

# MANAGEMENT CIRCULAR



## NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD

**May 12, 2015 at 10:00 a.m. (Toronto time)**

at

**St. Andrew's Club & Conference Centre  
16th Floor, 150 King Street West  
Toronto, Ontario**

April 6, 2015

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, broker, bank manager, lawyer or other professional advisor.

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April 6, 2015

Dear fellow shareholders,

On behalf of the Board of Directors and the management of Sherritt International Corporation, I invite you to attend the annual meeting of shareholders being held at the St. Andrew's Club & Conference Centre, 16th floor, 150 King Street West, Toronto, Ontario on May 12, 2015 at 10:00 a.m. (Toronto time).

The annual meeting is your opportunity to exercise your voting rights and meet with the Board of Directors and the management team of Sherritt. As part of our commitment to good governance practices and seeking input from our shareholders, we are once again asking you to vote on the Corporation's executive compensation practices through a say-on-pay vote. Please consider reviewing the section entitled "*Compensation Discussion & Analysis — Executive Compensation*" at page 35 of the accompanying Management Information Circular before you cast your vote. We hope you find that our approach to executive compensation is in line with your expectations and reflective of the management team's performance in 2014.

Eight of the nine current Sherritt directors are standing for re-election at the annual meeting. Bernard Michel, after nearly eight years of service, has decided not to stand for re-election in 2015. I would like to thank Bernard for his significant contributions to Sherritt. Bernard's experience, insight and advice will be missed by his fellow directors and we wish him well.

Following the formal business of the meeting, David Pathe, our CEO, will review Sherritt's performance in 2014 and share with you our plans for the future. Should you have questions about our past performance or future direction, this is an excellent forum to seek answers. Should you be unable to attend the meeting in person, we urge you to vote your shares in advance of the meeting by delivering your completed proxy or voting instructions as explained in the accompanying Management Information Circular.

If you require additional information, please visit the investor relations section of our website at [www.sherritt.com](http://www.sherritt.com). Also available online is Sherritt's Annual Information Form for the year ended December 31, 2014, Sherritt's annual audited financial statements for the year ended December 31, 2014 and related management's discussion and analysis, as well as other useful information.

Last year we brought greater focus and discipline to the business, and delivered results against our strategic priorities for the year. In the face of difficult business conditions and weak commodity markets, we would like to thank you for your continued support. Our management team continues to execute upon its goal of creating a focused, low-cost nickel company, and we look forward to continued success for our company in 2015 and beyond.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Stephen". The signature is written in a cursive, flowing style.

Harold (Hap) Stephen  
Chairman  
Sherritt International Corporation



## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of Sherritt International Corporation (the "**Corporation**" or "**Sherritt**") will be held at the St. Andrew's Club & Conference Centre, 16<sup>th</sup> floor, 150 King Street West, Toronto, Ontario on May 12, 2015 at 10:00 a.m. (Toronto time).

### BUSINESS OF THE MEETING

At the Meeting, Shareholders will be asked to:

1. receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2014, together with the report of the external auditor thereon;
2. re-appoint the external auditor for the ensuing year and authorize the directors to fix the external auditor's compensation;
3. consider the following non-binding advisory resolution: "resolved, on an advisory basis and not to diminish the roles and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in the Circular";
4. elect directors; and
5. transact such other business, if any, as may properly come before the Meeting or any adjournment or postponement thereof.

The accompanying Management Information Circular (the "**Circular**") provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice of Annual Meeting.

The Board of Directors has fixed April 2, 2015 as the record date (the "**Record Date**") for the Meeting. Only Shareholders of record at the close of business on the Record Date are entitled to vote at the Meeting or any adjournment or postponement thereof.

Your vote is important regardless of the number of common shares of the Corporation you own.

**All proxies must be received by 5:00 p.m. (Toronto time) on Friday, May 8, 2015** and, if the Meeting is adjourned or postponed, no later than 5:00 p.m. on the date (excluding Saturdays, Sundays and holidays) preceding the date of an adjourned or postponed Meeting.

Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice.

If you have any questions about the information contained in the Circular or require assistance to complete your proxy, please consult your professional advisor or contact the Corporation's proxy solicitation agent, Kingsdale Shareholder Services by toll-free telephone in North America at 1-800-749-9197 or collect call outside North America at 416-867-2272, or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

DATED at Toronto, Ontario, this 6<sup>th</sup> day of April, 2015.

By Order of the Board of Directors

*"Ward Sellers"*

Ward Sellers  
Senior Vice President, General Counsel &  
Corporate Secretary

## SHERRITT MANAGEMENT INFORMATION CIRCULAR — QUESTIONS AND ANSWERS

Please refer to the accompanying Management Information Circular (the “**Circular**”) for definitions of uppercase terms not otherwise defined herein.

### **Q: What am I being asked to vote on at the Meeting?**

A: The Meeting is being held to consider the ordinary annual business of the Corporation, including the election of directors and the re-appointment of auditors. Shareholders are also being asked to vote on a non-binding advisory resolution regarding executive compensation, often referred to as a “Say-on-Pay” resolution (the “**Say-on-Pay Resolution**”).

### **Q. What does the Board recommend?**

A. Sherritt’s Board unanimously recommends that Shareholders use their proxy to vote as follows:

- **FOR** the reappointment of auditors named in the Circular and the authorization of the directors to fix remuneration of the auditors;
- **FOR** the Say-on-Pay Resolution; and
- **FOR** the Sherritt Nominees named in the Circular for election to the Board.

Please read the section of the Circular entitled “*Business of the Meeting*” for more information.

### **Q. What if I can’t attend the Meeting in person?**

A. If you cannot attend the Meeting in person please ensure that the enclosed proxy is received by either Sherritt’s transfer agent, CST Trust Company, or Sherritt’s proxy solicitation agent, Kingsdale Shareholder Services (“**Kingsdale**”) by **5:00 p.m. (Toronto time) on Friday, May 8, 2015** to ensure your Shares are voted at the Meeting. The proxy includes instructions as to how you may vote by mail, telephone, fax or via the internet. The Chairman of the Meeting may waive this cut-off time at his discretion without notice.

### **Q. Who is soliciting my proxy?**

A. The Board and management of Sherritt are soliciting the proxy for use at the Meeting. In connection with this solicitation, the Board and management of Sherritt have provided this Circular.

### **Q. How will the solicitation be made?**

A. The solicitation will be made primarily by mail. In addition to the solicitation of proxies by mail, directors and officers and certain employees of the Corporation may solicit proxies personally by telephone or other telecommunication but will not receive additional compensation for doing so. The Corporation has also engaged Kingsdale as proxy solicitation agent for the Meeting and will pay fees of approximately \$30,000 (plus certain out-of-pocket expenses) to Kingsdale for the proxy solicitation service. The Corporation may also reimburse brokers or other persons holding Shares in their name or in the name of their nominees for costs incurred in sending proxy materials to their principals or beneficial holders in order to obtain their proxies.

Shareholders can contact Kingsdale either by mail at Kingsdale Shareholder Services, The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-800-749-9197 or collect call outside North America at 416-867-2272, or by e-mail at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

### **Q. What documents have been sent to Shareholders?**

A. In addition to the accompanying Notice of Meeting and Circular, Shareholders have been sent a letter to Shareholders, and a proxy or voting instruction form (“**VIF**”). Copies of these documents (other than the VIF) are available from Sherritt’s profile at [www.sedar.com](http://www.sedar.com) and on Sherritt’s website at [www.sherritt.com](http://www.sherritt.com).

### **Q. When do I submit my proxy?**

A. In order to be valid and acted upon at the Meeting, your proxy must be received **no later than 5:00 p.m. (Toronto time) on Friday, May 8, 2015** or no later than 5:00 p.m. on the date (excluding Saturdays, Sundays and holidays)

preceding the date of an adjourned or postponed Meeting. The time limit for depositing proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice.

**Q. How many Shares are eligible to vote?**

A. The number of Shares outstanding on the Record Date (as set forth in the accompanying Notice of Meeting) will be equal to the number of eligible votes. On the Record Date, the Corporation had 293,558,591 Shares outstanding. Shareholders are entitled to one vote in respect of each Share held on those items of business identified in the accompanying Notice of Meeting.

**Q. What is the quorum for the Meeting?**

A. A quorum is two or more persons present in person and entitled to vote at such meeting holding or representing by proxy not less than 25% of the votes entitled to be cast at such meeting.

**Q. Are there any Shareholders who hold more than 10% of the Shares?**

A. To the knowledge of the directors and executive officers of the Corporation, no one person or entity beneficially owns or exercises direction or control over, directly or indirectly, more than 10% of the Shares, except for Foyston, Gordon & Payne Inc., which has publicly disclosed that, acting in its capacity as an investment advisor to a number of pooled investment funds and managed accounts, it exercises control and direction over an aggregate of 30,368,571 Shares, representing 10.34% of the issued and outstanding Shares as at March 31, 2015.

**Q. Who will count the votes?**

A. Votes will be counted and tabulated by CST Trust Company, the Corporation's transfer agent. Proxies are referred to Sherritt only in cases where a Shareholder clearly intends to communicate with management, the validity of the proxy is in question or where it is necessary to do so to meet the requirements of applicable law.

**Q. Who can vote at the Meeting?**

A. If you held Shares at the close of business on Thursday, April 2, 2015, you are eligible to vote your Shares in respect of the matters to be acted on (as noted in the accompanying Notice of Meeting) at the Meeting.

Each Share is entitled to one vote. If your Shares are held in the name of a bank, intermediary or broker (a "**Nominee**"), please see the instructions below under the heading "*Appointment of Proxies and Voting Instructions — Beneficial (Non-registered) Shareholder Voting*" on page 5 of the Circular.

**Q. How do I determine what type of Shareholder I am?**

A. There are several steps you must take in order to vote your Shares at the Meeting. For the purpose of voting at the Meeting, you must first determine what type of Shareholder you are: a Registered Shareholder or a Beneficial (Non-registered) Shareholder.

*Registered Shareholder:* You are a "Registered Shareholder" if your Shares are held in your personal name and you are in possession of a share certificate that indicates the same.

*Beneficial (Non-registered) Shareholder:* The majority of Shareholders are non-registered. You are a "Beneficial (Non-registered) Shareholder" if your Shares are:

- held in the name of a Nominee;
- deposited with a bank, a trust, a brokerage firm or other type of institution, and such Shares have been transferred out of your name; or
- held either (a) in the name of the intermediary that the Shareholder deals with (being securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS) with which your Nominee deals.

Follow the steps in the appropriate category below once you have determined your Shareholder type. Please note that only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.

**Q. How can a Registered Shareholder vote?**

A. If you are a Registered Shareholder, you may vote in person or by submitting your proxy as follows:

**By Mail:** by completing, signing, dating and returning the enclosed proxy to the Corporation's transfer agent:

CST Trust Company  
Attention: Proxy Department  
P.O. Box 721  
Agincourt, Ontario  
M1S 0A1

**Online:** by visiting [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com) and following the instructions. Please have the 13 digit control number on the enclosed proxy available as you will be prompted to enter this number for identification purposes.

**By Telephone:** by dialing 1-888-489-7352 from a touch-tone phone and following the voice instructions. Please have the 13 digit control number on the enclosed proxy available as you will be prompted to enter this number for identification purposes.

**By Fax:** by completing, signing, dating and returning the enclosed proxy to CST Trust Company at (416) 368-2502 or 1-866-781-3111.

**In Person:** If you are able to join us in person for the Meeting, and wish to vote your Shares in person, you do not need to complete and return the enclosed proxy. Before the official start of the Meeting on May 12, 2015, please register with the representatives(s) from CST Trust Company, which will be acting as scrutineer at the Meeting, who will be situated at a welcome table just outside the room in which the Meeting will be held. Once you are registered with CST Trust Company, your vote will be requested and counted at the Meeting.

Proxies must be received **no later than 5:00 p.m. (Toronto time) on Friday, May 8, 2015**, or, if the Meeting is adjourned or postponed, no later than 5:00 p.m. on the date (excluding Saturdays, Sundays and holidays) proceeding the date of an adjourned or postponed Meeting. Please note that your vote can only be counted if the person you appointed attends the Meeting and votes on your behalf and the proxy has been properly completed and executed.

The Shares will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Shares will be voted accordingly.

**Q. How can a Beneficial (Non-registered) Shareholder vote?**

A. If your Shares are not registered under your name, they will likely be registered under the name of your broker or an agent of that broker (the "**Intermediary**"). Each Intermediary has its own procedures; please follow them carefully to ensure that your Shares are voted at the Meeting according to your instructions.

**Beneficial (Non-Registered) Shareholders, including both Non-Objecting Beneficial Owners ("NOBO") and Objecting Beneficial Owners ("OBO") may vote in the following ways:**

**Online:** by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions.

**By telephone:** by dialing the applicable number set out below and following the instructions

Canadian NOBO/OBO Shareholders: 1-800-474-7493 (English) or 1-800-474-7501 (French).

US NOBO/OBO Shareholders: 1-800-454-8683.

**In Person:** if you are able to join us in person for the Meeting, and wish to vote your Shares in person you may do so by either (i) inserting your own name in the space provided on the enclosed VIF or form of proxy provided by your Nominee or (ii) submitting any other document in writing to your Nominee that requests that the Beneficial (Non-registered) Shareholder or nominees thereof should be appointed as proxy. Then, follow the signing and return instructions provided by your Nominee. If you do not properly follow the return instructions provided by your Nominee, you may not be able to vote such Shares. Before the official start of the Meeting on May 12, 2015, please register with the representatives(s) from CST Trust Company, who will be situated at a welcome table just outside the Meeting room. Once you are registered with CST Trust Company, and, provided the instructions you provided to your Nominee have been forwarded by your nominee to CST Trust Company, your vote will be requested and counted at the Meeting.

Late proxies from non-registered holders may be accepted or rejected by the Chairman of the Meeting at his or her discretion, and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The time

limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his or her discretion, without notice.

If you have any questions or need assistance completing your proxy or VIF, please call Kingsdale Shareholder Services at 1-800-749-9197 toll-free in North America, collect at 416-867-2272 outside of North America, or email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

**Q. How do I appoint someone else to vote for me?**

- A. If you are not able to attend the Meeting in person, or if you wish to appoint a representative to vote on your behalf, you have the right to appoint a person or entity, who may or may not be a Shareholder of the Corporation, to attend and represent you at the Meeting and vote on your behalf. You do this by appointing them as your proxyholder as described below.

Use the accompanying form of proxy or another proper form of proxy. The persons named in the accompanying proxy are officers of the Corporation and are nominees of management. You can choose to have management's appointee vote your Shares or may appoint a person or entity (who need not be a Shareholder of the Corporation) of your choice by striking out the printed names and inserting the desired person's name and address in the blank space provided. Complete the balance of the proxy, sign it and return it to CST Trust Company at the address indicated above. Please note that your vote can only be counted if the person you appointed attends the Meeting and votes on your behalf and the proxy has been properly completed and executed.

You may not vote both by proxy and in person. If you have voted by proxy, you will not be able to vote your Shares in person at the Meeting, unless you revoke your proxy (see "*Appointment of Proxies and Voting Instructions — Registered Shareholder Voting — Revoking your Proxy*" on page 5).

**Q. How will my proxy be voted?**

- A. If either Mr. David Pathe or Mr. Dean Chambers, management's nominees as indicated on the enclosed proxy, are appointed as your proxyholder, and you do not specify how you wish your Shares to be voted, your Shares will be voted as follows:

- **FOR** the reappointment of auditors named in the Circular and the authorization of the directors to fix remuneration of the auditors;
- **FOR** the Say-on-Pay Resolution; and
- **FOR** the Sherritt Nominees named in Circular for election to the Board.

**YOUR VOTE IS VERY IMPORTANT — SUBMIT YOUR PROXY TODAY. FOR ASSISTANCE VOTING YOUR PROXY PLEASE CONTACT KINGSDALE SHAREHOLDER SERVICES BY TOLL-FREE TELEPHONE IN NORTH AMERICA AT 1-800-749-9197 OR COLLECT CALL OUTSIDE NORTH AMERICA AT 416-867-2272, OR BY E-MAIL AT [CONTACTUS@KINGSDALESHAREHOLDER.COM](mailto:CONTACTUS@KINGSDALESHAREHOLDER.COM).**

**Q. What if I want to revoke my proxy?**

- A. You may revoke your proxy at any time before it is acted on. In order to revoke your proxy, you must send a written statement indicating your wish to have your proxy revoked. This written statement must be received by CST Trust Company at the address indicated on the accompanying Notice of Meeting at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement of the Meeting, or with the Chairman of the Meeting prior to Meeting's commencement on the day of the Meeting or any adjournment or postponement of the Meeting, or in any other manner permitted by law.

**Q. Who should I contact for more information or assistance in voting my Shares?**

- A. If you have any questions, please contact Kingsdale Shareholder Service by toll-free telephone in North America at 1-800-749-9197 or collect call outside North America at 416-867-2272, or by e-mail at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).



# MANAGEMENT INFORMATION CIRCULAR

## SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

The information contained in this Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management of Sherritt International Corporation (“**Sherritt**” or the “**Corporation**”) from registered holders of common shares of the Corporation (the “**Shares**”) (and of voting instructions in the case of non-registered holders of Shares) to be used at the annual meeting (the “**Meeting**”) of shareholders (“**Shareholders**”) of the Corporation to be held on May 12, 2015 at 10:00 a.m. (Toronto time) in the St. Andrew’s Club & Conference Centre, 16<sup>th</sup> floor, 150 King Street West, Toronto, Ontario and at all adjournments or postponements of the Meeting, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders (the “**Notice of Meeting**”).

The information contained in this Circular is given as at March 31, 2015, except where otherwise noted.

If you have any questions about information contained in this Circular or require assistance in completing your proxy, please consult your professional advisors or contact the Corporation’s proxy solicitation agent, Kingsdale Shareholder Services (“**Kingsdale**”) by toll-free telephone in North America at 1-800-749-9197 or collect call outside North America at 416-867-2272, or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

## BUSINESS OF THE MEETING

The annual business to be considered at the Meeting is as follows:

1. receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2014, together with the report of the external auditor thereon;
2. re-appoint the external auditor for the ensuing year and authorize the directors to fix the external auditor’s compensation;
3. consider the following non-binding advisory resolution: “resolved, on an advisory basis and not to diminish the roles and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in this Circular” (the “**Say-on-Pay Resolution**”);
4. elect directors; and
5. transact such other business, if any, as may properly come before the Meeting or any adjournment or postponement thereof.

### 1. Presentation of Financial Statements and Auditors’ Report

The Shareholders will be asked to receive the audited consolidated financial statements of the Corporation and the notes thereto, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013 and January 1, 2013, and the consolidated statements of comprehensive (loss) income, consolidated statements of changes in shareholders’ equity and consolidated statements of cash flow for the years ended December 31, 2014 and December 31, 2013, together with the report of the auditor thereon.

### 2. Appointment of Auditor

The auditor of the Corporation is Deloitte LLP, Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants (“**Deloitte LLP**”). Deloitte LLP has served as auditor of the Corporation since November 1995.

Deloitte LLP is independent with respect to the Corporation and its subsidiaries within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The aggregate fees paid for professional services rendered by Deloitte LLP, for the year ended December 31, 2014 and the year ended December 31, 2013, are presented below:

Fees	2014	2013
Audit fees <sup>(1)</sup> . . . . .	\$3,145,000	\$2,983,000
Audit-related fees <sup>(2)</sup> . . . . .	\$ 629,000	\$ 413,000
Tax-related fees <sup>(3)</sup> . . . . .	\$ 543,000	\$1,000,000
Other fees <sup>(4)</sup> . . . . .	\$ 84,000	\$ 119,000
<b>Total fees</b> . . . . .	<b>\$4,401,000</b>	<b>\$4,515,000</b>

**Notes:**

- (1) Audit fees consist of fees for the audit and review of the Corporation's annual and quarterly consolidated financial statements, respectively, or services that are normally provided in connection with statutory and regulatory filings or engagements. During 2014 and 2013, the services provided in this category included research of accounting and audit-related issues and assurance audits.
- (2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's consolidated financial statements and are not reported as audit fees. During 2014, the services provided in this category included additional assurance audits related to the disposition of the Corporation's Coal operations.
- (3) Tax-related fees consist of fees for assistance and advice in relation to the preparation of corporate income tax returns and expatriate services, other tax compliance and advisory services.
- (4) Other fees related to data analysis and training and development consulting services.

