

Pacific Rim Mining Corp.
Corporate Governance – Canada

STATEMENT OF CORPORATE GOVERNANCE PRACTICES
(excerpted from the Company's fiscal 2009
Information Circular dated July 22, 2008)

Corporate governance relates to the activities of the Company's board of directors (the "Board"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

National Policy 58-201, *Corporate Governance Guidelines*, establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101, *Disclosure of Corporate Governance Practices*, mandates disclosure of corporate governance practices, which disclosure is set out below.

Independence of Members of Board and Management Supervision by Board

The Board currently consists of six directors, a majority of whom are independent based upon the tests for independence set forth in NI 52-110. Upon election to the Board at the Shareholders' meeting on August 26, 2009, the Board will include three (3) independent directors: Messrs. Myckatyn, Petrina, and Fagin. Mr. Shrake and Ms. McLeod-Seltzer are not considered independent as they are the President and Chief Executive Officer, and Board Chair, respectively, of the Company.

The Board facilitates the exercise of independent judgement in carrying out its responsibilities, by the effective supervision of management by the independent Directors on an informal basis through active and regular involvement in reviewing and supervising the operations of the Company and through regular and full access to management. Further independent supervision is performed through the Audit Committee which is composed entirely of independent Directors who meet regularly with the Company's auditors without management being in attendance. The independent Directors hold meetings without the presence of non-independent Directors on a quarterly basis and are also encouraged to meet at any time they consider necessary without any members of management, including the non-independent Directors, being present. The Company's auditors, legal counsel and certain employees may be invited to attend. During the Company's most recently completed financial year, the independent Directors met a total of three (3) times.

Leadership is provided for the Board's independent Directors through access to management and the independent operation of the Audit Committee, as discussed above, and through its Lead Director, Mr. Myckatyn. As Lead Director, Mr. Myckatyn's

role and responsibilities are to:

- (i) assist the Chairman to manage the Board and its committees in a manner that ensures that these relationships are effective and efficient and further the best interests of the Company;
- (ii) oversee the process of evaluation of the Board, its committees and individual directors;
- (iii) act as the principal sounding board and counsellor for the Chairman;
- (iv) ensure that the Chairman is aware of concerns of the independent Directors, Shareholders and other stakeholders;
- (v) work with the Chairman to assist the Chairman in fulfilling her responsibilities in managing the Board;
- (vi) work with the Chairman to co-ordinate the agenda for Board meetings;
- (vii) chair and manage all meetings for the independent Directors;
- (viii) attend committee meetings when it is appropriate to do so; and
- (ix) meet, from time to time, with the Chairman and the President and Chief Executive Officer to convey and discuss concerns of the independent Directors.

Participation of Directors in Other Reporting Issuers

The following table sets forth each Director of the Company that is also a director of any other issuer that is a reporting issuer (or equivalent) in any jurisdiction.

Name of Director	Name of Other Public Company
Catherine McLeod-Seltzer	Bear Creek Mining Corporation, Stornoway Diamond Corporation, Kinross Gold Corporation and Troon Ventures Ltd.
Anthony J. Petrina	Bear Creek Mining Corporation
William Myckatyn	Quadra Mining Ltd., First Point Minerals Corp., and San Marco Resources Inc.
David K. Fagin	Golden Star Resources Ltd., Atna Resources Ltd. and T. Rowe Price Mutual Funds
Paul B. Sweeney	Pan American Silver Corp., Polaris Minerals Corporation, New Gold Inc. and Magma Energy Corp.

Participation of Directors in Board Meetings

The Board meets at least once every quarter to review, among other things, the performance of the Company. The Board also holds a meeting each year to review and assess the Company's financial forecasts and business plan for the ensuing year and its overall strategic objectives. Other meetings of the Board are called to deal with special matters as circumstances require. During the Company's most recently completed financial year, eight (8) Board meetings were held. The attendance record of each Director for the Board meetings held is as follows:

Name of Director	No. of Board Meetings Attended in the Most Recently Completed Financial Year
Catherine McLeod-Seltzer	8

Name of Director	No. of Board Meetings Attended in the Most Recently Completed Financial Year
Thomas Shrake	8
Anthony J. Petrina	8
William Myckatyn	8
David K. Fagin	7
Paul B. Sweeney	7

