursuant to any applicable securities regulations, rules and policies and to review and finalize the report on executive compensation required in any management information circular of the Corporation;
- (h) subject to the powers of the Board, shareholder approval of all stock option plans and receipt of all necessary regulatory approvals, to determine those directors, officers, employees and consultants of the Corporation who will participate in long term incentive plans; to determine the number of shares of the Corporation allocated to each participant under such plan; to determine the time or times when ownership of such shares will vest for each participant; and to administer all matters relating to any long term incentive plan and any employee bonus plan to which the Committee has been delegated authority pursuant to the terms of such plans or any resolutions passed by the Board; and
- (i) to determine annually each Senior Executive's entitlement to be paid a bonus under any employee bonus plan.