Approval of the resolution to reappoint Deloitte LLP to serve as external auditor of the Corporation for the ensuing year and for authorization of the directors to fix the external auditor's compensation will require an affirmative vote of a majority of the votes cast at the Meeting.

**Board Recommendation**

***The Board of Directors (the "Board") recommends that Shareholders vote FOR the reappointment of Deloitte LLP to serve as external auditor of the Corporation for the ensuing year and the authorization of the directors to fix the external auditor's compensation, and unless a proxy specifies that the Shares it represents are to be voted against the matter proposed above, the proxyholders named in the accompanying proxy intend to vote FOR the reappointment of Deloitte LLP to serve as external auditor of the Corporation for the ensuing year and for authorization of the directors to fix the external auditor's compensation.***

**3. Say-on-Pay Resolution**

Sherritt's executive compensation policies and procedures are based on the principle of pay for performance designed to align the interests of Sherritt's executive team with the long-term interests of Shareholders. This non-binding advisory shareholder resolution, commonly known as a "say-on-pay" resolution, gives Shareholders the opportunity to endorse or not endorse Sherritt's approach to its executive pay program and policies. Such resolutions are increasingly common in Canadian practice and the inclusion of a "say-on-pay" vote at this Meeting reflects Sherritt's continued commitment to corporate governance best practices.

Because this vote is advisory, it will not be binding upon the Board. However, the Board will review the results of this advisory vote and will consider the outcome when considering future executive compensation arrangements. If a significant number of the Shares represented in person or by proxy at the Meeting are voted against this advisory resolution, the Board will review the approach to executive compensation and any concerns expressed by Shareholders in the context of such vote. Following such review by the Board, the Corporation intends to disclose a summary of the process undertaken by the Board and an explanation of any changes being implemented in relation to the Corporation's executive compensation. Sherritt will provide this disclosure within six months of the Meeting and, in any case, not later than the date it distributes a Management Information Circular for the next meeting of Shareholders.

Shareholders are encouraged to read the section in this circular entitled "Compensation Discussion & Analysis" at page 29 below. The results of the Say-on-Pay advisory vote will be disclosed as part of the report on voting results for the Meeting. Shareholders supported the executive compensation approach in 2013 by voting 71.37% "FOR" and 28.63% "AGAINST" the say-on pay resolution at the 2014 annual and special meeting of Shareholders.

## Resolution

The text of the Say-on-Pay Resolution is as follows:

### **RESOLVED THAT:**

on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the Shareholders accept the approach to executive compensation disclosed in the Management Information Circular of the Corporation delivered in accordance with the 2015 annual meeting of Shareholders of the Corporation.

Approval of the above resolution will require an affirmative vote of a majority of the votes cast at the Meeting.

### **Board Recommendation**

***The Board recommends that Shareholders vote FOR Sherritt's approach to executive compensation, as described in the Compensation Discussion & Analysis section of this Circular, and unless a proxy specifies that the Shares it represents are to be voted against the matter proposed above, the proxyholders named in the accompanying proxy intend to vote FOR the Say-on-Pay Resolution.***

### **4. Election of Directors**

Sherritt's current Board is strong, independent and experienced with sound corporate governance practices. Four highly qualified new independent directors have been added to the Corporation's already strong Board within the past three years. The eight Sherritt Nominees bring a robust mix of expertise across disciplines and industry sectors, including strengths in the mining and/or resource industry, international business, government relations, capital projects, reserve evaluation, enterprise management, financial literacy and reporting, corporate governance, operations, human resources/executive compensation, environment, health, safety and sustainability, risk management/evaluation, finance and mergers and acquisitions, and board leadership.

The Board has fixed the number of directors to be elected for the current year at eight. The term of office of each director so elected will expire at the next annual meeting of the Shareholders unless he or she shall resign his or her office or his or her office becomes vacant by death, removal or other cause at an earlier date.

All of the Sherritt Nominees are currently directors. Management of the Corporation does not contemplate that any of the Sherritt Nominees will be unable, or for any reason will become unwilling, to serve as a director. Should this occur for any reason prior to the Meeting, the persons named in the accompanying proxy or the VIF reserve the right to vote for another nominee, at their discretion, unless the Shareholder has specified in the form of proxy or the VIF his or her Shares are to be withheld from voting in the election of any of the directors.

The section entitled "*Information Concerning the Current Board and Sherritt Nominees for Election of Directors*" below, provides detailed information with respect to each of the Sherritt Nominees.

### *Majority Voting Policy*

Shareholders can vote FOR or WITHHOLD from voting on the election of each director on an individual basis. In 2009, the Board adopted a majority voting policy for the election of directors. Under the terms of the policy, if a director receives more "withhold" votes than "for" votes at a meeting that is not a contested meeting, he or she will immediately offer to resign. The Nominating and Corporate Governance Committee will consider the offer of resignation and, except in situations where exceptional circumstances would warrant the director to continue to serve on the Board, will recommend that the Board accept the resignation. Such director will not participate in any Board or committee deliberations on the matter. The resignation will be effective when accepted by the Board. The Board's decision will be made within 90 days following the meeting where such election was held and will be promptly announced by news release (and, if the resignation is not accepted, will fully state the reasons for not accepting). If the Board accepts the resignation, it may appoint a new director to fill the vacancy.

A contested meeting is defined as a meeting at which the number of directors nominated for election is greater than the number of seats available on the Board. As the Meeting is not a contested meeting, the Corporation's Majority Voting Policy will apply.

At the 2014 annual and special meeting of Shareholders, each of the eight Sherritt Nominee directors were elected by a substantial majority. For the number of votes cast FOR and WITHHELD from each director at the Corporation's 2014 annual general meeting, see the voting results filed on SEDAR at [www.sedar.com](http://www.sedar.com). Voting results for each of the Sherritt

Nominees elected at the 2014 annual and special meeting who are standing for re-election can also be found under “Information concerning the current Board and Sherritt Nominees for elections as Directors — Sherritt Nominees” below.

## Board Recommendation

***The Board recommends that Shareholders vote FOR the Sherritt Nominees for election to the Board: Harold (Hap) Stephen, Timothy Baker, R. Peter Gillin, Sir Richard Laphorne, Adrian Loader, Edythe (Dee) Marcoux, Lisa Pankratz and David Pathe. The proxyholders named in the accompanying proxy intend to vote FOR the Sherritt Nominees.***

## APPOINTMENT OF PROXIES AND VOTING INSTRUCTIONS

### REGISTERED SHAREHOLDER VOTING

You are a “**Registered Shareholder**” if your Shares are held in your personal name and you are in possession of a share certificate that indicates the same. If you are a Registered Shareholder, you may vote in person at the Meeting, you may appoint another person to represent you as proxyholder and vote your Shares at the Meeting or may vote by internet and telephone. If you wish to attend the Meeting, you may complete and return the enclosed proxy or you may vote in person at the Meeting. Please register with the scrutineers, being the Corporation’s transfer agent, CST Trust Company, when you arrive at the Meeting. If you wish to vote by internet or telephone, please see the enclosed proxy for further instructions.

### To Vote by Proxy

**If you are not able to attend the Meeting in person, or if you wish to appoint a representative to vote on your behalf, you have the right to appoint a person or entity other than the person designated in the proxy, who may or may not be a Shareholder, to represent you at the Meeting and vote on your behalf. You do this by appointing them as your proxyholder in writing in the proxy or another form of proxy as described below.**

Use the enclosed proxy or another proper form of proxy. The persons named in the accompanying proxy are officers of the Corporation and are nominees of management. **You can choose to have management’s appointee vote your Shares or may appoint a person or entity of your choice by striking out the printed names and inserting the desired person’s name and address in the blank space provided.**

### Registered Shareholders may vote in any of the following ways:

**By Mail:** by completing, signing, dating and returning the enclosed proxy to the Corporation’s transfer agent:

CST Trust Company  
Attention: Proxy Department  
P.O. Box 721  
Agincourt, Ontario  
M1S 0A1

**Online:** by visiting [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com) and following the instructions. Please have the 13 digit control number on the enclosed proxy available as you will be prompted to enter this number for identification purposes.

**By Telephone:** by dialing 1-888-489-7352 from a touch-tone phone and following the voice instructions. Please have the 13 digit control number on the enclosed proxy available as you will be prompted to enter this number for identification purposes.

**By Fax:** by completing, signing, dating and returning the enclosed proxy to CST Trust Company at (416) 368-2502 or 1-866-781-3111.

**In Person:** If you are able to join us in person for the Meeting, and wish to vote your Shares in person, you do not need to complete and return the enclosed proxy. Before the official start of the Meeting on May 12, 2015, please register with the representatives(s) from CST Trust Company, which will be acting as scrutineer at the Meeting, who will be situated at a welcome table just outside the room in which the Meeting will be held. Once you are registered with CST Trust Company, your vote will be requested and counted at the Meeting.

Proxies must be received **no later than 5:00 p.m. (Toronto time) on Friday, May 8, 2015**, or, if the Meeting is adjourned or postponed, no later than 5:00 p.m. on the date (excluding Saturdays, Sundays and holidays) preceding the date of an adjourned or postponed Meeting. Please note that your vote can only be counted if the person you appointed attends the Meeting and votes on your behalf and the proxy has been properly completed and executed.

## Voting your Proxy

The management representatives designated in the enclosed proxy will vote for or against or withhold from voting your Shares in respect of which they are appointed by proxy on any vote that may be called for in accordance with your instructions as indicated on the proxy and, if you specify a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

### In the absence of any direction, your Shares will be voted by the management representatives:

- **FOR** the reappointment of auditors named in this Circular and the authorization of the directors to fix remuneration of the auditors;
- **FOR** the Say-on-Pay Resolution; and
- **FOR** the Sherritt Nominees for election to the Board.

The accompanying proxy confers discretionary authority upon the management representatives designated in the form of proxy with respect to voting on amendments to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. At the date of this Circular, the directors and management of the Corporation know of no such amendments, variations or other matters.

## Revoking your Proxy

If you have submitted a proxy and later wish to revoke it, you can do so by re-voting your proxy online, by fax or by completing and signing a proxy bearing a later date and sending it to CST Trust Company. Your vote must be received **no later than 5:00 p.m. (Toronto time) on Friday, May 8, 2015**. A later dated proxy automatically revokes any previously submitted proxy. You can also send a written statement indicating you wish to have your proxy revoked. This written statement must be received by CST Trust Company at Proxy Department, P.O. Box 721 Agincourt, Ontario M1S 0A1, at any time up to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used; (ii) with the Chairman of the Meeting before the Meeting starts on the day of the Meeting or any adjournment or postponement thereof; or (iii) in any other manner permitted by law.

## BENEFICIAL (NON-REGISTERED) SHAREHOLDER VOTING

If your Shares are not registered under your name, they will likely be registered under the name of your broker or an agent of that broker (the “**Intermediary**”). Each Intermediary has its own procedures; please follow them carefully to ensure that your shares are voted at the Meeting according to your instructions.

### **Beneficial (Non-Registered) Shareholders, including both Non-Objecting Beneficial Owners (“NOBO”) and Objecting Beneficial Owners (“OBO”) may vote in the following ways:**

**Online:** by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions.

**By telephone:** by dialing the applicable number set out below and following the instructions

Canadian NOBO/OBO Shareholders: 1-800-474-7493 (English) or 1-800-474-7501 (French).

US NOBO/OBO Shareholders: 1-800-454-8683.

**In Person:** if you are able to join us in person for the Meeting, and wish to vote your Shares in person you may do so by either (i) inserting your own name in the space provided on the enclosed VIF or form of proxy provided by your Nominee or (ii) submitting any other document in writing to your Nominee that requests that the Beneficial (Non-registered) Shareholder or nominees thereof should be appointed as proxy. Then, follow the signing and return instructions provided by your Nominee. If you do not properly follow the return instructions provided by your Nominee, you may not be able to vote such Shares. Before the official start of the Meeting on May 12, 2015, please register with the representative(s) from CST Trust Company, who will be situated at a welcome table just outside the Meeting room. Once you are registered with CST Trust Company, and, provided the instructions you provided to your Nominee have been forwarded by your nominee to CST Trust Company, your vote will be requested and counted at the Meeting.

Late proxies from non-registered holders may be accepted or rejected by the Chairman of the Meeting at his discretion, and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

If you have any questions or need assistance completing your proxy or VIF, please call Kingsdale Shareholder Services at 1-800-749-9197 toll-free in North America, collect at 416-867-2272 outside of North America, or email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

Whether you choose to vote your beneficially held Shares by proxy, VIF or in person, you must carefully follow the instructions that accompany either the VIF or proxy, including those regarding when and where the VIF or proxy is to be delivered, and the deadline for delivery.

### **Revoking Voting Instructions**

If you have submitted a VIF and later wish to revoke it, you can do so by re — voting your VIF online, by fax or by completing and signing a VIF bearing a later date and sending it to the address set out on the VIF. Your vote must be received **no later than 5:00 p.m. (Toronto time) on Friday, May 8, 2015**. A later dated VIF automatically revokes any previously submitted VIF. You can also revoke by following the procedures provided by your Nominee. Your Nominee must send a written statement indicating you wish to have your voting instructions revoked. This written statement must be received by CST Trust Company at Proxy Department, P.O. Box 721 Agincourt, Ontario M1S 0A1, at any time up to 5:00 p.m.(Toronto time) on the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used; (ii) with the Chairman of the Meeting before the Meeting starts on the day of the Meeting or any adjournment or postponement thereof; or (iii) in any other manner permitted by law.

### **SHARES**

The authorized capital of the Corporation consists of an unlimited number of Shares. As of March 31, 2015, the Corporation had 293,558,591 Shares issued and outstanding. Each Shareholder of record at the close of business on April 2, 2015, the record date (the “**Record Date**”) established for notice of the Meeting and for voting, will be entitled to vote on all matters proposed to come before the Meeting on the basis of one vote for each Share held. A quorum for the transaction of business at the Meeting will consist of two or more individuals present in person and each being entitled to vote thereat, representing in person or by proxy at least 25% of the total number of Shares entitled to vote at a meeting of Shareholders.

### **PRINCIPAL HOLDER OF VOTING SECURITIES**


To the knowledge of the directors and executive officers of the Corporation, no one person or entity beneficially owns or exercises direction or control over, directly or indirectly, more than 10% of the Shares, except for Foyston, Gordon & Payne Inc., which has publicly disclosed that, acting in its capacity as an investment advisor to a number of pooled investment funds and managed accounts, it exercises control and direction over an aggregate of 30,368,571 Shares, representing 10.34% of the issued and outstanding Shares as at March 31, 2015.

**INFORMATION CONCERNING THE CURRENT BOARD AND SHERRITT NOMINEES  
FOR ELECTION AS DIRECTORS**

**SHERRITT NOMINEES**

The tables below provide information about each of the Sherritt Nominee directors to assist Shareholders with their voting decisions. The tables include information regarding each director's other directorships, membership on Board committees, attendance record in 2014, experience, areas of expertise, amount of securities of the Corporation each holds and the number of votes each received at the last annual meeting of the Shareholders, if applicable.

Seven of the eight Sherritt Nominees are *independent*, as defined by applicable securities laws, which means they are independent of management. A nominated director is *non-independent* if he or she has a direct or indirect material relationship that the Board believes could be reasonably expected to interfere with his or her ability to exercise independent judgment. Mr. Pathe is non-independent as he serves as President and Chief Executive Officer of the Corporation.

 <p><b>Harold (Hap) Stephen</b> Director and Chairman</p> <p>Residence: Ontario, Canada</p> <p>Age: 68</p> <p>Director Since: May 24, 2012</p> <p><i>Independent</i></p>	<p>Mr. Stephen currently serves as a director of TD Mutual Funds Corporate Class Ltd. and Algoma Central Corporation, a shipping company. Mr. Stephen is the Chairman and Chief Executive Officer of Stonecrest Capital Inc., a leading Canadian restructuring firm. He has served as Chief Restructuring Officer in the court supervised restructurings of Grant Forest Products Inc., Canwest Global Communications Corporation, Stelco Inc., Mosaic Group Inc., Algoma Steel Inc. and Athletes World Inc. He advised the Office of the Superintendent of Financial Institutions on the pension plan issues related to the Air Canada restructuring. He also acted as Chairman of a Special Committee reporting to the Minister of National Defence with a mandate to review the structure and operations of the Department of National Defence and provide recommendations to lower operating costs and improve efficiency. Mr. Stephen also served as Chairman of Repap Enterprises Inc., a pulp and paper producer with operations in Canada and the United States from June 1999 to November 2000 and Executive Vice President and CFO of T. Eaton Company Limited from October 1997 to October 1999. From 1977 to 1997 he was a partner of Ernst &amp; Young and from 1985 to 1997 was responsible for the management of Ernst &amp; Young's financial restructuring and corporate finance practices.</p>					
	<p>Mr. Stephen is a Chartered Professional Accountant and a Chartered Accountant. He is currently serving as a member of the Independent Review Committee of TD Asset Management Inc.</p>					
	<b>Board/Committee Membership</b>		<b>Overall Attendance in 2014</b>		<b>Areas of Expertise</b>	
	Board of Directors		14 of 14	100%	<ul style="list-style-type: none"> <li>• Enterprise Management</li> <li>• Financial Literacy and Reporting</li> <li>• Corporate Governance</li> <li>• Risk Management/Evaluation</li> <li>• Finance and M&amp;A</li> <li>• Board Leadership</li> </ul>	
	Nominating and Corporate Governance		4 of 4	100%		
	<b>Other Public Board Memberships in the Past Five Years<sup>(1)</sup></b>					
	Algoma Central Corporation Labrador Iron Ore Royalty Corporation (until May 2014)					
	<b>Public Board Interlocks:</b>					
	None <sup>(1)</sup>					
	<b>Securities Held as of March 15<sup>(2)(3)(4)</sup></b>					
	<b>Year</b>	<b>Shares</b>	<b>DDSUs</b>	<b>Total Shares and DDSUs</b>	<b>Total Value of Shares and DDSUs<sup>(5)</sup></b>	<b>Minimum Ownership Met<sup>(6)(7)</sup></b>
	2015	100,000	86,315	186,315	\$712,701	In progress
	2014	56,000	30,908	86,908	\$427,982	In progress
	<b>Options Held:</b>					
None						
<b>Voting Results of 2014 Annual and Special Meeting<sup>(8)</sup></b>		<b>Votes For</b>	<b>Votes Withheld</b>	<b>Total Votes Cast</b>		
# of votes		165,369,924	36,214,759	201,584,683		
% of votes		82.03	17.97	100		



**Timothy Baker**  
Director

Residence: Ontario,  
Canada

Age: 53

Director Since:  
May 6, 2014

*Independent*

Mr. Baker brings over 30 years of extensive project development and operations experience to Sherritt. He currently serves as a director of Antofagasta PLC and is also Chairman of Golden Star Resources Ltd. Mr. Baker retired from his positions as Executive Vice President and Chief Operating Officer of Kinross Gold Corporation in 2011. Prior to joining Kinross in 2006, Mr. Baker was with Placer Dome, where he served in several key roles including Executive General Manager of Placer Dome Chile and of Placer Dome Tanzania, and Senior Vice President of the copper producing Compania Minera Zaldivar. Mr. Baker also served as a director of Augusta Resources Corporation, Pacific Rim Mining Corp. and Eldorado Gold Corporation. Mr. Baker holds a B.Sc. (Geology) and the ICD.D certification from the Institute of Corporate Directors.