Board Mandate

The mandate of the Board is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. The Board sets long-term goals and objectives for the Company to formulate the plans and strategies necessary to achieve those objectives and to supervise and offer guidance to the Company's senior management in their implementation. Although the Board has delegated to senior management personnel the responsibility for managing the day-to-day affairs of the Company, the Board is ultimately responsible for all matters relating to the Company and its business. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and its annual business plan; reviewing and approving the quarterly corporate and cash flow forecasts; reviewing and approving significant capital investments; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with Shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to Shareholders; ensuring the effective operation of the Board; and safeguarding Shareholders' equity interests through the optimum utilization of the Company's capital resources.

The Board expects management to efficiently implement its strategic plans for the Company in a professional, competent and ethical manner, to keep the Board fully apprised of its progress in doing so and to be fully accountable to the Board in respect to all matters for which it has been assigned responsibility. In addition to matters which must by law or pursuant to the constating documents of the Company be approved by the Board, all matters of strategic importance to the Company are referred to the Board for prior review and approval. Any material expenditures or legal commitments, including without limitation debt or equity financings, acquisitions and divestitures by the Company, financial statements and major disclosure documents, are subject to prior approval by the Board. The Board holds meetings on a regular basis to review the Company's strategy as well as to consider and approve particular matters. One of the Board's responsibilities is to review and, if thought fit, to approve opportunities as presented by management and to provide guidance to management. The Board expects management to operate the business of the Company in a manner that enhances Shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

The Board oversees the management of the Company's affairs directly and through its committees. The Board also meets to plan for the future growth of the Company; identify risks of the Company's business, thus ensuring the implementation of appropriate systems to manage these risks; monitor senior management; and ensure

timely disclosure of material transactions. Frequency of Board meetings, as well as the nature of agenda items, change depending upon the state of the Company's affairs and in light of opportunities or risks that the Company faces. When necessary and appropriate, issues may be approved and adopted by the Board by way of written resolutions in accordance with applicable corporate law.

Position Descriptions

The Board has developed written position descriptions for the Board Chair, President and CEO and for the Directors at large. On a quarterly basis, the Board approves the operating and capital forecasts, and the Chairman and President and CEO are required to ensure the Company operates within those guidelines. Material departures must be approved by the Board. The Board is of the view that the respective corporate governance roles of the Board and management, as represented by the Chairman and President and CEO, are clear, and that the limits to management's responsibility and authority are well defined.

The Board has not developed written position descriptions for the Chair of each Board committee. The Chairs of the Nominating and Compensation Committees, as well as the Health, Safety and Environmental Committee are responsible for calling the meetings of each Committee, establishing meeting agenda with input from management, and supervising the conduct of the meetings. The Chair of the Audit Committee has a clear mandate from the Board to carry out his responsibilities.

Orientation and Continuing Education

New Directors are provided with a Board Manual, as reviewed and adopted by the Board, which contains comprehensive information and guidelines on the duties of the Board, and members of management, terms of reference for committees and policies adopted by the Board. New Directors are given a full briefing by the Chairman of the Board and President and CEO. The President and CEO reports at each Board meeting on the Company's activities and provides Directors with a monthly written report. All Directors are encouraged to contact senior management for updates at any time.

The Board currently does not provide continuing education for its Directors. By using a Board composed of experienced professionals with a wide range of financial, legal, exploration and mining expertise, the Company ensures that the Board operates effectively and efficiently.

Board members are encouraged to communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Company; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Board has adopted a written Code of Conduct by which it and all officers and employees of the Company abide. A copy of the Code of Conduct is available for review on the Company's website. In addition, the Board, through its meetings with management and other informal discussions with management, encourages a culture of

ethical business conduct and believes the Company's high calibre management team promotes a culture of ethical business conduct throughout the Company's operations and is expected to monitor the activities of the Company's employees, consultants and agents in that regard. The Board encourages any concerns regarding ethical conduct in respect of the Company's operations to be raised, on an anonymous basis, with the President and CEO, the Chairman, or another Board member as appropriate.