Board/Committee Membership <sup>(9)</sup>	Overall Attendance in 2014		Areas of Expertise
Board of Directors	5 of 6	80%	<ul style="list-style-type: none"> <li>• Mining and/or Resource Industry</li> <li>• International Business</li> <li>• Capital Projects</li> <li>• Reserve Evaluation</li> <li>• Operations</li> <li>• Human Resources/Executive Compensation</li> <li>• Environment, Health, Safety &amp; Sustainability</li> <li>• Risk Management/Evaluation</li> <li>• Board Leadership</li> </ul>
Environment, Health, Safety and Sustainability	3 of 3	100%	
Nominating and Corporate Governance	3 of 3	100%	
Reserves and Projects Committee	3 of 3	100%	

**Other Public Board Memberships in the Past Five Years**

Augusta Resources Corporation (until September 2014)  
Antofagasta PLC  
Golden Star Resources Ltd.  
Pacific Rim Mining Corp. (until October 2013)  
Eldorado Gold Corporation (until December 2012)

**Public Board Interlocks:**

None

**Securities Held as of March 15<sup>(2)(3)(4)</sup>**

Year	Shares	DDSUs	Total Shares and DDSUs	Total Value of Shares and DDSUs <sup>(5)</sup>	Minimum Ownership Met <sup>(6)(7)</sup>
2015	22,100	20,730	42,830	\$109,904	In progress
2014	N/A	N/A	N/A	N/A	N/A

**Options Held:**

None

Voting Results of 2014 Annual and Special Meeting <sup>(8)</sup>	Votes For	Votes Withheld	Total Votes Cast
# of votes	156,395,257	45,190,570	201,585,827
% of votes	77.58	22.42	100





**R. Peter Gillin**  
Director

Residence: Ontario,  
Canada

Age: 66

Director Since:  
January 1, 2010

*Independent*

Mr. Gillin is currently a director of Silver Wheaton Corp., Dundee Precious Metals Inc., TD Mutual Funds Corporate Class Ltd. and Turquoise Hill Resources Ltd. (formerly Ivanhoe Mines Inc.) and has been a member of the Independent Review Committee of TD Asset Management Inc. since 2003. Mr. Gillin also served as a director of HudBay Minerals Inc. from April 2008 to March 2009. From October 2003 to September 2008, Mr. Gillin served as Chairman and Chief Executive Officer of Tahera Diamond Corporation, a diamond exploration, development and production company. From October 2002 to March 2003, Mr. Gillin was President and Chief Executive Officer of Zemex Corp, an industrial minerals producer. Prior thereto, Mr. Gillin served as Vice Chairman of NM Rothschild and Sons Canada Limited. Mr. Gillin is a CFA and also holds the ICD.D certification from the Institute of Corporate Directors.

Board/Committee Membership	Overall Attendance in 2014		Areas of Expertise
Board of Directors	14 of 14	100%	<ul style="list-style-type: none"> <li>• Mining and/or Resource Industry</li> <li>• International Business</li> <li>• Capital Projects</li> <li>• Enterprise Management</li> <li>• Financial Literacy and Reporting</li> <li>• Operations</li> <li>• Human Resources/Executive Compensation</li> <li>• Risk Management/Evaluation</li> <li>• Finance and M&amp;A</li> <li>• Board Leadership</li> </ul>
Audit ( <i>Chair</i> )	8 of 8	100%	
Human Resources	5 of 5	100%	
Nominating and Corporate Governance	4 of 4	100%	
Environment, Health, Safety and Sustainability	4 of 4	100%	

**Other Public Board Memberships in the Past Five Years<sup>(1)</sup>**

Dundee Precious Metals Inc.  
Silver Wheaton Corp.  
Turquoise Hill Resources Ltd. (formerly Ivanhoe Mines Inc.)  
HudBay Minerals Inc. (until March 2009)

**Public Board Interlocks:**

None<sup>(1)</sup>

**Securities Held as of March 15<sup>(2)(3)(4)</sup>**

Year	Shares	DDSUs	Total Shares and DDSUs	Total Value of Shares and DDSUs <sup>(5)</sup>	Minimum Ownership Met <sup>(6)</sup>
2015	25,380	68,384	93,764	\$488,197	Yes
2014	25,380	40,483	65,863	\$396,409	Yes

**Options Held:**

None

Voting Results of 2014 Annual and Special Meeting <sup>(8)</sup>	Votes For	Votes Withheld	Total Votes Cast
# of votes	156,320,665	45,263,762	201,584,427
% of votes	77.55	22.45	100



**Sir Richard Lapthorne**  
Director

Residence:  
United Kingdom

Age: 71

Director Since:  
September 14, 2011

*Independent*

Sir Richard Lapthorne has served as a Finance Director or as Chairman of various FTSE 100 and non-quoted companies in the United Kingdom since 1986 and is Chairman of the Public Interest Body of PricewaterhouseCoopers. He is currently Chairman of Cable & Wireless Communications plc. Between June 2009 and April 2010, he served as Chairman of McLaren Group Limited. From 1996 to May 2003 he was Chairman of Amersham International plc (now GE Healthcare) having joined its board as a Non-executive Director in 1989. He was Finance Director of British Aerospace plc from July 1992 and Vice Chairman from April 1998 until his retirement in 1999. He is also a fellow of each of the Chartered Institute of Management Accountants, Chartered Institute of Certified Accountants and the Institute of Corporate Treasurers in the United Kingdom.

Board/Committee Membership	Overall Attendance in 2014		Areas of Expertise
Board of Directors	14 of 14	100%	<ul style="list-style-type: none"> <li>• International Business</li> <li>• Government Relations</li> <li>• Capital Projects</li> <li>• Enterprise Management</li> <li>• Financial Literacy and Reporting</li> <li>• Corporate Governance</li> <li>• Operations</li> <li>• Human Resources/Executive Compensation</li> <li>• Risk Management/Evaluation</li> <li>• Finance and M&amp;A</li> <li>• Board Leadership</li> </ul>
Audit	8 of 8	100%	
Nominating and Corporate Governance (Chair) <sup>(9)</sup>	4 of 4	100%	
Reserves and Projects	5 of 5	100%	

**Other Public Board Memberships in the Past Five Years**

Cable & Wireless Communications plc (Chairman)

**Public Board Interlocks:**

None

**Securities Held as of March 15<sup>(2)(3)(4)</sup>**

Year	Shares	DDSUs	Total Shares and DDSUs	Total Value of Shares and DDSUs <sup>(5)</sup>	Minimum Ownership Met <sup>(6)</sup>
2015	45,500	53,580	99,080	\$467,445	Yes
2014	45,500	25,845	71,345	\$376,175	Yes

**Options Held:**

None

Voting Results of 2014 Annual and Special Meeting <sup>(8)</sup>	Votes For	Votes Withheld	Total Votes Cast
# of votes	156,053,560	45,263,762	201,584,877
% of votes	77.41	22.45	100



**Adrian Loader**  
Director

Residence: London,  
England

Age: 66

Director Since:  
July 29, 2013

*Independent*

Mr. Loader has extensive international experience with Royal Dutch Shell in energy management, projects, strategy, business development and new market entry. Mr. Loader held regional responsibility for Royal Dutch Shell's operations in Latin America/Africa, Middle East/Far East and Europe. He was subsequently the Royal Dutch Shell Director responsible for Strategy and Business Development, as well as for Scenarios, Group Planning, Health, Safety & Environment, and External Affairs. Before retiring from Royal Dutch Shell at the end of 2007, Mr. Loader served as President and Chief Executive Officer of Shell Canada where he was responsible, *inter alia*, for Shell Canada's oil sands open pit mining activities and their expansion. Mr. Loader has served on the following public company boards — Alliance-Unichem, Shell Canada, Alliance-Boots, Candax Energy and Compton Petroleum. In January 2008, he joined the Board of Toronto-based Candax Energy and was Chairman until June 2010. He then served as Chairman of Compton Petroleum, Calgary, until August 2012. He is currently Chairman of Oracle Coalfields, London (an international coal developer in Pakistan), as well as a director of Holcim Ltd. (a Swiss global supplier of cement and aggregates) and Alderon Iron Ore Corp. (a Canadian Iron Ore project developer). Mr. Loader also serves as a member of the International Advisory Board of GardaWorld (global private security company), Montreal, Canada and as a member of the UK Advisory Board of Navigant (an American consulting company). Mr. Loader is a Fellow of the Chartered Institute of Personnel and Development and holds a Master's degree in History from Cambridge University, England.

Board/Committee Membership	Overall Attendance in 2014		Areas of Expertise
Board of Directors	11 of 14	79%	<ul style="list-style-type: none"> <li>• Mining and/or Resource Industry</li> <li>• International Business</li> <li>• Government Relations</li> <li>• Capital Projects</li> <li>• Reserve Evaluation</li> <li>• Enterprise Management</li> <li>• Corporate Governance</li> <li>• Operations</li> <li>• Human Resources/Executive Compensation</li> <li>• Environment, Health, Safety and Sustainability</li> <li>• Risk Management/Evaluation</li> <li>• Finance and M&amp;A</li> <li>• Board Leadership</li> </ul>
Human Resources	5 of 5	100%	
Nominating and Corporate Governance	4 of 4	100%	
Reserves and Projects	5 of 5	100%	

**Other Public Board Memberships in the Past Five Years**

Alderon Iron Ore Corp.  
Oracle Coalfields plc (Chairman)  
Holcim Ltd.  
Compton Petroleum (Chairman) (until December 2012)  
Candax Energy Inc. (Chairman) (until July 2010)

**Public Board Interlocks:**

None

**Securities Held as of March 15<sup>(2)(3)(4)</sup>**

Year	Shares	DDSUs	Total Shares and DDSUs	Total Value of Shares and DDSUs <sup>(5)</sup>	Minimum Ownership Met <sup>(6)(7)</sup>
2015	19,000	37,657	56,657	\$204,714	In progress
2014	19,000	10,100	29,100	\$113,950	In progress

**Options Held:**

None

Voting Results of 2014 Annual and Special Meeting <sup>(8)</sup>	Votes For	Votes Withheld	Total Votes Cast
# of votes	156,315,511	45,269,316	201,584,827
% of votes	77.54	22.46	100



**Edythe A. (Dee) Marcoux**

Director

Residence: British Columbia, Canada

Age: 66

Director Since: May 25, 2006

*Independent*

Ms. Marcoux, Bachelor of Applied Science (Metallurgical Engineering), M.B.A, is a retired executive, with over 30 years of experience in the energy industry and five years of experience in the mining industry. Ms. Marcoux previously served as a director on the boards of SNC Lavalin Inc., OPTI Canada Inc. and Placer Dome Inc. She was Vice Chair of the National Roundtable for the Economy and the Environment for 2005 and 2006.

From 2003 until 2005 Ms. Marcoux served as a strategic consultant and advisor to Ensyn Petroleum Inc. and held an ownership position in Ensyn Energy Inc. until 2005 when Ensyn Petroleum was purchased by Ivanhoe Energy Inc. From 1998 to 2003 Ms. Marcoux worked as a consultant and served on the board of Southern Pacific Petroleum NL, a company developing shale oil resources in Australia. From 1998 to 2002 Ms. Marcoux served in varying capacities with Ensyn Group Inc., a company developing heavy oil upgrading technology. She held the position of President and CEO of Ensyn Energy Corp during this period.

Ms. Marcoux previously worked for: Gulf Canada as President of Heavy Oil (1997-1998); CS Resources as President (1996-1997), Suncor (1991-1996) as Executive Vice-President of Oil Sands Group; Ontario Hydro (1990-1991) in supply and services; PetroCanada (1983-1990) in business development and refinery management; and Imperial Oil Ltd. (1976-1983) in process and project engineering, logistics and finance.

Board/Committee Membership	Overall Attendance in 2014		Areas of Expertise
Board of Directors	12 of 14	86%	<ul style="list-style-type: none"> <li>• Mining and/or Resource Industry</li> <li>• International Business</li> <li>• Capital Projects</li> <li>• Reserve Evaluation</li> <li>• Enterprise Management</li> <li>• Financial Literacy and Reporting</li> <li>• Corporate Governance</li> <li>• Operations</li> <li>• Human Resources/Executive Compensation</li> <li>• Environment, Health, Safety and Sustainability</li> <li>• Risk Management/Evaluation</li> </ul>
Environment, Health, Safety and Sustainability ( <i>Chair</i> ) <sup>(10)</sup>	4 of 4	100%	
Human Resources ( <i>Chair</i> )	5 of 5	100%	
Nominating and Corporate Governance	4 of 4	100%	

**Other Public Board Memberships in the Past Five Years**

SNC Lavalin Group Inc. (until May 2013)  
OPTI Canada Inc. (until November 2011)

**Public Board Interlocks:**

None

**Securities Held as of March 15<sup>(2)(3)(4)</sup>**

Year	Shares	DDSUs	Total Shares and DDSUs	Total Value of Shares and DDSUs <sup>(5)</sup>	Minimum Ownership Met <sup>(6)</sup>
2015	110,000	83,214	193,214	\$887,414	Yes
2014	40,900	55,148	96,048	\$625,956	Yes

**Options Held:**

None

Voting Results of 2014 Annual and Special Meeting <sup>(8)</sup>	Votes For	Votes Withheld	Total Votes Cast
# of votes	146,754,032	54,831,195	201,585,277
% of votes	72.80	27.20	100



**Lisa Pankratz**  
Director

Residence: British Columbia, Canada

Age: 54

Director Since: November 13, 2013

*Independent*

Ms. Pankratz CPA, FCA, CFA has over 28 years of experience in the investment industry and capital markets in both executive and advisory capacities working with multinational and international companies. For over 12 years, she has served as a board member of corporations in the financial services and global media industries. Ms. Pankratz currently serves on the boards of IA Clarington Investments Inc. and the Canadian Museum for Human Rights. She also serves as an advisor to the Investment and Loan Committees of Pacific Blue Cross and BC Life & Casualty Company.

She previously served on the boards of Canwest Global Communications Corp. (2005-2010), Canwest Media, Inc. (2005-2008), The Insurance Corporation of British Columbia (2001-2007) and was a member of the Accounting Policy and Advisory Committee advising the Ministry of Finance for the Province of British Columbia (2002-2004). From 2006 until 2010, Ms. Pankratz served as the President of Mackenzie Cundill Investment Management Ltd. and from 2002-2006 as the President, Chief Compliance Officer and Director of Cundill Investment Research Ltd. and the Chief Compliance Officer of The Cundill Group.

Ms. Pankratz is a Fellow of the Institute of Chartered Accountants of British Columbia and a Chartered Financial Analyst charter holder. She received an Honours Bachelor of Arts in Business Administration from the Richard Ivey School of Business at the University of Western Ontario.

Board/Committee Membership	Overall Attendance in 2014		Areas of Expertise
Board of Directors	14 of 14	100%	<ul style="list-style-type: none"> <li>• International Business</li> <li>• Capital Projects</li> <li>• Enterprise Management</li> <li>• Financial Literacy and Reporting</li> <li>• Corporate Governance</li> <li>• Operations</li> <li>• Human Resources/Executive Compensation</li> <li>• Risk Management/Evaluation</li> <li>• Finance and M&amp;A</li> </ul>
Audit	7 of 8	88%	
Environment, Health, Safety and Sustainability	3 of 4	75%	
Nominating and Corporate Governance	4 of 4	100%	

**Other Public Board Memberships in the Past Five Years**

Canwest Global Communications Corp. (until February 2010)

**Public Board Interlocks:**

None

**Securities Held as of March 15<sup>(2)(3)(4)</sup>**

Year	Shares	DDSUs	Total Shares and DDSUs	Total Value of Shares and DDSUs <sup>(5)</sup>	Minimum Ownership Met <sup>(6)(7)</sup>
2015	29,300	31,589	60,889	\$182,636	In progress
2014	Nil	4,100	4,100	\$15,170	In progress

**Options Held:**

None

**Voting Results of 2014 Annual and Special Meeting<sup>(8)</sup>**

	Votes For	Votes Withheld	Total Votes Cast
# of votes	156,732,607	44,852,179	201,584,786
% of votes	77.75	22.25	100



**David V. Pathe**  
President and Chief  
Executive Officer

Residence: Ontario,  
Canada

Age: 44

Director Since:  
January 1, 2012

*Non-Independent*

Mr. Pathe was appointed as President and Chief Executive Officer of the Corporation effective January 1, 2012. Prior to that, Mr. Pathe served as Senior Vice President, Finance and Chief Financial Officer of the Corporation from March 2011, as Senior Vice President, General Counsel and Corporate Secretary from July 2009, as Vice President, General Counsel and Corporate Secretary from October 2008 and as Assistant General Counsel and Assistant Corporate Secretary from June 2007.

Board/Committee Membership	Overall Attendance in 2014		Areas of Expertise
Board of Directors	14 of 14	100%	<ul style="list-style-type: none"> <li>• Mining and/or Resource Industry</li> <li>• International Business</li> <li>• Capital Projects</li> <li>• Enterprise Management</li> <li>• Financial Literacy and Reporting</li> <li>• Corporate Governance</li> <li>• Risk Management/Evaluation</li> <li>• Finance and M&amp;A</li> </ul>

**Other Public Board Memberships in the Past Five Years**

None

**Public Board Interlocks:**

None

**Securities Held as of March 15<sup>(2)(3)</sup>**

Year	Shares	Restricted Share Units ("RSUs")	Restricted Stock	Total Shares, RSUs and Restricted Stock	Total Value of Shares, RSUs and Restricted Stock <sup>(11)</sup>	Minimum Ownership Met <sup>(12)</sup>
2015	138,491	392,970	27,000	558,461	\$2,285,184	Yes
2014	69,338	388,572	57,200	515,110	\$2,211,121	In progress

**Options Held:**

See charts under "Compensation Discussion & Analysis — Executive Compensation — Summary Compensation Table" and "Compensation Discussion & Analysis — Executive Compensation — Incentive Plan Awards — Outstanding Option Based Awards and Share Based Awards".

Voting Results of 2014 Annual and Special Meeting <sup>(8)</sup>	Votes For	Votes Withheld	Total Votes Cast
# of votes	185,348,715	1,341,439	186,690,154
% of votes	99.28	0.72	100

**Notes to Sherritt Nominee Tables:**

- (1) This excludes TD Mutual Funds Corporate Class Ltd., which is a mutual fund set up within a corporate structure, and is not a publicly-listed company.
- (2) The information as to Shares beneficially owned or over which the foregoing directors exercise control or direction (other than restricted stock ("Restricted Stock") issued to employees under the Corporation's Restricted Stock Plan), not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) Share and non-executive Directors Deferred Share Unit ("DDSU") amounts are as of March 15, 2015 and March 15, 2014.
- (4) DDSUs are granted pursuant to the Corporation's non-executive Directors' Deferred Share Unit Plan (the "DDSU Plan"). The DDSU Plan has been in effect since December 6, 2002 and participation in the plan is limited to non-executive directors. See "Compensation Discussion & Analysis — Director Compensation — Directors' Deferred Share Unit Plan" for additional information.
- (5) Values reflect the amounts calculated for Qualified Director SOR Holdings as at March 15, 2015 and 2014, respectively. See "Compensation Discussion & Analysis — Director Compensation — Director Share Ownership Requirements" for more information. For 2015, the securities held are valued at the greater of (a) the grant or purchase price and (b) the closing price of the Shares on the Toronto Stock Exchange ("TSX") on March 13, 2015 (\$2.16), the last trading day immediately preceding March 15, 2015, which was not a trading day. For 2014, see "Compensation Discussion & Analysis — Director Compensation — Non-Executive Director Share Ownership Requirements" at page 65 of the Corporation's Management Information Circular dated March 28, 2014 for more information.
- (6) See "Compensation Discussion & Analysis — Director Compensation — Director Share Ownership Requirements" for more information regarding the share and share-based ownership requirements for non-executive directors.
- (7) Each of Mr. Stephen, Mr. Baker, Mr. Loader and Ms. Pankratz has until September 19, 2019 to satisfy the share ownership requirements (being the fifth anniversary the adoption of the new director share ownership requirements in September 2014). See "Compensation, Discussion & Analysis — Director Compensation — Director Share Ownership Requirements".
- (8) Voting results from the 2014 annual and special meeting reflect the total number of votes cast for or withheld from voting in respect of each director who was elected at such meeting, as reported to the Corporation by the scrutineer of the meeting. Total votes cast for each director may vary and the percentage of votes reported for each director is determined by dividing the votes cast for or withheld from voting by the total number of votes cast for each such director.
- (9) Mr. Baker was elected to The Board on May 6, 2014 and his appointment to each of the Environment, Health, Safety and Sustainability Committee; the Nominating and Corporate Governance Committee; and the Reserves and Projects Committee became effective on the same date. His meeting attendance record therefore reflects meetings occurring on or after May 6, 2014.
- (10) Ms. Marcoux became Chair of the Environment, Health, Safety and Sustainability Committee effective May 6, 2014.
- (11) Values reflect the amounts calculated for Qualified Executive SOR Holdings as at March 15, 2015 and 2014, respectively. For 2015, see "Compensation Discussion & Analysis — Executive Compensation — Executive Share Ownership Requirements" for more information. For 2014, see "Compensation Discussion & Analysis — Executive Compensation — Executive Share Ownership Requirements" at page 73 of the Corporation's Management Information Circular dated March 28, 2014 for more information.
- (12) See "Compensation Discussion & Analysis — Executive Compensation — Executive Share Ownership Requirements" for more information regarding the share and share-based ownership requirements for Mr. Pathe.

## MEETING ATTENDANCE

Regular Board and committee meetings are set at least a year in advance, with special meetings being scheduled as required. The Board expects directors to attend all Board meetings and all meetings of the committees to which they are appointed, to come to such meetings fully prepared and to remain in attendance for the duration of the meetings. In 2014 there were five regularly scheduled Board meetings and four regularly scheduled meetings for each Committee (except for the Audit Committee which had seven regularly scheduled meetings). All other meetings were special meetings called with limited advance notice.

Name	Board		Audit		Human Resources		Nominating and Corporate Governance		Reserves and Projects		EHS&S	
	#	%	#	%	#	%	#	%	#	%	#	%
T. Baker <sup>(1)</sup>	5	83					3	100	3	100	3	100
P. Gillin	14	100	8	100	5	100	4	100	—	—	4	100
R. Laphorne	14	100	8	100	—	—	4	100	5	100	—	—
A. Loader	11	79	—	—	5	100	4	100	5	100	—	—
E. Marcoux	12	86	—	—	5	100	4	100	—	—	4	100
L. Pankratz	14	100	7	88	—	—	4	100	—	—	3	75
D. Pathe	14	100	—	—	—	—	—	—	—	—	—	—
H. Stephen	14	100	—	—	—	—	4	100	—	—	—	—

### Notes:

- (1) Mr. Baker became a member of the Board on May 6, 2014 and a member of the Human Resources Committee, the Nominating and Corporate Governance Committee and the Reserves and Projects Committee effective May 6, 2014. His meeting attendance record reflects meetings occurring on and after this date.

## SERVING TOGETHER ON BOARDS OF OTHER PUBLIC COMPANIES

As of the date of this Circular, none of the proposed directors serve together on the board of directors of any other public company.

## ORDERS AND BANKRUPTCIES

From October 2003 to September 2008, Mr. Gillin served as Chairman and Chief Executive Officer of Tahera Diamond Corporation (“**Tahera**”). In January 2008, Tahera filed for protection under the *Companies’ Creditors Arrangement Act* (“**CCAA**”). As a consequence of its financial difficulties, Tahera failed to file financial statements for the year ended December 31, 2007 and subsequent financial periods. As a result, Tahera was delisted from the TSX in November 2009 and issuer cease trade orders were issued in 2010 by the securities regulatory authorities of Ontario, Quebec, Alberta and British Columbia, which orders have not been revoked. Tahera subsequently sold its tax assets to Ag Growth International and certain properties, including the Jericho diamond mine, to Shear Minerals Ltd. The monitoring process under the CCAA was concluded by order of the Superior Court of Justice in September 2010.

Ms. Marcoux was a director and member of the Audit Committee of OPTI Canada Inc. (“**OPTI**”) from July 2008 to November 2011. On July 13, 2011, OPTI commenced proceedings for creditor protection under the CCAA. The TSX delisted OPTI’s common shares on August 26, 2011. The TSX approved the listing of OPTI’s common shares on the TSX Venture Exchange (“**TSXV**”) which commenced trading on August 29, 2011. OPTI’s common shares were subsequently delisted from the TSXV at the close of business on November 29, 2011, following the closing of the acquisition of OPTI’s second lien notes and all outstanding shares of OPTI by indirect wholly-owned subsidiaries of CNOOC Limited. Ms. Marcoux resigned as a director of OPTI on November 28, 2011.

Ms. Pankratz was on the board of CanWest Global Communications Corp. (“**CanWest**”) from 2005 until her resignation in February 2010. She served on the Audit and Pension Committees of that board and was Chair of the Pension Committee from 2008 until her resignation. In October 2009, CanWest and certain of its subsidiaries filed for creditor protection under the CCAA. CanWest’s newspaper subsidiary filed separately for creditor protection under the CCAA in January 2010.

## ABOUT THE BOARD OF DIRECTORS

The Board is responsible for overseeing management of the business and affairs of the Corporation. The Corporation's articles stipulate that the Board must consist of not less than three and not more than 15 directors. In accordance with the Corporation's by-laws and a special resolution of Shareholders, the Board is authorized to determine the number of directors from time to time. The Board is currently fixed at nine members and the directors have approved a resolution to reduce the Board to eight members as of the date of the Meeting. The Board has a written mandate that establishes its purpose, responsibilities and composition. A copy of the mandate is attached as Schedule "A" to this Circular.

In assisting the Board in fulfilling its oversight responsibilities in relation to corporate governance, the Board has delegated responsibility to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board regarding the Corporation's approach to corporate governance issues (including the annual review of the Corporation's governance policy).

### INDEPENDENCE

All directors, other than the President and Chief Executive Officer, are independent. The Corporation determines the independence of its directors using the definition set out in National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("NI 58-101"). This definition provides that to be independent, a director must have no direct or indirect material relationship with the Corporation. A material relationship exists where the Board believes that a relationship could be reasonably expected to interfere with the director's independent judgment and is deemed to exist under certain prescribed circumstances set out in NI 58-101. The Board currently consists of nine directors that are independent (Messrs. Baker, Gillin, Loader, Michel and Stephen, Sir Richard Laphorne and Ms. Marcoux and Ms. Pankratz) and each committee is comprised entirely of independent directors. Mr. Pathe is non-independent as he serves as President and Chief Executive Officer of the Corporation.

A director who has a real or perceived conflict of interest regarding any matter under consideration is required to recuse him or herself from all Board deliberations or discussions relating to such matter.

### POSITION DESCRIPTIONS

#### *The Chairman of the Board*

The Board has developed terms of reference for the independent, non-executive Chairman of the Board. The principal role of the Chairman of the Board is to provide leadership to the Board. The Chairman is responsible for effectively managing the affairs of the Board and ensuring that the Board is properly organized and that it functions efficiently and independently of management. The Chairman also advises the President and Chief Executive Officer in all matters concerning the interests of the Corporation, the Board and the relationships between management and the Board. A copy of the Chairman's terms of reference is available at [www.sherritt.com](http://www.sherritt.com).

#### *Committee Chairs*

The Chair of each committee is responsible for, amongst other things:

- determining the date, time and location of meetings of the committee in consultation with the Chairman of the Board, the Corporate Secretary and the committee members, as appropriate and convening meetings of the committee as often as necessary to carry out the committee's responsibilities effectively;
- chairing all meetings of the committee;
- confirming that the duties and responsibilities of the committee, as set forth in its mandate, are well understood by the committee members and executed effectively;
- in consultation with the Chairman of the Board, committee members, and the Corporate Secretary, as appropriate, reviewing meeting agendas to ensure that required business is brought before the committee to enable the committee to carry out its responsibilities;
- communicating with appropriate members of senior management in fulfilling the duties and responsibilities set forth in the committee's mandate;
- with the assistance of the Corporate Secretary, ensuring that agenda items for all committee meetings are ready for presentation and that adequate information is distributed to committee members in advance of such meetings in order that committee members may properly inform themselves on matters to be acted upon;
- ensuring that minutes are kept of all committee meetings and signing minutes once approved by the committee;



- reporting to the Board at its next meeting following any decision or recommendation arising from any meeting of the committee or the signing of a written resolution evidencing a decision or recommendation of the committee, including reporting on the considerations that led to such decision or recommendation;
- providing leadership to enable the committee to act effectively in carrying out its responsibilities; and
- ensuring that the committee's annual evaluation of its effectiveness in fulfilling the duties and responsibilities set forth in its mandate.

### **President and Chief Executive Officer**

The Board and the Chief Executive Officer have developed a written position description for the President and Chief Executive Officer which delineates that officer's roles and responsibilities. The President and Chief Executive Officer has the primary responsibility for the management of the business and affairs of the Corporation in accordance with the Corporation's strategy and objectives approved by the Board within the authority limitations delegated by the Board. Specific duties and responsibilities of the President and Chief Executive Officer are set out in the President and Chief Executive Officer terms of reference, a copy of which is available at [www.sherritt.com](http://www.sherritt.com).

### **MEETING IN CAMERA**

*In camera* sessions in which independent directors meet without management are held at every in-person meeting of the Board and the Chairman of the Board leads these sessions. Board committees consist of independent directors and meet *in camera* at each in-person committee meeting where considered necessary and operate independently of management in fulfilling their mandates and making recommendations to the Board. The Chair of each committee presides over these meetings. At least once per quarter, the Audit Committee meets with the Corporation's external auditor, Deloitte LLP, and the Corporation's Chief Internal Auditor separately to discuss the financial affairs of the Corporation without management being present. In addition, the independent directors may meet separately at such other times as any independent director may request.

The Chairman of the Board and the committee Chairs update management on the substance of the *in camera* meetings if action is required.

### **DIRECTOR ORIENTATION**

The Corporation's orientation program ensures that new directors have a clear understanding of director responsibilities in Canada, develop a good working relationship with current Board members and become familiar with the operations and management team so they can actively participate in meetings when they join the Board. New directors are invited to attend as an observer, meetings of committees of which the new director is not a member. The Nominating and Corporate Governance Committee is responsible for confirming that procedures are in place and resources are made available to provide new directors with a proper orientation to both the Corporation and their duties and responsibilities as directors.

The Corporation currently takes the following steps to orient new directors:

1. Face to face meetings or telephone calls: During the recruitment process, candidates meet with the Chairman of the Board, the Chair of the Nominating and Corporate Governance Committee (or if unavailable, another director) and the President and Chief Executive Officer to discuss the expectations the Corporation has of its Board members (as described in the Mandate of the Board found at Schedule "D" to this Circular). Candidates also receive an overview of the business of the Corporation in these meetings.
2. New director's package: The new director's package includes: a handbook containing relevant corporate and business information (articles, by-laws, organization and corporate charts, Board mandate, committee mandates, etc.), current continuous disclosure documents, and Board presentations given within the previous year.
3. Site visits: Within the first year of their appointment, new directors are invited to visit the Corporation's business units and major projects.
4. Interact with key management: Within the first year of their appointment, new directors are provided an opportunity to meet with all key management team members.
5. Legal obligations: New directors attend a session with the Corporation's outside counsel to ensure each has a full understanding of his or her legal obligations as a director.
6. Committee Orientation: Committee Chairs, together with appropriate management representatives, provide committee orientation to new directors regarding the committees they will be joining.

## Continuing Education

The Corporation expects its directors to be informed about the issues affecting its business, including the industries it participates in, governance and other related issues. The Corporation undertakes continuing education efforts that include meetings among management and the Board, and where appropriate, outside experts, to discuss, among other things, regulatory changes, developments in corporate governance, developments in the mining and oil and gas industries and market conditions.

The Corporation's directors and executive officers also complete continuing education sessions and attend briefings on various topics relating to the jurisdictions in which its subsidiaries and joint ventures operate, including the various political, regulatory and economic environments. The Corporation issues to the directors quarterly updates on Sherritt's foreign operations, which includes updates on political, economic and social developments in Cuba and Madagascar. The Corporation also retains the services of consultants, including former Canadian diplomatic personnel, with knowledge of the political and economic situation in Cuba and Madagascar to advise the directors and executive officers on current developments in those countries from time to time. The directors also participate in scheduled trips to the Corporation's operations in Canada, Cuba and Madagascar, where they meet with the senior executives responsible for local operations; attend site visits; meet with government officials, local leaders and stakeholders; and learn about the local business culture and practices.

The table below lists, by way of example, the internal and external conferences, seminars, courses and site tours that the nominee directors attended between January 1, 2014 and December 31, 2014.

Topic	Presented/Hosted By	Attended By (Current Directors)
Site Visit: Ambatovy Project, Madagascar	Mark Plamondon, Senior Vice President, Ambatovy	Timothy Baker, Adrian Loader, Dee Marcoux and Lisa Pankratz
Site Visit: Metals Operations, Moa, Cuba	Martin Vydra, Senior Vice President, Metals	David Pathe, Timothy Baker, Adrian Loader, Dee Marcoux, Bernard Michel, Lisa Pankratz and Hap Stephen
Site Visit: Metals Operations, Fort Saskatchewan, Alberta	Martin Vydra, Senior Vice President, Metals	Timothy Baker, Dee Marcoux and Lisa Pankratz
External Seminar: 2014 Executive Compensation Briefing: A Shareholder Perspective on Executive Compensation	Meridian Compensation Partners	Peter Gillin and Timothy Baker
Human Resources Committee Seminar: Pension Plan Governance: Key Fiduciary Considerations and Responsibilities	Hicks Morley	Dee Marcoux, Peter Gillin, Adrian Loader, Hap Stephen, Lisa Pankratz and David Pathe
Directors Advisory Group to the Chartered Professional Accountants Risk Oversight and Governance Board: meetings/conference calls relating to publications for directors on risk management, corporate governance and other board of director related issues	Chartered Professional Accountants	Hap Stephen
External Seminar: What Board Chairs, Governance Committees and Executive Leaders Need to Know	Davies Ward Phillips & Vineberg LLP	Timothy Baker
External Seminar: Hot Topics for the Asset Management Industry	PWC	Lisa Pankratz
External Seminar: Finding Opportunities in Uncertain Times	IA Clarington	Lisa Pankratz

<b>Topic</b>	<b>Presented/Hosted By</b>	<b>Attended By (Current Directors)</b>
External Seminar: The Impact of Social Media on Boards and Directors	Korn Ferry International	Lisa Pankratz
External Seminar: ESG and Integration with Investment Analysis	CFA — Vancouver Chapter	Lisa Pankratz
External Seminar: Tough Questions Boards Should be Asking their IT Leaders	Institute of Corporate Directors / BrightTALK	Lisa Pankratz
External Seminar: Hostile Bids and Dissident Shareholder Activities in the Mining Sector	National Bank and Davies Ward Phillips & Vineberg LLP	Peter Gillin and Lisa Pankratz
Board and CEO Insights from the Honourable J Manley PC, OC	Institute of Corporate Directors	Lisa Pankratz
External Seminar: Compensation Governance — Key Perspectives	Equilar Insight	Peter Gillin
External Seminar: Northwind Mining Invitational Forum	Northwind Professional Institute	Peter Gillin
External Seminar: Audit Committee Effectiveness	Institute of Corporate Directors	Peter Gillin
External Seminar: Risk Oversight — Evolving Issues for Boards	Institute of Corporate Directors	Peter Gillin
External Seminar: Governance Implications of Long-Term vs Short Term Investing	Russell Reynolds Associates	Peter Gillin
External Seminar: Social License: Issues for Boards	Deloitte LLP	Peter Gillin

The Corporation reimburses directors for continuing education out-of-pocket expenses.

## BOARD SKILLS MATRIX

The following skills matrix sets out the skills and expertise that the Board considers important to fulfill its oversight role in respect of the Corporation, the specific skills and expertise that each Sherritt Nominee is identified as having and reflects the proposed makeup of the Board as a whole.

Skills & Experience	Harold (Hap) Stephen	Timothy Baker	R. Peter Gillin	Sir Richard Lapthorne	Adrian Loader	Edythe A. (Dee) Marcoux	Lisa Pankratz	David Pathe	Total
<b>Appointment Date</b>	05/24/12	05/06/14	01/01/10	09/14/11	07/29/13	05/25/06	11/13/13	01/01/12	
<b>Mining and/or Resource Industry</b>		✓	✓		✓	✓		✓	5
<b>International Business</b>		✓	✓	✓	✓	✓	✓	✓	7
<b>Government Relations</b>				✓	✓				2
<b>Capital Projects</b>		✓	✓	✓	✓	✓	✓	✓	7
<b>Reserve Evaluation</b>		✓			✓	✓			3
<b>Enterprise Management</b>	✓		✓	✓	✓	✓	✓	✓	7
<b>Financial Literacy and Reporting</b>	✓		✓	✓		✓	✓	✓	6
<b>Corporate Governance</b>	✓			✓	✓	✓	✓	✓	6
<b>Operations</b>		✓	✓	✓	✓	✓	✓		6
<b>Human Resources/ Executive Compensation</b>		✓	✓	✓	✓	✓	✓		6
<b>Environment, Health, Safety and Sustainability</b>		✓			✓	✓			3
<b>Risk Management/ Evaluation</b>	✓	✓	✓	✓	✓	✓	✓	✓	8
<b>Finance and M&amp;A</b>	✓		✓	✓	✓		✓	✓	6
<b>Board Leadership</b>	✓	✓	✓	✓	✓				5

The Board maintains this skills matrix to identify and evaluate the competencies and skills of its members based on the individual experience and background of each director. The skills matrix is reviewed and updated each year based on self-assessment by each director whereby each director is asked to rate his or her experience and background in a variety of key subject areas. This data is compiled into a matrix representing the broad skills for current directors. This matrix is maintained to identify areas for strengthening the Board, if any, and address them through the recruitment of new members.

### Board Experience in Jurisdictions of Sherritt's Foreign Operations

The working language of the Corporation is English and all internal documents and material documents provided to the Board are prepared and presented in English. The official languages of Madagascar and Cuba, the main jurisdictions of Sherritt's foreign operations, are Malagasy and French, and Spanish, respectively. Four directors are fluent in French and two directors are fluent in Spanish. The Corporation considers fluency in the languages of these jurisdictions as an additional skill. Relevant foreign language skills enable directors to better interact with local stakeholders, including government officials and employees.

### BOARD SUCCESSION AND RENEWAL

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board regarding the qualifications for and selection of nominees for election or appointment to the Board to fill vacancies. The Corporation's objective with respect to board composition is for the Board to have a sufficient range of skills, expertise and experience to ensure that the Board can carry out its responsibilities effectively.

In making recommendations of nominee directors to the Board, the Nominating and Corporate Governance Committee considers:

- the competencies and skills that are necessary to serve on the Board;
- the competencies and skills that each existing director contributes to the Board;
- the competencies and skills that each new nominee would contribute to the Board;
- whether each new nominee is willing to actively promote the Corporation's interests and govern without conflict of interest;
- whether each new nominee would enhance the effective functioning of the Board as a whole; and
- whether each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

When considering nominee directors, the Nominating and Corporate Governance Committee also takes into account factors such as whether the nominee is a strong leader in his or her field, ideally from an industrial background with experience in mining, energy, operations or large capital intensive industry; has strong experience in either corporate strategy and/or operations within an industrial setting; and whether the nominee has the ability to engender trust and respect in the boardroom setting.

The Corporation monitors Board renewal in order to ensure reasonable turnover and renewal of directors. Board renewal is expected to be achieved primarily through a skills gap assessment performed by the Nominating and Corporate Governance Committee, as described above, and the Board evaluation process described under "*Board Evaluation*" below, together with ordinary attrition as directors elect not to stand for re-election. In circumstances where sufficient renewal does not occur through this process the Committee will take appropriate incremental steps to ensure reasonable renewal. There is no expectation that any director will remain on the Board for any particular "term" or period of time, and renewal processes apply equally to short and long serving directors.

As part of regular Board renewal in the past three years one new independent director joined the Board in 2014, two new independent directors joined the Board in 2013 and one new independent director joined in 2012. In the 3-year period commencing January 1, 2012 and ending December 31, 2014, this significant Board renewal resulted in a 67% turnover rate and the average number of years each director has served on the Board decreased from approximately 8.9 years to 3.7 years.

## **CORPORATE GOVERNANCE PRACTICES**

The Board believes that sound corporate governance practices are essential to the well-being of the Corporation and the promotion and protection of its Shareholders' interests. The Board oversees the functioning of the Corporation's governance system, in part, through the work of the Nominating and Corporate Governance Committee.

The Board promotes fair reporting, including financial reporting, to Shareholders and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that the Corporation is best served by a Board which functions independently of management and is informed and engaged.

NI 58-101 requires disclosure concerning an issuer's corporate governance practices. The Corporation operates under the guidelines set out in this section, "*Corporate Governance Practices*". These guidelines as well as the disclosure in "*About the Board of Directors*", above, address the requirements of NI 58-101 and the guidance suggested by National Policy 58-201 — *Corporate Governance Guidelines*.