It is a requirement of applicable corporate law that Directors and senior officers who have an interest in a transaction or agreement with the Company promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and, in the case of Directors, abstain from discussions and voting in respect to same if the interest is material. These requirements are also contained in the Company's Articles, which are made available to the Directors and senior officers of the Company.

Nomination of Directors

The Nominating Committee is composed of three Directors, Messrs. Petrina (Chair), Sweeney and Myckatyn, all of whom are independent within the meaning contained in NI 52-110. Mr. Sweeney will not be standing for re-election at the Meeting. The Nominating Committee has the responsibility for recommending to the Board the nominees to fill vacancies on the Board or to be proposed by any member of the Board as candidates for election as Directors at the annual general meeting. The Nominating Committee also recommends to the Board a desirable balance of expertise among the Board members, seeks out possible candidates to fill Board positions and aids in attracting qualified candidates to the Board. In addition, the Nominating Committee's responsibilities include reviewing and monitoring the orientation of new Board members; reviewing and approving officers' directorships in other companies and reviewing Directors' relationships with outside entities with regard to potential conflicts of interest.

Compensation

The Compensation Committee is composed of Messrs. Fagin (Chair), Sweeney, and Myckatyn, all of whom are independent within the meaning contained in NI 52-110. Mr. Sweeney will not be standing for re-election at the Meeting. The overall purpose of the Compensation Committee is to make recommendations to the Board for human resources and compensation policies and to implement and oversee same if the Board approves the recommendations for the Company.

The Compensation Committee is responsible for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; recommending to the Board the compensation of the executive officers; reviewing executive appointments; and reviewing the adequacy and form of Directors' compensation.

To determine compensation payable, the Compensation Committee reviews compensation paid for directors and officers of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management, while taking into account the financial and other resources of the Company. See also "Statement of Executive

Compensation” above.

No compensation consultant or advisor has, at any time since the beginning of the Company’s most recently completed financial year, been retained to assist in determining compensation for any of the Company’s Directors or officers.

Other Committees

Committees of the Board are an integral part of the Company’s governance structure. The Board’s committees presently consist of an Audit Committee, a Compensation Committee, a Health, Safety and Environmental Committee and a Nominating Committee. The Board’s committees have been established to devote the necessary expertise and resources to particular areas, and to enhance the quality of discussion at Board meetings. The Committees facilitate effective Board decision making by providing recommendations to the Board on matters within their respective responsibilities. The Board believes that the Committees assist in the effective functioning of the Board and that the composition of the Committees should ensure that the views of the independent Directors are effectively represented.

A discussion of the Company’s Nominating and Compensation Committees is provided above under the sub-headings “Nomination of Directors” and “Compensation”. Please refer to the section entitled “Audit Committee Information” in the Company’s Form 20-F for the year ended April 30, 2009 for the information required to be disclosed pursuant to NI 52-110 with respect to the Company’s Audit Committee.

The Company’s Health, Safety and Environmental Committee is composed of Messrs. Myckatyn (Chair), Shrake and Petrina, a majority of whom are considered independent within the meaning contained in NI 52-110. The Health, Safety and Environmental Committee has the responsibility for reviewing the Company’s environmental policy and for ensuring the Company’s operations are operated in a manner consistent with the environmental policy and also for ensuring the Company’s operations are run in a manner that does not unduly expose its employees to unnecessary risk of accident or death.

The Board has determined that, at this stage of the Company’s development, it is not necessary for the Board to have additional standing committees. The Board may from time to time appoint a special committee of one or more Directors which committee may engage an outside advisor at the Company’s expense in order to assist the committee in fulfilling its responsibilities.

Assessments

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the Directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its Directors respecting its own effectiveness. In addition, the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively through frequent discussions between management and individual Board members. There are also discussions among the independent Directors with resulting comments to the Board.

Shareholder Feedback and Concerns

The Company is dedicated to the maintenance of good Shareholder relations and attempts to deal with any expressed concerns of Shareholders in an effective and timely manner. The Company employs a Vice-President of Investor Relations to monitor and promptly address Shareholder concerns in an expeditious and informal manner. If any material issues of concern arise the Board of Directors is informed and provides direction for action as needed. The Company has a Disclosure Policy which is followed and is available for review on the Company's web site.