## **SHARE OWNERSHIP REQUIREMENTS**

The Corporation has established share ownership requirements for directors and senior executive officers which are designed to align the interests of the directors and senior executive officers with the long term interests of Shareholders. See page 32 for a detailed discussion of director share ownership requirements and page 60 for a detailed discussion of executive share ownership requirements.

## **RETIREMENT POLICY AND TERM LIMITS**

The Board has not adopted a mandatory retirement policy or term limit for directors. The Board believes that mandatory retirement and term limits may result in the loss of effective directors with deep knowledge of the Corporation. Instead, Sherritt follows a robust director assessment process each year to ensure that director effectiveness and renewal of the Board are considered together. This process is discussed in more detail under the heading "Board Evaluation", below. It

serves to ensure that Sherritt has a high performing Board comprised of directors with a diversity of skills, experience and background and a reasonable level of board renewal. Sherritt's process includes, among other things, an annual self and peer evaluation, which considers the skills and expertise of each director and assesses the contribution made to Sherritt and to the Board by each director, and a periodic independent third party board evaluation process.

## **DIVERSITY POLICY**

Sherritt recognizes the value of diversity (which includes gender, among other things) and believes that the Corporation can benefit from the insight and good judgment that comes from including a variety of perspectives in the decision making and strategic planning process. To this end, the Corporation has adopted a Diversity Policy that makes diversity of the Board one of the criteria for the Nominating and Corporate Governance Committee to consider in recruiting and selecting potential directors. The Diversity Policy also makes diversity one of the criteria for senior management to consider in evaluating the suitability of a candidate for an executive officer position.

The Corporation does not have set targets for diversity at the Board or senior management level, as it believes that the final determination for the recruitment, selection and appointment of directors and executive officers should be made based on an individual's abilities and achievements.

As of March 31, 2015, Sherritt has two women non-executive directors (representing 22% of the Board) and one woman executive officer (representing 12.5% of the executive officers). In accordance with the terms of the Diversity Policy, the Nominating and Corporate Governance Committee and Management will consider gender, among other factors, when seeking suitable directors and executive officers, respectively.

## **BOARD EVALUATION**

Currently, the Chairman of the Board or a director acting on the Chairman's behalf provides annual performance reviews for Board members. The Chairman solicits feedback from each of the director's peers on the Board to solicit feedback on the particular director's performance over the course of the past year. The Chairman discusses the peer evaluation with each director as part of the annual performance review. This process seeks to identify individual performance issues and effectively respond to them by discussing them with each director. In addition, the Chair of the Nominating & Governance Committee, or a director acting on his or her behalf, speaks with each director (other than the Chief Executive Officer) to solicit feedback on the Chairman's performance over the course of the past year. The Chair of the Nominating & Governance Committee then discusses the results of this evaluation with the Chairman in order to effectively convey and respond to any identified performance issues. The Board evaluation process also contemplates periodic effectiveness reviews by an independent third party, including an assessment of individual director performance and the contributions of each director to the Board as a whole. This process involves interviews with each director, key executives and senior personnel of the Corporation, and external advisors. The independent third party reports to the Chair of the Governance Committee, in respect of the Chair of the Board and to the Chair of the Board in respect of all other directors. In 2014, Watson Inc. was retained to perform this review and provide its recommendations, including regarding measures to enhance overall Board effectiveness.

## **ETHICAL BUSINESS CONDUCT**

The Board has approved and adopted a written code of business conduct and ethics (the "**Code**") that contains the rules and guidelines for ethical behavior at the Corporation. The Code is based on the Corporation's values and the laws, regulations and rules that apply to the businesses and govern the conduct of the directors, officers and employees of the Corporation. All new employees and directors must read the Code when hired and acknowledge that they will abide by the Code. The Code is available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The Board, through the Audit Committee, monitors compliance with the Code. The Corporation's internal auditor regularly monitors compliance with the Code and reports to the Audit Committee. The Corporation has also adopted a policy (the "**Reportable Concerns Policy**") for employees to report concerns regarding, amongst other things, violations of the Code. These concerns may be reported anonymously to the Corporation's Chief Internal Auditor who will raise any such reports with the Audit Committee for further investigation and response. In addition, under the Reportable Concerns Policy, the Corporation has a third party-managed ethics hotline that allows employees to report any concerns about inappropriate business conduct confidentially and anonymously. Employees can report these concerns online or by phone.

The Board has not granted any waiver of the Code in favour of any director, officer or employee since its adoption by the Board. Accordingly, no material change report in respect of a waiver of the Code has been required or filed.

The Corporation finalized its Anti-Corruption Policy in 2012, and it was subsequently updated and amended in 2014. Throughout its worldwide operations, the Corporation seeks to avoid any impropriety or the appearance of impropriety in the actions of its directors, officers, employees, and agents. Accordingly, the prohibitions and requirements of the

Anti-Corruption Policy are designed not merely to comply with Canada's *Corruption of Foreign Public Officials Act* and other anti-corruption laws, but to avoid even the appearance of questionable conduct in connection with Sherritt operations and business activities. Training sessions have been carried out across the Corporation to ensure that certain employees, especially those who interact significantly with government and other third parties, understand the policy and know how to apply it. Updated training sessions are scheduled for 2015.

## **DISCLOSURE POLICY**

Management of the Corporation has established a Disclosure Committee to ensure that it is communicating with Shareholders, employees and the public openly and in a timely way, as well as complying with its continuous disclosure obligations under securities laws.

The Disclosure Committee reviews all news releases and public filings prior to their release and the Corporation has mechanisms in place to evaluate the design and effectiveness of disclosure controls. In addition, all press releases and public filings disclosing the financial performance of the Corporation are then reviewed by the Audit Committee. The Disclosure Committee currently has three members: the Executive Vice President and Chief Financial Officer, the Senior Vice President, General Counsel & Corporate Secretary and the Vice President, Investor Relations and Communications.

Each Board committee reviews the public disclosure relevant to its mandate, where applicable, prior to the Board considering the item for approval. For example, the Audit Committee is responsible for reviewing the annual and interim financial statements and management's discussion and analysis and the Board then considers for approval the annual financial statements and management's discussion and analysis.

## **STRATEGIC PLANNING AND RISK MANAGEMENT**

The Board, with the assistance of its committees, is responsible for assessing and approving the Corporation's strategic plan and approving annual business plans developed and proposed by management. The Board provides advice and input regarding strategic opportunities, as well as issues and concerns which create risk for the Corporation. The Board is also responsible for approving the business and operational policies which govern the Corporation's approach to capital expenditures, acquisitions and dispositions, disclosure and communications, finance and investment, risk management and human resources and reviewing and discussing with management the processes used to assess and manage risk. Management updates the Board as to the principal risks of the Corporation's business at each regularly scheduled Board meeting.

## **SHAREHOLDER ENGAGEMENT**

The Corporation communicates with its Shareholders in a variety of ways including through its website, disclosure documents and management's quarterly conference calls with analysts, which Shareholders and the public can access. Specific Shareholder inquiries are handled by Investor Relations.

## **COMMUNICATION WITH THE BOARD**

The Board welcomes and is responsive to input and comments from Shareholders. Input or comments for the Board or its committees should be directed to the Corporate Secretary at:

Board of Directors of Sherritt International Corporation  
c/o Corporate Secretary  
Sherritt International Corporation  
1133 Yonge Street  
5<sup>th</sup> Floor  
Toronto, Ontario M4T 2Y7

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board has five standing committees, each of which is composed entirely of independent directors:

- Audit Committee;
- Environment, Health, Safety and Sustainability Committee;
- Human Resources Committee;
- Nominating and Corporate Governance Committee; and
- Reserves and Projects Committee.

Each of the committees has its own mandate, which sets forth its duties and responsibilities and can be found on the Corporation's website at [www.sherritt.com](http://www.sherritt.com). Each committee meets and operates independently of management in fulfilling its mandate and in making recommendations to the Board. Subject to appointments made as a result of resignations or retirements, the members of each committee are selected by the Board annually on the recommendation of the Nominating and Corporate Governance Committee.

### AUDIT COMMITTEE

Members: Peter Gillin (Chair), Sir Richard Laphorne, Lisa Pankratz

The Audit Committee is composed entirely of directors who are both independent and financially literate within the meaning of Multilateral Instrument 52-110 — *Audit Committees* ("MI 52-110"). The Audit Committee's mandate is to assist the Corporation in ensuring the integrity and accuracy of the Corporation's financial reporting and disclosure controls and procedures.

The Audit Committee:

- reviews the Corporation's financial statements and management's discussion and analysis of financial and operating results;
- assists the Board in its oversight of the integrity of:
  - the Corporation's financial statements and other relevant public disclosures;
  - the Corporation's compliance with legal and regulatory requirements relating to financial reporting;
  - the external auditor's qualifications and independence;
  - the performance of the internal and external auditors;
- oversees management's responsibility for ensuring that all significant risks to the Corporation, regardless of sources, are proactively identified and managed;
- ensures that management fulfills its responsibilities to maintain effective disclosure controls and procedures and an effective system of internal control over financial reporting and reports any deficiencies to the Board;
- ensures management adequately identifies, manages, monitors and discloses the principal financial and business risks that could impact the Corporation's financial results and reporting;
- oversees procedures for the receipt, retention and treatment of complaints received regarding accounting, internal controls or auditing matters, and procedures;
- reviews the accounting principles and practices to be applied and followed by the Corporation during the fiscal year and any significant changes from those applied and followed during the previous year;
- reviews all litigation and claims involving the Corporation which could materially affect its financial position and which the auditors or General Counsel may refer to the Audit Committee;
- reviews the Corporation's tax status, significant tax issues and reviews by tax authorities;
- reviews the adequacy of insurance coverage; and
- reviews, at least annually, the quality and sufficiency of the Corporation's accounting and financial personnel.

The external auditors report directly to the Audit Committee and are accountable to the Board and the Audit Committee. The Audit Committee shall: (a) recommend for approval to the Board the appointment, and oversee the work of, the external auditors; (b) approve the audit plan; (c) review the qualifications and performance of the external auditors; (d) report to the Board regarding the performance of the external auditors; (e) review the results of the external auditors' work; (f) assess working relationships with management and resolve any disagreements between management and the external auditors



about financial reporting; (g) pre-approve the nature and fees of the non-audit services; and (h) review and approve the hiring policies regarding partners and employees and former partners and employees of the present and former external auditors.

The Chief Internal Auditor reports to the Senior Vice President, General Counsel and Corporate Secretary and is accountable to the Audit Committee. The Chief Internal Auditor must be independent from the Chief Financial Officer. The Audit Committee shall: (a) approve the mandate for the internal audit department; (b) ensure that the Chief Internal Auditor has direct and open communication with the Audit Committee; (c) approve the appointment or removal of the Chief Internal Auditor; and (d) review management's decisions related to the need for an internal audit.

The Audit Committee has access to the resources and has the authority that is necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants. If such fees and expenses exceed, or are expected to exceed C\$150,000, the Audit Committee must obtain the approval of the full Board.

The Audit Committee has a written mandate that establishes its purpose, responsibilities and membership of the Audit Committee ensures that it fulfills the responsibilities contemplated by MI 52-110. The Audit Committee mandate is attached as Schedule D to the annual information form of the Corporation for the year ended December 31, 2014 (the "2014 AIF") as filed on SEDAR and is available under the Corporation's profile at [www.sedar.com](http://www.sedar.com). The mandate of the Audit Committee is also available on the Corporation's website at [www.sherritt.com](http://www.sherritt.com).

## **ENVIRONMENT, HEALTH, SAFETY AND SUSTAINABILITY COMMITTEE**

Members: Dee Marcoux (Chair), Timothy Baker, Peter Gillin, Lisa Pankratz

The Environment, Health, Safety and Sustainability Committee assists the Board in its oversight of environmental, health and safety, security and other sustainability management systems, policies, programs and targets.

The Environment, Health, Safety and Sustainability Committee:

- reviews and makes recommendations to the Board regarding the scope of environment, health and safety, security and sustainability risks to the Corporation's operations and future growth;
- reviews and makes recommendations to the Board on compliance with legal and regulatory requirements and any voluntary commitments the Corporation has made related to environment, health and safety, security and sustainability;
- ensures that the Corporation monitors trends and reviews current and emerging legislation and regulation, international norms, stakeholder expectations and industry best practices on the environment, health and safety, security and sustainability;
- regularly reviews management reports on environment, health and safety, security and sustainability performance;
- reviews the Corporation's annual sustainability report for external audiences;
- reviews the Corporation's processes for the selection, preparation and disclosure of sustainability performance data and information to external stakeholders and the public;
- reviews corporate-level audits and management responses/plans in the areas of environment, health and safety, security and sustainability;
- reviews the Corporation's corporate-level crisis management plan and other plans relating to emergency and disaster response;
- ensures alignment with the Audit Committee on the assessment and adequacy of controls to manage environment, health and safety, security and sustainability risks; and
- consults with the Reserves and Projects Committee regarding the identification and monitoring of environment, health and safety, security and sustainability risks and actual performance in connection with the Corporation's current or future capital projects.

The Environment, Health, Safety and Sustainability Committee has access to the resources and has the authority that is necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants. If such fees and expenses exceed, or are expected to exceed \$150,000, the Environment, Health, Safety and Sustainability Committee must obtain the approval of the full Board.

The Environment, Health, Safety and Sustainability Committee has a written mandate that establishes its purpose, responsibilities and membership. A copy of the mandate is located on the Corporation's website at [www.sherritt.com](http://www.sherritt.com).

## **NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**

Members: Sir Richard Laphorne (Chair), Timothy Baker, Peter Gillin, Adrian Loader, Dee Marcoux, Bernard Michel, Lisa Pankratz, Hap Stephen

The Nominating and Corporate Governance Committee assists the Board in establishing the Corporation's corporate governance policies and practices. It is also responsible for identifying new candidates for nomination to the Board for approval and also reviewing the composition and functioning of the Board and its committees.

The Nominating and Corporate Governance Committee makes recommendations to the Board with respect to: (a) the size and composition of the Board; (b) the qualifications for and selection of nominees for election or appointment to the Board to fill Board vacancies; (c) the number, composition and mandates of committees of the Board; (d) the Corporation's Timely Disclosure and Confidentiality Policy and Insider Trading Policy; (e) procedures to assess the effectiveness and contribution of the Board, its committees and individual directors; (f) the Corporation's approach to corporate governance issues; and (g) the development and review of position descriptions for the President and Chief Executive Officer, the Chairman of the Board and the Chair of each committee of the Board.

The Nominating and Corporate Governance Committee:

- develops and maintains a succession plan for the Board and assists the Board in ensuring that management maintains a process for succession planning of senior management;
- confirms that procedures are in place and resources are made available to provide orientation and an education program for new Board and committee members;
- reviews all proposed related-party transactions and situations involving an actual or potential conflict brought to its attention; and
- reviews and assesses the Corporation's code of business conduct and ethics.

The Nominating and Corporate Governance Committee has access to the resources and has the authority that is necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants. If such fees and expenses exceed, or are expected to exceed \$150,000, the Nominating and Corporate Governance Committee must obtain the approval of the full Board.

The Nominating and Corporate Governance Committee has a written mandate that establishes its purpose, responsibilities and membership. A copy of the mandate is located on the Corporation's website at [www.sherritt.com](http://www.sherritt.com).

## **RESERVES AND PROJECTS COMMITTEE**

Members: Bernard Michel (Chair), Timothy Baker, Sir Richard Laphorne, Adrian Loader

The Reserves and Projects Committee is responsible for reviewing the mineral reserves (including oil and gas reserves) of the Corporation and its affiliated and related entities and for overseeing the availability, maintenance, growth and integrity of the Corporation's reported reserve base, including any additional potential reserves. The committee also assists the Board in fulfilling its oversight responsibilities in relation to the major capital projects of the Corporation.

With respect to all reserves and resources, the Reserves and Projects Committee will receive and review a report prepared by the Corporation's legal counsel, which addresses counsel's assessment regarding regulatory compliance of the technical reports and the Corporation's proposed disclosure in connection with the technical reports.

With respect to the Corporation's mineral reserves and resources, the Reserves and Projects Committee:

- reviews the selection criteria and the appointment of the Corporation's designated qualified person(s) both independent and internal;
- reviews the reserves and resources information and the report of the qualified person(s) prior to publication of new reserves and resources estimates and prior to the disclosure of the Corporation's annual reserves and resources information;
- reviews an annual reconciliation of reserves to mine production;
- reviews the Corporation's internal controls and disclosure controls and procedures relating to reserves and resources estimation and the report of the qualified person(s) thereon;
- receives internal reports from management on all material matters related to reserves and resources estimation;
- receives reports from management on industry standards and regulations respecting the estimation and publication of reserves and resources and developments;

- reviews with the qualified person(s) the Corporation's material and/or major mineral reserves and resources risk exposures and the steps management has taken to monitor and control such exposures;

With respect to the Corporation's oil and gas reserves, the Reserves and Projects Committee:

- reviews the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities;
- reviews the selection of the qualified reserves evaluators or auditors chosen to report to the Board on the Corporation's oil and gas reserves and resource data;
- reviews the Corporation's annual reserves and resource estimates prior to public disclosure;

Finally, with respect to capital projects, the Reserves and Projects Committee:

- reviews, monitors and oversees all of the Corporation's major capital projects, on a worldwide basis, which have or may have a material impact on the Corporation and which do not represent usual and normal capital expenditures intended to sustain existing operations;
- receives and reviews reports from management which address applicable legal and regulatory requirements;
- reports to the Board from time to time as the Reserves and Projects Committee determines;
- conducts a review of each capital project within its mandate upon completion of construction of each project and prepares a report; and
- consults with the Environment, Health, Safety and Sustainability Committee regarding the identification and monitoring of environment, health and safety, security and sustainability risks and actual performance in connection with the Corporation's current or future capital projects.

The Reserves and Projects Committee has access to the resources and has the authority that is necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants. If such fees and expenses exceed, or are expected to exceed \$150,000, the Reserves and Projects Committee must obtain the approval of the full Board.

The Reserves and Projects Committee has a written mandate that establishes its purpose, responsibilities and membership. A copy of the mandate is located on the Corporation's website at [www.sherritt.com](http://www.sherritt.com).

## **HUMAN RESOURCES COMMITTEE**

Members: Dee Marcoux (Chair), Peter Gillin, Adrian Loader

The Human Resources Committee's primary role is to assist the Board in fulfilling its oversight responsibilities in respect of all matters relating to director compensation and executive officer performance, evaluation, succession and compensation, including retirement plans.

The Human Resources Committee is responsible for making recommendations to the Board on the following:

- the Corporation's executive compensation structure, including the relative balance of fixed and variable elements of compensation for executive officers and other terms and conditions of employment;
- executive officer performance evaluation;
- executive officer succession planning;
- design of and awards under incentive and share-based plans, including the selection of participants and the allocation of Shares or units under the plans;
- the awards made to any executive officer under a performance-based plan, including any adjustment for actual performance;
- directors' compensation, including the adequacy, level and composition of compensation so that the directors' compensation appropriately reflects the responsibilities and risks of being a director and member of a committee; and
- the activities of the Corporation's Management Retirement Committee to ensure the responsibilities of the Board pursuant to its mandate in respect of retirement plans are fulfilled.

In addition to its mandate, the Human Resources Committee establishes an annual work plan. Details of the 2014 annual work plan are provided in the table below.

Meeting	Details
All Meetings	<ul style="list-style-type: none"> <li>• Management Retirement Committee Report</li> <li>• Share Based Compensation Report</li> <li>• Human Resources Strategic Initiatives Report</li> <li>• Review year-to-date organizational performance</li> <li>• <i>In camera</i> sessions without management</li> </ul>
February	<ul style="list-style-type: none"> <li>• Recommend to the Board approval of prior year short-term incentive awards for senior officers, including the Named Executive Officers</li> <li>• Recommend to the Board approval of current year: (i) performance goals; (ii) base salaries, short-term incentive targets and share-based compensation awards for senior executive officers; and (iii) total inventory for share-based compensation awards available for eligible executives and employees below the level of senior executive officer</li> </ul>
June	<ul style="list-style-type: none"> <li>• Review analysis of one and three year corporate performance relative to comparator group</li> <li>• Review competitive total compensation analysis for senior executives and management's annual compensation proposals</li> <li>• Review report on governance trends, with particular emphasis on comparator group practices</li> <li>• Review executive share ownership policy</li> <li>• Review and adopt changes to the compensation comparator group</li> <li>• Review and revise change of control vesting for share-based compensation plans</li> <li>• Consider changes to short-term incentive plans</li> </ul>
September	<ul style="list-style-type: none"> <li>• Review and update the Human Resources Committee's mandate and recommend changes, if any, to the Board</li> <li>• Report on 2014 say-on-pay voting results</li> <li>• Review compensation philosophy and programs, including effectiveness of incentive plans introduced for 2014 and management's proposed changes to the incentive plans for 2015</li> <li>• Review the investment policy for the Corporation's retirement savings programs</li> <li>• Review the directors' compensation in comparison to the results of the market compensation study, which includes an analysis of the amount, mix and relative market position by function and scope of role</li> </ul>
November	<ul style="list-style-type: none"> <li>• Review Management's succession planning, training and development reports</li> <li>• Review compensation programs and processes and deliver compensation-related risk report</li> <li>• Approve an increase to Director share ownership levels</li> <li>• Approve changes to short-term incentive plan design and metrics</li> </ul>

In addition to the information provided in the "*Information Concerning the Current Board and the Sherritt Nominees for Election of Directors*", the members of the Human Resources Committee are well-versed in matters relating to executive compensation as a result of their broad business experience.

As a former senior executive and director of various public companies, the Chair of the Human Resources Committee has extensive experience, recommending executive compensation structures and individual pay decisions. The other members of the Human Resources Committee similarly bring a wide range of skills and experience that helps them make decisions on the Corporation's compensation policies and practices and assess performance on both an individual and an organization level. These skills and experiences include, but are not limited to:

- industry knowledge;
- operational experience;
- human resources management and compensation design experience;
- financial knowledge; and
- international business experience.

The Human Resources Committee has access to the resources and has the authority that is necessary to discharge its duties and responsibilities including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants. If such fees and expenses exceed or are expected to exceed \$150,000, the Human Resources Committee must obtain the approval of the full Board.

Management is invited to attend and present recommendations and updates at every Human Resources Committee meeting. The Human Resources Committee's independent advisor (as described below under "*Compensation Discussion & Analysis — Compensation Governance — Independent Advisor*") attends all regular meetings in person or by phone to provide advice and consultation. The Human Resources Committee meets *in-camera* at each regularly scheduled meeting.

## COMPENSATION DISCUSSION & ANALYSIS

### EXECUTIVE SUMMARY

Sherritt's pay philosophy is to pay for performance, where performance is measured against strategic goals that are aligned to achieving sustainable growth while enhancing the long-term value of Shares through the Corporation's commitment to be a low-cost and ethical nickel producer.

In 2014, considerable progress was made against strategic priorities which strengthen the Corporation's position for 2015, both financially and operationally. Over the past year, the sale of the Coal business was completed and at the Ambatovy Joint Venture, commercial production was reached and significant progress was made towards financial completion.

The table below lists key highlights of the Corporation's performance in 2014:

<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Completed the divestiture of Coal Division.</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>• Total shareholder return (TSR) of – 18% for 2014.</li> <li>• Combined revenue up by 45% over 2013.</li> <li>• Adjusted EBITDA up by 17% over 2013.</li> <li>• Strengthened balance sheet by reducing debt by \$790 million and restructuring the profile and maturities of public debt.</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>• Production at Ambatovy up by 47% over 2013.</li> <li>• Extended Cuban Oil &amp; Gas business production profile with new Production Sharing Contracts ("<b>PSC</b>").</li> <li>• Power production up by 44% over 2013.</li> </ul>
<b>Safety and Environment</b>	<ul style="list-style-type: none"> <li>• Over 18 million man-hours without a lost time incident at Ambatovy.</li> <li>• One high severity environmental incident in 2014 compared with three in 2013.</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Achieved greater than 1000 days free from community disruption at Ambatovy.</li> <li>• Won two awards for sustainability work in Madagascar — one for biodiversity, the other for local procurement.</li> </ul>

### Compensation Developments in 2014

Annually, the Human Resources Committee assesses executive compensation and performance against comparators to ensure compensation decisions are internally equitable and externally competitive. As a result of this assessment, the following changes were made to compensation programs in 2014:

<b>Comparator group and market positioning</b>	<ul style="list-style-type: none"> <li>• Reviewed and revised comparator group, primarily as a result of the divestiture of our Coal Division.</li> </ul>
<b>Director equity ownership</b>	<ul style="list-style-type: none"> <li>• Changed the equity ownership guidelines to increase the holding requirement from three times cash retainer to five times cash retainer.</li> </ul>
<b>Short-term incentive</b>	<ul style="list-style-type: none"> <li>• Reviewed and revised approach of assessing organizational performance resulting in the refinement of specific measures and their relative weighting for aligning pay and performance.</li> </ul>
<b>Helms-Burton Allowance</b>	<ul style="list-style-type: none"> <li>• Amended policy so that after March 31, 2014 it applies only to directors who are prohibited from entering the United States under Title IV of the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 of the United States ("Title IV").</li> </ul>

## Named Executive Officers

The Named Executive Officers (“NEOs”) for 2014 are:

- David Pathe, President and Chief Executive Officer (“President & CEO”)
- Dean Chambers, Executive Vice President and Chief Financial Officer (“EVP and CFO”)
- Mark Plamondon, Senior Vice President, Ambatovy (“SVP, Ambatovy”)
- Elvin Saruk, Senior Vice President, Oil & Gas and Power (“SVP, Oil & Gas and Power”)
- Ward Sellers, Senior Vice President, General Counsel and Corporate Secretary (“SVP, GC & Corporate Secretary”)

Details relating to NEO compensation are provided starting on page 35, below, and the Summary Compensation Table for NEOs can be found on page 52 below.

## **COMPENSATION GOVERNANCE**

The Human Resources Committee is responsible for assisting the Board in fulfilling its governance responsibilities in respect of all matters relating to director and executive compensation.

To assist with its duties, the Human Resources Committee retains Meridian Compensation Partners, as its independent advisor. Meridian Compensation Partners does not undertake any assignments on behalf of management. The fees paid to Meridian Compensation Partners in each of the financial years ended 2012, 2013 and 2014 are provided in the table below.

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Independent Advisor Fees . . . . .	\$134,051	\$99,843	\$130,230
All Other Fees . . . . .	Nil	Nil	Nil
<b>Total Fees Paid</b> . . . . .	<b><u>\$134,051</u></b>	<b><u>\$99,843</u></b>	<b><u>\$130,230</u></b>

## **MANAGING COMPENSATION RISK**

The Human Resources Committee is responsible for evaluating compensation-related risk and annually reviews the relationship between risk management policies, corporate strategy and executive compensation. This is achieved by aligning executive compensation programs with the risk assessment approved by the Board as outlined in the mandate of the Board, attached as Schedule “A”.

Based on its review of enterprise risks, incentive plans, total reward programs and supported by its independent advisor, the Human Resources Committee has concluded that the Corporation’s compensation programs and policies are not reasonably likely to have a material adverse effect on the Corporation by incentivizing inappropriate risks. Factors considered in arriving at this conclusion include, among other things, the following:

- A strong governance culture which ensures effective oversight;
- Use of balanced measures, including qualitative and quantitative measures and assessment to determine short-term incentives;
- Incorporates time and performance vesting as part of share-based compensation programs;
- Share ownership requirements established for directors and executives;
- The Board reviews and approves executive compensation recommendations;
- Share-based compensation plans include a hedging prohibition clause which prohibits directors, officers and other employees from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of Shares; and
- Maintains a policy that permits recoupment of short-, mid-, and long-term incentive compensation previously awarded previously if there is a material financial restatement as a result of intentional misconduct.

## COMPARATOR GROUP

In 2014, the Human Resources Committee and the Board, with the advice of its independent advisor, updated the comparator group. The comparator group is used to benchmark director and executive pay practices and the amount of compensation, targeting the median of the comparator group. The comparator group comprises mining and energy companies ranging from 1/3 to 3 times the Corporation's size in terms of assets, with Sherritt positioned above the median in terms of assets and below the median in terms of revenue. For purposes of determining the comparator group, Sherritt's assets reflect total assets, adjusted to remove discontinued operations (Coal division) and to include Sherritt's proportionate interest in the total assets of the Ambatovy and Moa joint ventures. Sherritt's revenue is similarly adjusted.

The 2014 comparator group consists of the following 20 organizations:

AGNICO EAGLE MINES LTD	HUBBAY MINERALS INC
ARC RESOURCES LTD	IAMGOLD CORP
ATCO LTD	KATANGA MINING LTD
CAMECO CORP	KINROSS GOLD CORP
CAPSTONE MINING CORP	LUNDIN MINING CORP
CRESCENT POINT ENERGY CORP	NEVSUN RESOURCES LTD
ELDORADO GOLD CORP	PENN WEST PETROLEUM LTD
ENERPLUS CORP	TALISMAN ENERGY INC
FIRST QUANTUM MINERALS LTD	THOMPSON CREEK METALS CO INC
FORTIS INC	YAMANA GOLD INC

## DIRECTOR COMPENSATION

Individual directors add value by bringing skills, knowledge and experience that complement those of their colleagues on the Board. This provides diversity and balance in views and perspectives and ensures a well-informed and thoughtful exchange with management. Directors are expected to attend regular scheduled Board and Committee meetings and other Board and Committee meetings as needed, unless there are exceptional circumstances that preclude attendance. Board membership is reviewed regularly to ensure that it maintains the right mix of skills necessary to perform its duties.

Director compensation is regularly reviewed to ensure the ability to attract and retain qualified directors to the Board. In making its compensation recommendations to the Board, the Human Resources Committee considers:

- The level of compensation required to fairly reflect the responsibilities of serving as a director; and
- The alignment of the interests of directors and Shareholders by:
  - requiring that directors meet an established share ownership requirement; and
  - having 50% of the annual retainer delivered as DDSUs which are held until after a director retires or otherwise ceases to serve on the Board, and are valued at the prevailing market price when redeemed. See "*Director Share-Based Awards*" on page 33 for additional information concerning DDSUs.

### **Director Benchmarking**

The proxy data from the comparator group noted above is used for purposes of benchmarking director compensation.

## Director Fees

Director fees are intended to compensate directors for their skills, time, effort, and governance accountabilities. No changes were made to the director fees in 2014. Directors who also serve as executive officers are not entitled to director fees. The 2014 director fees are outlined in the table below.

	Cash	DDSUs
Chairman of the Board Annual Retainer . . . . .	\$180,000	\$180,000
Director Annual Retainer . . . . .	\$ 90,000	\$ 90,000
Audit Committee Chair Annual Retainer . . . . .	\$ 15,000	
Human Resource Committee Chair Annual Retainer . . . . .	\$ 15,000	
Other Committee Chair Annual Retainer . . . . .	\$ 5,000	
2014 Special Committee Members (per month) . . . . .	\$ 5,000	

The cash and DDSU components of each director's annual retainer are paid and granted, respectively, in equal quarterly installments, in arrears. A predetermined schedule of grant dates has been set in advance so that DDSUs can be awarded quarterly, in arrears, outside all regularly scheduled trading blackout periods.

## Director Share Ownership Requirements

Director share ownership requirements ("**Director SOR**") were established in 2005 to ensure that directors have significant financial alignment with Shareholders. The Board reviews the requirements regularly and makes changes from time to time to ensure the continued alignment of directors' interests with those of Shareholders. Effective September 19, 2014, the share ownership requirement for directors increased from three times to five times the cash component of each director's annual retainer, excluding Committee Chair retainers. The share ownership requirement must be met by the later of: (i) five years after the Board approved the most recent Director SOR; or (ii) the Director's fifth anniversary of election or appointment.

The greater of the acquisition/grant date value and the market value on December 31 is used to determine the aggregate value of the securities for purposes of the Director SOR. Shares personally held or controlled by the director and DDSUs granted to directors count towards the Director SOR.

The table below provides the director SOR for each director as of March 15, 2015.

Name <sup>(1)</sup>	Guideline		Share Ownership as of March 15, 2015			Ownership Multiple of Retainer		Minimum Ownership Met <sup>(2)</sup>
	Multiple of Retainer	Total (\$)	Common Shares (\$)	Share Units (\$)	Total Ownership (\$)	Based on Common Shares	Based on Total Ownership <sup>(2)</sup>	
Timothy Baker	5	450,000	48,844	60,160	109,004	0.5	1.2	In progress
Peter Gillin	5	450,000	142,897	345,301	488,197	1.6	5.4	Yes
Sir Richard Lapthorne	5	450,000	230,463	236,982	467,445	2.6	5.2	Yes
Adrian Loader	5	450,000	76,580	128,134	204,714	0.9	2.3	In progress
Dee Marcoux	5	450,000	439,753	447,661	887,414	4.9	9.9	Yes
Bernard Michel	5	450,000	122,623	420,241	542,864	1.4	6.0	Yes
Lisa Pankratz	5	450,000	76,944	105,692	182,636	0.9	2.0	In progress
Hap Stephen	5	900,000	385,202	327,499	712,701	2.1	4.0	In progress

### Notes:

- (1) Mr. Pathe does not appear in this table as he is subject to shareholding requirements in his capacity as President and Chief Executive Officer. See page 60 for details relating to his share ownership requirement.
- (2) Messrs. Baker, Loader and Stephen and Ms. Pankratz have until September 19, 2019 to satisfy their share ownership requirements (being the fifth anniversary of the adoption of the most recent director share ownership requirements in September 2014).



## Director Compensation Table

The total compensation, including the value of DDSUs, awarded to the directors during the fiscal year ended December 31, 2014 was \$2.3 million. The following table provides the details for compensation received by each of the directors for serving on the Board in 2014.

Name <sup>(1)</sup>	Fees Earned (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Option-Based Awards (\$)	Non-Equity Incentive Compensation <sup>(3)</sup> (\$)	All Other Compensation (\$)	Total Compensation (\$)
Timothy Baker <sup>(4)</sup>	60,000	60,021	Nil	Nil	Nil	120,021
Peter Gillin <sup>(6)</sup>	125,000	90,036	Nil	Nil	37,500	252,536
Sir Richard Lapthorne	95,000	90,036	Nil	Nil	37,500	222,536
Adrian Loader <sup>(6)</sup>	110,000	90,036	Nil	Nil	37,500	237,536
Dee Marcoux	108,333	90,036	Nil	Nil	150,000	348,369
Bernard Michel	95,000	90,036	Nil	Nil	150,000	335,036
John Moses <sup>(5)</sup>	31,666	30,016	Nil	Nil	37,500	99,182
Lisa Pankratz	90,000	90,036	Nil	Nil	37,500	217,536
Hap Stephen <sup>(6)</sup>	200,000	180,035	Nil	Nil	115,625	495,660

### Notes:

- (1) Mr. Pathe does not appear in this table as he is an executive Director and a NEO. Mr. Pathe does not receive any compensation for serving as a director. Information relating to Mr. Pathe's compensation is provided on page 46 of this circular.
- (2) The number of DDSUs granted to each director was calculated by dividing the compensation value of the award by the market price in respect of the specific grant date. There were four grant dates in respect to 2014 DDSUs: April 15, 2014, July 15, 2014, October 15, 2015 and January 15, 2015. The Market Prices were \$4.44, \$4.72, \$2.81, and \$2.37, respectively.
- (3) All Other Compensation is in respect of the "Helms-Burton Allowance". The policy with respect to the Helms-Burton Allowance was amended so that it applies only to those directors who are named on the Helms-Burton list. This change took effect as of April 1, 2014. Ms. Marcoux, Mr. Michel and Mr. Stephen are currently on the Helms-Burton list.
- (4) Mr. Baker was elected to the Board effective May 6, 2014.
- (5) Mr. Moses did not stand for re-election at the annual and special meeting of Shareholders held on May 6, 2014.
- (6) Each of Messrs. Gillin, Loader and Stephen received an additional \$20,000 for serving on the Special Committee for 4 months in 2014.

## Director Share-Based Awards

The following table provides the details of the DDSU Plan. No amendments were made to the DDSU Plan in 2014.

Feature	Description
Securities	Phantom share units that track the value of Shares.
Eligibility	Non-Executive Directors.
Calculation of Award	The compensation value is divided by the volume-weighted average trading price of a Share on the TSX for the five trading days immediately preceding the applicable date (the " <b>Market Price</b> "). The number of units granted is rounded up to the nearest 5 units.
Dividends	The value of dividends paid on Shares is converted into additional DDSUs.
Vesting	DDSUs vest on the grant date.
Redemptions	DDSUs are redeemable after the DDSU participant ceases to be a director and no later than December 1 <sup>st</sup> of the calendar year following cessation from service. DDSUs are valued at Market Price as at the redemption date.
Amendments and Variation	The Board may at any time amend the DDSU Plan provided that no amendment materially affects any rights acquired by a participant under the plan. The Board may also, with the consent of the participant, approve any variation in terms of DDSUs that have been granted to the participant.

### Outstanding Option-Based Awards and Share-Based Awards

The following table provides information concerning all unexercised option-based awards and share-based awards held by directors as of December 31, 2014. Stock Options are not granted to directors. Share-based awards (in the form of DDSUs) are fully vested on the date of grant.

Name	Option-Based Awards				Share-Based Awards		
	# of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-The-Money Options (\$)	# of Share-Based Awards that Have Not Vested (#)	Market or Payout Value of Restricted Stock That Has Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed <sup>(1)</sup> (\$)
Timothy Baker	N/A	N/A	N/A	N/A	N/A	N/A	33,597
Peter Gillin	N/A	N/A	N/A	N/A	N/A	N/A	176,085
Sir Richard Lapthorne	N/A	N/A	N/A	N/A	N/A	N/A	131,820
Adrian Loader	N/A	N/A	N/A	N/A	N/A	N/A	84,207
Dee Marcoux	N/A	N/A	N/A	N/A	N/A	N/A	220,431
Bernard Michel	N/A	N/A	N/A	N/A	N/A	N/A	212,970
John Moses <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	0
Lisa Pankratz	N/A	N/A	N/A	N/A	N/A	N/A	66,063
Hap Stephen	N/A	N/A	N/A	N/A	N/A	N/A	200,769

**Notes:**

- (1) The "Market or Payout Value of Vested Share-based Awards not Paid Out or Distributed" is calculated by multiplying the number of DDSUs by the closing price of Shares on the TSX on December 31, 2014, which was \$3.00.
- (2) Mr. Moses did not stand for re-election at the annual and special meeting of Shareholders in 2014. He subsequently redeemed his DDSUs in 2014 in accordance with the terms of the DDSU Plan.

### Value Vested or Earned During the Year

The following table provides information concerning the aggregate dollar value that would have been realized by the directors had their share-based awards that vested during 2014 been paid out on the vesting date.

Name	Option-Based Awards — Value Vested During the Year (\$)	Share-Based Awards <sup>(1)</sup> (\$)
Timothy Baker	N/A	60,021
Peter Gillin	N/A	90,036
Sir Richard Lapthorne	N/A	90,036
Adrian Loader	N/A	90,036
Dee Marcoux	N/A	90,036
Bernard Michel	N/A	90,036
John Moses	N/A	30,016
Lisa Pankratz	N/A	90,036
Hap Stephen	N/A	180,035

**Note:**

- (1) The value vested during the year is calculated by multiplying (i) the number of DDSUs that vested during the year by (ii) the grant date Market Price.

## EXECUTIVE COMPENSATION

Total Rewards is the term used for describing all elements of compensation that an executive receives in exchange for his or her time, efforts, and business results and includes:

- total direct compensation (base salary, annual incentive, mid- and long-term incentive);
- benefits, retirement savings and perquisites;
- expatriate allowances/premiums.

Each year, the Human Resources Committee, in consultation with its independent advisor reviews and makes recommendations to the Board on the total direct compensation elements for senior executive officers, including the NEOs identified in this Circular.

The following sections provide an overview of the total rewards program, including the Human Resources Committee's consideration in determining the 2014 compensation awards for the NEOs.

### Executive Compensation Approach

Our approach to executive compensation encompasses the following:

- **Pay for capabilities.** Each executive's base salary is linked to the size and scope of his or her job and the executive's individual competencies, skills and experience. Executive base salaries are aligned to the value of those skills, both internally and externally.
- **Reward for achieving performance goals.** Short-term incentives are performance-based and are a reward for achieving or exceeding annual goals that are linked to overall corporate strategy and for progress towards strategic multi-year goals.
- **Include compensation that is at-risk.** Share-based compensation aligns the interests of executives and Shareholders as payout values depend on a combination of Share price and/or relative performance against a comparator group.
- **Provide an appropriate mix of fixed and variable compensation.** The proportion of fixed and variable compensation elements is aligned to the complexity and time horizon of the executive's key responsibilities thereby aligning their focus on mid- to long-term success.

All aspects of total rewards are reviewed regularly to ensure executives remain motivated to focus on the success of the company. This is achieved by establishing a link between performance and pay while building equity ownership.

Pay is aligned with strategy and performance by ensuring that:

- The majority of executive compensation is variable and linked to performance;
- Performance is measured and is tied to the business strategy;
- Pay-outs of mid-term incentives are linked to Share value and performance relative to comparators;
- Compensation design takes into account the time horizons of the operations; and
- Compensation attracts and retains talent as needed.

For more information about how performance is measured, please see "*Determining Short-Term Incentive Awards*" at page 41.

### Executive Benchmarking

For purposes of benchmarking executive compensation, two main sources are considered: (i) proxy data from the comparator group noted on page 31 of this Circular; and (ii) Hay Mining Compensation Review — Global Executive Report. Executive Compensation is targeted at or below the median of the comparator group.

## Elements of Total Rewards

The following table provides an overview of the elements total rewards.

Element	Purpose	Form of Award	Performance Period	Payout
Base Salary	Compensates executives for capabilities, skills and accountability required to successfully perform in their roles.	Cash	One Year	Fixed.
Short-Term Incentive	Rewards executives for meeting or exceeding annual goals and progress towards strategic initiatives.	Cash	One Year	At-risk. Variable based on corporate and individual performance.
Mid-term Incentive	Rewards executives for creating mid-term Shareholder value.	Restricted share units	Three years	At-risk. Amount depends on Sherritt's relative TSR against comparators (vesting ranges from 80% to 120%). Vested value of the award depends on share price. Settled in cash.
Long-term incentive	Rewards executives for creating long-term Shareholder value.	Stock options	Ten years ( $\frac{1}{3}$ vests each year over three years)	At-risk. Value depends on the appreciation of the share price relative to the exercise price. Settled in treasury shares.
Group Benefits, Retirement Savings and Perquisite Allowance	Invests in executive health and well-being and provides an important source of retirement savings.	—	—	—
Expatriate Premiums and Allowances	Recognizes the personal adjustment required for the executive and his or her family inherent with a foreign assignment.	Cash	Duration of assignment	Fixed.

### **Base Salary**

Base salary is determined by:

- The scope, complexity and accountability of the role.
- Benchmarking roles to market. Typically the market median is used for understanding appropriate levels of base salary for employees who are proficient in their roles.
- Evaluating capabilities, competencies, skills, and experience. As an employee gains expertise and develops in the role, base salary may be reviewed.

Base salaries are reviewed annually. Any increases to senior executive officer's base salaries are recommended by the President & CEO to the Human Resources Committee for approval. Increases to the President & CEO's base salary are recommended to the Board by the Human Resources Committee.

### **Short-Term Incentive**

Short-term incentives ("**STIP**") reward employees for their contribution towards achieving corporate goals. STIP target awards are communicated as a percentage of base salary and are based on the scope of the role.

STIP awards are determined based on the following:

- An overall company performance factor which is based on the achievement of corporate goals and progress towards strategic goals.
- Individual performance measured against goals established at the beginning of the year.

STIP awards are determined annually at the February Human Resources Committee and Board meeting following the close of the fiscal year. The Board has the discretion to adjust awards up or down based on factors that are not captured in the formal measures.

### **Mid- and Long-Term Incentive**

Mid- and long-term incentives align the interests of employees with Shareholders. Awards are based on the scope and time horizon of the role. Mid- and long-term incentives are variable and are at-risk as the payout value of the award is based on share price and/or performance factors.

Awards granted under the mid- and long-term incentive programs are aligned with the following compensation principles:

- Reward for contributions by recognizing the achievement of mid- and long-term corporate and strategic goals; and
- Encourage retention through deferred vesting.

Mid- and long-term incentives are forward looking and are determined annually at the February Human Resources Committee and Board meetings.

### **Benefits**

The benefits program is 100% employer-paid and includes medical, dental, short- and long-term disability, and life insurance coverage.

In addition, all employees have the opportunity to purchase Shares through the Employee Share Ownership Plan ("**ESOP**"). ESOP was introduced in 2014 and replaces The Employee Share Purchase Plan ("**SPP**"). The SPP will wind up in July 2015.

The following table provides details relating to each plan.

	ESOP	SPP
<b>Description</b>	<p>Employees, including executives, who voluntarily choose to participate, direct up to 10% of their base salary for the purchase of Shares.</p> <p>The Corporation matches 50% of the employee contribution, up to a maximum of \$2,500 per calendar year.</p>	<p>Employees, including executives, who voluntarily choose to participate, direct up to 5% of their prior year earnings to an interest bearing account.</p> <p>Such funds accumulate over a pre-set time period which typically runs from July 1<sup>st</sup> to June 30<sup>th</sup>, two years later. At the end of the 24-month period, the accumulated funds are used to purchase Shares.</p>
<b>Securities</b>	<p>Shares are purchased at the time the contribution is made.</p> <p>The timing of the contributions is linked to the participant's pay date.</p> <p>Shares are bought on the open market.</p>	<p>Shares are purchased at the end of the 24-month savings period.</p> <p>Shares are issued from treasury. Once purchased, the Share is no longer available for issuance.</p>
<b>Purchase Price</b>	<p>The purchase price is the price of Shares at the time of purchase on the open market.</p>	<p>The purchase price is equal to the lower of the volume-weighted average trading price of a Share on the TSX for the five trading days immediately preceding the first day or the last day of the 24-month savings period. The offer price is typically fixed on May 31<sup>st</sup> ("Offer Price") immediately preceding the beginning of the 24-month savings program, and the closing price on June 30<sup>th</sup> ("Closing Price") of the second year of the program.</p> <p>The Purchase Price is the lower of: (i) the Offer Price; and (ii) the Closing Price.</p>
<b>Restrictions/ Limitations</b>	<p>Participants cannot sell or transfer Shares purchased with employer contributions until they have participated in ESOP for 24 consecutive months.</p> <p>Enrollment and changes to the employee's participation are subject to the Corporation's Insider Trading Policy.</p>	<p>The total number of Shares (a) issued to insiders, within a one year period; and (b) issuable to insiders, at any time under the SPP, together with all other security based compensation arrangements, shall not exceed 10% of our issued and outstanding securities.</p> <p>Enrollment in SPP is subject to the Corporation's Insider Trading Policy.</p>
<b>Cancellations</b>	<p>Employees can cancel their participation at any time, subject to restrictions/limitations noted above.</p> <p>If an employee cancels out of the plan prior to making 24 consecutive months of contributions, Shares purchased with employer contributions will be forfeited.</p>	<p>Employees can cancel their participation at any time and their accumulated balances are returned to them.</p>
<b>Amendments and Variations</b>	<p>The Board may amend ESOP at any time.</p>	<p>The Board may amend the SPP subject to required regulatory or Shareholder approvals; provided a participant's current enrolment cannot be negatively affected without the participant's consent.</p>

**Notes:**

- (1) The Human Resources Committee may make certain types of amendments to the SPP without seeking Shareholder approval, including amongst other things: (i) amendments of an administrative nature; and (ii) termination, modification or suspension of all or any part of the SPP.
- (2) Shareholder approval is required for the following types of amendments to the SPP, including amongst other things; (i) amendments to the number of Shares issuable under the SPP; (ii) amendments reducing the purchase price of a Share; (iii) the addition of any other provision which results in participants receiving Shares while no cash consideration is received by the Corporation; and (iv) amendments required to be approved by Shareholders under applicable law.

### **Retirement Savings**

The retirement program is an employer-paid savings program. Contributions are a fixed percentage of base salary and are determined based on market practice.

	<b>Group Retirement Savings Plan ("Group RSP")</b>	<b>Executive Supplementary Pension Plan ("ESPP")</b>
Eligibility	Employees	SVP and above
Description	Contributions are made on behalf of the employee to the employee's individual account under a group RSP.	Notional credits are made in the amount payable under the Group RSP that is in excess of the annual RRSP contribution limits prescribed by the <i>Income Tax Act</i> to the executive's ESPP account on a pre-tax basis.
Contributions	A percentage of base salary directed into investments, as directed by the employee, which they select from an approved list established by the Management Retirement Committee.	Executive directs the investment of notional credits to the same investment choices as the Group RRSP.
Withdrawal	Can be withdrawn at any time.	Can be withdrawn only upon cessation of employment.

### **Perquisite Allowance**

Executives are eligible to receive a perquisite allowance which is fully taxable and is intended to be used to pay for a variety of expenses, including wellness and transportation related expenses. It offers flexibility by allowing the individual executive to select perquisites that best suit their requirements. The allowance is determined by executive level and market practice and ranges from \$28,000 to \$32,000 per year.

### **Expatriate Premiums and Allowances**

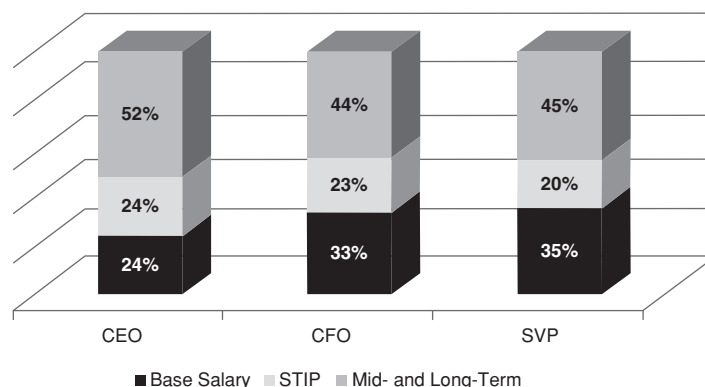
Various expatriate premiums and allowances are provided to employees on international assignments to recognize the personal adjustment required for the employee and the employee's family inherent with a foreign assignment. These premiums and allowances are designed to recognize the mobility, security, challenging working conditions and remoteness experienced by the employee as well as accommodating the opportunity for rest and recuperation from such conditions. Expatriate premiums and allowances range from 25% to 65% of base salary, depending on the foreign assignment location.

## Compensation Mix

The value of each compensation element and the aggregate value of all compensation elements are as important as the relative proportion of each element to the total value. The appropriate mix of compensation balances fixed and variable compensation elements. The Human Resources Committee considers the following in determining the appropriate mix:

- Nature and time horizon of the executive's key responsibilities; and
- Market practice.

As senior executive officers have greater influence on organizational performance over the long-term, their compensation mix is more heavily weighted towards variable compensation and mid- and long-term elements of compensation. The following chart outlines the expected mix of base salary, short-, mid- and long-term incentives.



## DETERMINING SHORT-TERM INCENTIVE AWARDS

### Organizational Performance

The Corporation's 2014 strategic goals and achievements are summarized in the table below.

Goal	Achievements
Reduce Debt	Refinanced public bonds resulting in reduced debt of \$790 million and an improved maturity profile.
Reduce Costs	\$10 million saving from corporate restructuring.
Ramp-up Production	Ambatovy achieved commercial production in Q1. Moa / Fort Site achieved record production in Q3.
Focus on Core Areas of Expertise	Closed the sale of the coal division. Expanded niche energy business in Cuba.

A performance scorecard was developed to measure and monitor organizational performance. It is a balanced approach consisting of three categories of measures: financial, production and sustainability ensuring that financial and production goals are achieved in sustainable manner. The measures are both quantitative and qualitative and are assessed at a company-wide and/or divisional level, as appropriate for the specific measure. A disciplined assessment of corporate and individual performance results provides the context for ensuring the appropriate correlation between performance and pay. Performance is reviewed quarterly by the Human Resources Committee which provides the opportunity for feedback and to make course corrections, as required, to ensure that performance expectations remain aligned with organizational goals.



The Committee assessed the performance results, undertook a rigorous qualitative assessment and applied the short-term incentive framework outlined above. The Committee determined that the overall Corporation performance and pay score for 2014 was 75% of the short-term incentive pay target. The measures, rationale and results that were used to assess organizational performance and pay score are described in the table below.

Category	Measure	Rationale	Results
Financial	Adjusted EBITDA	Represents a proxy for cash generated by the business' operating activities (on an accrual basis).	<p>Adjusted EBITDA increased 17% over 2013 and 5% above budget, primarily due to higher nickel and cobalt prices at Metals, increased electricity generation at Power and reduced Corporate expenses. It was negatively impacted by lower fertilizer prices at Metals and higher costs at Oil &amp; Gas due to the workover of a well in Yumuri.</p> <p>Despite the year-over-year increase in Adjusted EBITDA and 5% improvement over budget, this measure was assessed as not meeting expectations as the impact of higher realized prices in Canadian dollars was offset by lower production over the course of the full year. Accordingly, the score for this measure was determined to be 65%.</p>
	Cash and Short-term Investment	Represents the liquidity the Corporation has access to which allows it to meet its future commitments and obligations and invest in future growth.	<p>Cash and short-term investments decreased 27% over 2013 and were 40% below budget. However, the decrease in the Corporation's cash and short-term investments was partially the result of a strategic decision to use the cash proceeds from the sale of the Coal business to reduce the Corporation's debt.</p> <p>Despite the decrease in cash and short-term investment over 2013 and not meeting 2014 budget, this measure was assessed as meeting expectations as a result of the refinancing transaction that reduced debt by \$790 million and restructured the profile and maturities of the Corporation's public debt. Accordingly, the score for this measure was determined to be 100%.</p>
	Capital Spend	Represents how the Corporation allocates capital to ensure sustainability of existing facilities and expansion of new facilities.	<p>Capital spending increased 19% over 2013 and was 84% below budget. Ambatovy capital spending was fully executed and Power reprioritized capital spending for compressor projects enabling additional gas conservation.</p> <p>Overall this measure was assessed as not meeting expectations as a result of the delay of the acid plant construction at Moa until 2015 and the unsuccessful workover of the Yumuri well. However, in light of weak commodity prices in the latter half of 2014, it was also recognized that it was prudent to reduce capital spending in several areas. Accordingly, the score for this measure was determined to be 60%.</p>

Category	Measure	Rationale	Results
<b>Production</b>	Unit Production Cost	Represents the Corporation's performance in managing operating costs as a function of production levels.	<p><b>Moa:</b> Net direct cash cost of nickel at the Moa Joint Venture and Fort Site increased by 3% over 2013 and was 18% above budget, which reflected lower fertilizer profitability and higher third-party feed costs partly offset by lower mining and processing costs and higher cobalt by-product credits.</p> <p>This measure was assessed as being below expectations as the net direct cash cost increased over the prior year and was higher than budget. However, it was recognized that the principal drivers of the variance were third-party feed costs, natural gas prices and lower fertilizer prices. Accordingly, the score for this measure was determined to be 95%.</p> <p><b>Ambatovy:</b> Net direct cash cost of nickel at the Ambatovy Joint Venture was consistent with expectations for the facility when operating at its current ore throughput levels.</p> <p>This measure was assessed as meeting expectations at current production levels. Accordingly, the score for this measure was determined to be 100%.</p> <p><b>Oil &amp; Gas:</b> Unit operating costs at Oil &amp; Gas increased 33% over 2013 and exceeded budget by 10%, reflecting major workover costs incurred in an attempt to re-establish production from the Yumuri well.</p> <p>This measure was assessed as not meeting expectations, however consideration was given to the improved operating performance that acted as a partial offset. Accordingly, the score for this measure was determined to be 75%.</p> <p><b>Power:</b> Unit operating costs at Power decreased 31% over 2013 and were 19% better than budget, due to lower scheduled maintenance costs and higher production levels.</p> <p>This measure was assessed as exceeding expectations reflecting the management of maintenance costs and improved production levels. Accordingly, the final score for this measure was determined to be 130%.</p>

Category	Measure	Rationale	Results
<b>Production</b>	Production Volumes	Reflects the Corporation's production volume performance.	<p><b>Moa:</b> Nickel production at the Moa Joint Venture decreased by 2% over 2013 and was 5% below 2014 budget, primarily due to poor ore characteristics early in the year. Following measures taken to improve leaching of the ore from these concessions, metallurgical recoveries returned to expected levels during the second quarter with record production achieved in the third quarter.</p> <p>This measure was assessed as not meeting expectations reflecting the lower production during the first part of the year, noting that record production was achieved in the third quarter of the year. Accordingly, the final score for this measure was determined to be 85%.</p> <p><b>Ambatovy:</b> Nickel production at the Ambatovy Joint Venture increased 47% over 2013 which was in line with the 2014 guidance range. Significant progress was made during the year to resolve operational process issues, positioning the Corporation for substantial production growth in 2015.</p> <p>This measure was assessed as meeting expectations as production was within range of guidance for this phase of the ramp-up. The final score for this measure was determined to be 100%.</p> <p><b>Oil &amp; Gas:</b> Gross working interest ("GWI") oil production decreased 3% over 2013 and was 4% below budget, primarily due to a mechanical failure at a well in the Yumuri area which occurred in the second quarter of 2014 and natural reservoir decline.</p> <p>This measure was assessed as not meeting expectations, noting a partial offset from better than expected production from new wells. Accordingly, the final score for this measure was assessed to be 90%.</p> <p><b>Power:</b> Power production increased by 44% over 2013 and exceeded budget by 12%, primarily due to the start-up of the Boca de Jaruco Combined Cycle Project in Q1.</p> <p>This measure was assessed as exceeding expectations noting the positive impact of the gas conversion efforts. Accordingly, the final score for this measure was determined to be 120%.</p>

Category	Measure	Rationale	Results
Sustainability and Rewarding Workplace	Environment	Represents the commitment to minimizing the operations' impact to the environment.	<p>There were no environmental incidents at the Moa Joint Venture, Fort Site or the Oil &amp; Gas and Power operations in Cuba. There was one environmental incident at Ambatovy related to the tailings pond.</p> <p>This measure was assessed as not meeting expectations due to the tailings incident at Ambatovy. However, in other respects the environmental performance for the operations as a whole was in keeping with expectations. Accordingly, the final score for this measure was determined to be 75%.</p>
	Safety	Represents the commitment to zero fatalities, injuries, and work-related illnesses among employees and contractors.	<p>All divisions exceeded industry safety standards. Ambatovy achieved more than 18 million manhours without a lost time incident ("LTI"); Oil &amp; Gas had zero LTIs; and Moa had a number of minor safety incidents.</p> <p>On a company-wide basis this measure was assessed as not meeting expectations as there is an ongoing need to focus on workplace safety. However, it was recognized the Corporation has an enviable safety record across its various operations. Accordingly, the final score for this measure was determined to be 90%.</p>

### **Individual Performance**

Individual performance is assessed against goals that were established at the beginning of the year. A comprehensive review of the executive's performance is undertaken by the Human Resources Committee. The President & CEO and other senior executive officers' individual performance assessments are completed as follows:

- **President & CEO.** Includes gathering input from every director as well as a self-assessment from the President & CEO. The Human Resources Committee uses this information in developing recommendations for establishing base salary and mid- and long-term incentives. For STIP, the recommendation is determined by overall corporate performance. These recommendations are presented to the Board for approval during the February Committee and Board meetings.
- **Other Senior Executive Officers.** The President & CEO develops recommendations for base salary, STIP, mid- and long-term incentive awards for senior executive officers taking into consideration changes in individual capabilities, corporate and individual performance. He makes his recommendations to the Human Resources Committee for approval during the February Committee and Board meetings.

## President & CEO

Mr. Pathe's individual performance is assessed against predetermined organizational goals which were agreed to by Mr. Pathe and the Board at the beginning of the year. Based on this annual assessment and in consultation with the Human Resources Committee's independent advisor, the Human Resources Committee recommends to the Board the President & CEO's base salary, and short-term, mid-term and long-term incentives.



### David Pathe PRESIDENT & CEO

Mr. Pathe is accountable for developing and implementing high-level strategy, making major corporate decisions and managing the growth, operation and the overall performance of the Corporation.

- Mr. Pathe's STIP award is based on corporate performance.
- The STIP award for 2014 performance was based on Mr. Pathe's target of 100% of base salary. His award of \$562,500 represents 75% of his target award of \$750,000, reflecting the overall performance of the Corporation.

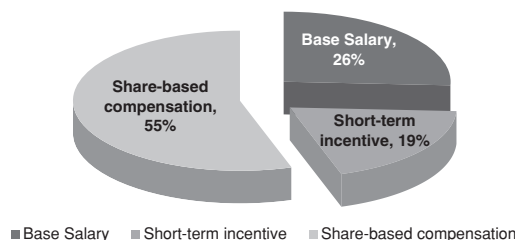
#### 2014 Key results

- **Strategy:** Focus on nickel and niche energy business in Cuba. Exited coal business, created conditions for ramp-up at Ambatovy, executed renewed Cuba strategy resulting in new and extended contracts for the Cuban energy business.
- **Financial and Operating Performance:** Led reduction of cost structure by \$10 million and improved financial flexibility by reducing debt by \$790 million and restructuring the profile and maturities of the Corporation's public debt.
- **Building Organizational Capacity and Capability:** Executed corporate restructuring resulting in reduction of Canadian workforce by 10%. Engaged broader leadership group and drove cultural change towards accountability and execution.
- **Investor Relations:** Improved investor relations by driving a more pro-active and transparent approach including an analyst site visit to Ambatovy and numerous shareholder meetings across Canada and in Europe.

Compensation (as at December 31)	2014	2013	2012
<b>Fixed</b>			
Base Salary	\$ 750,000	\$ 750,000	\$ 700,000
<b>Variable (At-Risk)</b>			
Short-term incentive	\$ 562,500	\$ 0	\$ 650,000
Share-based compensation			
RSUs	\$ 800,010	\$ 600,018	\$ 590,000
Stock Options	\$ 800,007	\$ 599,975	\$ 509,903
<b>Total direct compensation</b>	<b>\$2,912,517</b>	<b>\$1,949,993</b>	<b>\$2,449,903</b>
<b>Change from prior year</b>	<b>49%</b>	<b>- 20%</b>	

Mr. Pathe was appointed to President and Chief Executive Officer on January 1, 2012. Year-over-year increase in total direct compensation reflects an increase to share-based compensation awards as well as a STIP award at 75% of target in 2014.

#### 2014 Pay mix



The Human Resources Committee reviewed Mr. Pathe's 2015 compensation and the Board approved the Committee's recommendations. Mr. Pathe's base salary increased to \$825,000 per annum, effective April 1, 2015. The CEO's 2015 STIP target remains at 100% of his base salary. Mr. Pathe's share-based compensation increased to \$1,750,000 allocated 50% and 50% to mid-term and long-term awards, respectively. These adjustments to Mr. Pathe's compensation bring him closer to the median of the comparator group with approximately 76% of Mr. Pathe's compensation being performance-based.

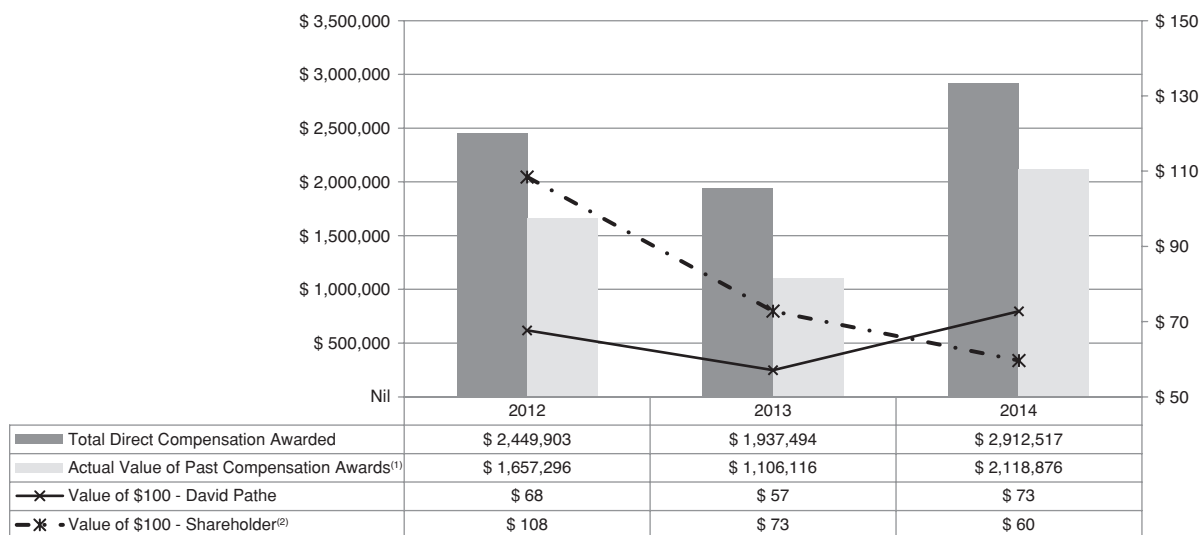
### Current Value of Past Compensation Awards

The following table compares the disclosed value of total direct compensation (base salary, STIP and share-based compensation) awarded to Mr. Pathe during each year of his tenure as CEO with the actual value of total direct compensation so awarded, measured as at December 31, 2014. The actual value of total direct compensation that he has received includes:

- base salary and short-term incentive awards received during each year;
- the value at vesting of mid-term incentive awards — Restricted Share Units and Restricted Stock — plus the value of unvested mid-term incentive awards as at December 31, 2014, plus the tax remitted to CRA at the time the Restricted Stock was awarded; and
- the value of Stock Options exercised during the period, and the in-the-money value of Stock Options that remain outstanding.

This analysis allows the Human Resources Committee to consider compensation outcomes for the President and Chief Executive Officer when determining new awards and to assess the alignment of the CEO's pay with the Corporation's share price performance.

The table also compares the actual value for each \$100 in total direct compensation awarded to Mr. Pathe for each year and the cumulative value of a \$100 investment in Shares.

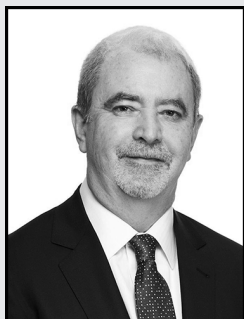


#### Notes:

- (1) Represents the actual value to Mr. Pathe for each \$100 awarded in total direct compensation during the fiscal year, calculated as set out above the table. The value of Stock Options exercised is calculated by multiplying (a) the difference between the option exercise price and the market value on the exercise date and (b) the number of exercised stock options. The in-the money value of Stock Options that remain outstanding is calculated by multiplying (a) the difference between the option exercise price and the value as at December 31, 2014, which was \$3.00 and (b) the number of outstanding stock options.
- (2) Represents the cumulative value of \$100 investment in Shares made January 1, 2012, assuming reinvestment of dividends.

Other NEOs

Performance for the other NEOs is assessed by the President & CEO against predetermined goals. Based on his performance assessment of each of the other NEOs, Mr. Pathe recommends to the Human Resources Committee and the Board for their approval the base salary, and short-term, mid-term and long-term incentives for each of Messrs. Chambers, Plamondon, Saruk, and Sellers.



**Dean Chambers  
EVP AND CFO**

Mr. Chambers is accountable for the strategic coordination of all financial issues and current and long-term effectiveness of all financial functions including financial strategy and structure, accounting standards / compliance, financial risk management and treasury. He is also accountable for the Corporate Development and Investor Relations functions. Mr. Chambers contributes to the overall success of the Corporation through active participation in strategic planning and other key corporate processes.

**2014 Key results**

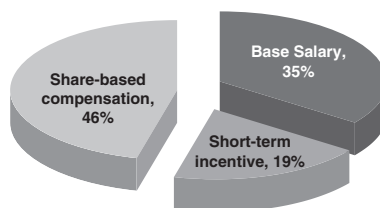
- **Strategy:** Successfully completed the sale of the coal business, key contributor to the CEO's cultural change initiative resulting in organizational restructuring.
- **Financial and Operating Performance:** Successfully completed the Coal divestiture. Successfully completed a restructuring of the Corporation's public debt in a challenging market, resulting in overall debt reduction, smaller debt tranches and extended maturities.
- **Build Organizational Capacity and Capability:** Executive sponsor for business process improvement initiatives. Restructured the finance function to eliminate duplication and realize cost savings.

- Mr. Chambers' STIP award is based on a combination of corporate and individual performance.
- The STIP award for 2014 performance was based on Mr. Chamber's target of 70% of base salary. His award of \$245,700 represents 78% of his target award of \$315,000.

Compensation (as at December 31)	2014	2013	2012
<b>Fixed</b>			
Base Salary	\$ 450,000	\$ 450,000	\$ 425,000
<b>Variable (At-Risk)</b>			
Short-term incentive	\$ 245,700	\$ 189,000	\$ 205,000
Share-based compensation			
RSUs	\$ 340,005	\$ 340,011	\$ 335,000
Stock Options	\$ 259,952	\$ 260,033	\$ 225,002
<b>Total direct compensation</b>	<b>\$1,295,657</b>	<b>\$1,239,044</b>	<b>\$1,190,002</b>
<b>Change from prior year</b>	<b>5%</b>	<b>4%</b>	

Mr. Chambers was appointed to Executive Vice President and Chief Financial Officer on December 10, 2012. Year-over-year increase in total direct compensation reflects a higher STIP award.

**2014 Pay mix**



■ Base Salary ■ Short-term incentive ■ Share-based compensation



**Mark Plamondon**  
**SVP, AMBATOVY**

Mr. Plamondon is responsible for the leadership and management of the Corporation's Ambatovy division by meeting operational and financial objectives as set out by the President and Chief Executive Officer. He contributes to the overall success of the Corporation through active participation in strategic planning and other key corporate processes.

- Mr. Plamondon's STIP award is based on a combination of corporate, divisional and individual performance.
- The STIP award for 2014 performance was based on Mr. Plamondon's target of 60% of base salary. His award of \$171,000 represents 75% of this target award of \$228,000.

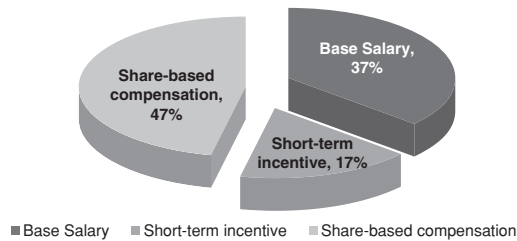
**2014 Key results**

- **Strategy:** Remained focused on the ramp-up. Implemented process for achieving financial completion in 2015  
 Continued to develop and maintain constructive and productive joint venture and government relationships.
- **Financial and Operating Performance:** Achieved commercial production rates with net direct cash costs within guidance while maintaining an extraordinary safety record.
- **Build Organizational Capacity and Capability:** Restructured the leadership team.

Compensation (as at December 31)	2014	2013	2012
<b>Fixed</b>			
Base Salary	\$ 380,000	\$ 380,000	\$ 360,000
<b>Variable (At-Risk)</b>			
Short-term incentive	\$ 171,000	\$ 159,600	\$ 171,000
Share-based compensation			
RSUs	\$ 350,010	\$ 350,008	\$ 325,000
Stock Options	\$ 135,014	\$ 134,999	\$ 134,899
<b>Total direct compensation</b>	<b>\$1,036,024</b>	<b>\$1,024,607</b>	<b>\$ 990,899</b>
<b>Change from prior year</b>	<b>1%</b>	<b>3%</b>	

Mr. Plamondon was appointed to Senior Vice President, Ambatovy on March 1, 2012. Year-over-year increase in total direct compensation reflects a higher STIP award resulting from improved performance over 2013.

**2014 Pay mix**







**Elvin Saruk**  
**SVP, OIL & GAS and POWER**

Mr. Saruk is responsible for the leadership and management of the Corporation's Oil & Gas and Power divisions by meeting operational and financial objectives as set out by the President & CEO. He contributes to the overall success of the Corporation through active participation in strategic planning and other key corporate processes.

- Mr. Saruk's STIP award is based on a combination of corporate, divisional and individual performance.
- The STIP award for 2014 performance was based on Mr. Saruk's target of 60% of base salary. His award of \$193,800 represents 85% of his target award of \$228,000.

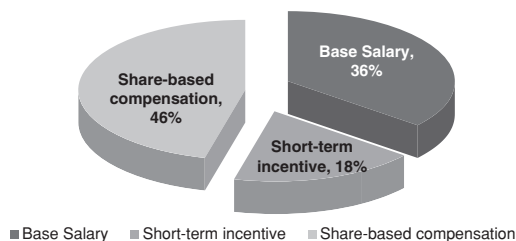
**2014 Key results**

- **Strategy:** Successfully extended a production-sharing contract for an additional 10 years and signed 2 new production-sharing contracts for 25-year terms.
- **Financial and Operating Performance:** the Phase 8 150 MW Boca de Jaruco Combined Cycle plant was commissioned, contributing 44% increase in the volume of electricity generated, while maintaining production costs below expectations; capital spending in Power was reprioritized so that additional gas could be conserved.
- **Build Organizational Capacity and Capability:** Responded to workplace safety issues by appointing a new safety leader to oversee safety programs.

Compensation (as at December 31)	2014	2013	2012
<b>Fixed</b>			
Base Salary	\$ 380,000	\$ 380,000	\$ 360,000
<b>Variable (At-Risk)</b>			
Short-term incentive	\$ 193,800	\$ 159,600	\$ 180,000
Share-based compensation			
RSUs	\$ 350,010	\$ 350,008	\$ 325,000
Stock Options	\$ 135,014	\$ 134,999	\$ 134,899
<b>Total direct compensation</b>	<b>\$1,058,824</b>	<b>\$1,024,607</b>	<b>\$ 999,899</b>
<b>Change from prior year</b>	<b>3%</b>	<b>2%</b>	

Mr. Saruk was appointed to Senior Vice President, Oil & Gas and Power on April 3, 2012. Year-over-year increase in total direct compensation reflects a higher STIP award resulting from improved performance over 2013.

**2014 Pay mix**





**Ward Sellers**  
**SVP, GC and CORPORATE SECRETARY**

Mr. Sellers is responsible for the leadership and management of the overall legal affairs of the Corporation. He is also responsible for the corporate secretarial function. In addition, Mr. Sellers oversees the Corporation's internal audit and anti-bribery and corruption programs. He contributes to the overall success of the Corporation through active participation in strategic planning and other key corporate processes.

**2014 Key results**

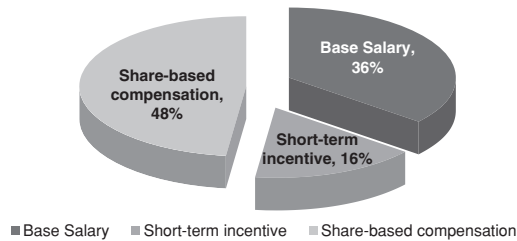
- **Strategy:** Effectively managed the contested 2014 shareholder meeting, the legal oversight of successful Coal divestiture and restructuring of public debt. Key contributor to the CEO's cultural change initiative resulting in organizational restructuring.
- **Financial and Operational Performance:** Implemented alternative fee arrangements, reducing external legal spend and implemented enhancements to anti-bribery and internal audit programs.
- **Build Organizational Capacity and Capability:** Restructured the legal function to eliminate duplication and realize cost savings.

- Mr. Sellers's STIP award is based on a combination of corporate and individual performance.
- The STIP award for 2014 performance was based on Mr. Sellers's target of 50% of base salary. His award of \$157,500 represents 90% of his target award of \$175,000.

Compensation (as at December 31)	2014	2013	2012
<b>Fixed</b>			
Base Salary	\$ 350,000	\$ 72,917	N/A
<b>Variable (At-Risk)</b>			
Short-term incentive	\$ 157,500	\$ 43,750	N/A
Share-based compensation			
RSUs	\$ 325,005	\$ 82,825	N/A
Stock Options	\$ 135,014	\$ 33,712	N/A
<b>Total direct compensation</b>	<b>\$ 967,519</b>	<b>\$ 233,204</b>	<b>N/A</b>

Mr. Sellers was appointed to Senior Vice President, General Counsel and Corporate Secretary on October 9, 2013. As his 2013 total direct compensation reflects a partial year, we have not included a "Change from prior year" percentage.

**2014 Pay mix**



## SUMMARY COMPENSATION TABLE

The following table sets forth for the period indicated, the compensation of the President & CEO, CFO and the three most highly compensation officers.

Name (a)	Year (b)	Salary (c)	Share-Based Awards <sup>(1)</sup> (d)	Option-Based Awards <sup>(2)</sup> (e)	Annual Incentive <sup>(3)</sup> (f)	Pension Value <sup>(4)</sup> (g)	All Other Compensation <sup>(5)</sup> (h)	Total Compensation (i)
David Pathe President and CEO	2014	\$750,000	\$800,010	\$800,007	\$562,500	\$65,730	\$184,742	\$3,162,989
	2013	\$737,500	\$600,018	\$599,976	\$ 0	\$64,680	\$229,701	\$2,231,875
	2012	\$700,000	\$590,000	\$509,903	\$650,000	\$82,630	\$239,968	\$2,772,501
Dean Chambers EVP and CFO	2014	\$450,000	\$340,005	\$259,952	\$245,700	\$29,730	\$159,137	\$1,484,524
	2013	\$443,750	\$340,011	\$260,033	\$189,000	\$43,880	\$164,032	\$1,440,706
	2012	\$419,583	\$335,000	\$225,002	\$205,000	\$48,980	\$164,024	\$1,397,589
Mark Plamondon SVP, Ambatovy	2014	\$380,000	\$350,010	\$135,014	\$171,000	\$21,330	\$648,283	\$1,705,637
	2013	\$375,000	\$350,008	\$134,999	\$159,600	\$33,420	\$623,890	\$1,676,917
	2012	\$360,000	\$325,000	\$134,899	\$171,000	\$41,830	\$422,456	\$1,455,185
Elvin Saruk SVP, Oil & Gas and Power	2014	\$380,000	\$350,010	\$135,014	\$193,800	\$21,330	\$147,137	\$1,227,291
	2013	\$375,000	\$350,008	\$134,999	\$159,600	\$33,420	\$166,489	\$1,219,516
	2012	\$360,000	\$325,000	\$134,899	\$622,623	\$41,830	\$262,490	\$1,746,842
Ward Sellers <sup>(6)</sup> SVP, GC and Corporate Secretary	2014	\$350,000	\$325,005	\$135,014	\$157,500	\$17,730	\$132,688	\$1,117,937
	2013	\$ 79,647	\$ 82,825	\$ 33,712	\$ 43,750	\$ 0	\$ 20,546	\$ 260,480
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Notes:

- The number of RSUs awarded to each NEO in 2014 was calculated by dividing the compensation value (grant date fair value) of the award by the Market Price on the date of grant, which was \$3.00.
- The number of Stock Options awarded to each NEO in 2014 was calculated by dividing the compensation value of the award by the product of the market price on the date of grant, which was \$3.00, and the Black-Scholes value, which was 51.67%. For the purpose of calculating the Black-Scholes compensation value, the Corporation uses the discrete method for determining the dividend value as grants are awarded at a point in time. As a result, the Black-Scholes value for the March 3, 2014 grant was calculated using the following assumptions: (a) interest rate of 2.38%; (b) Share price volatility of 49.01%; (c) a dividend yield of \$0.35; and (d) an option term of 10 years.  
  
In 2014, the compensation value was more than the accounting fair value for the Stock Options awarded to Messrs. Pathe, Chambers, Plamondon, Saruk, and Sellers by \$365,125, \$118,643, \$61,621, \$61,621, and \$61,621 respectively.  
  
The Black-Scholes value used for calculating the accounting fair value uses a continuous method for determining the dividend value. As a result, the Black-Scholes value used for calculating the accounting fair value was 28.09% and was calculated using the following assumptions: (a) interest rate of 2.38%; (b) Share price volatility of 49.10%; (c) a dividend yield of 5.69%; and (d) an option term of 10 years.
- Mr. Saruk's 2012 "Annual Incentive" also includes a construction completion bonus in the amount of \$442,623 in relation to his term served at the Ambatovy Joint Venture.
- The Pension Value represents the notional amount of contributions allocated by the Corporation on behalf of each NEO to the ESPP. Additional information on the ESPP can be found under "Retirement Savings" on page 39 and "Pension Benefits" on page 62.
- The following table provides details for the 2014 All Other Compensation amounts reported above.

	David Pathe	Dean Chambers	Mark Plamondon	Elvin Saruk	Ward Sellers
Life Insurance	\$ 2,375	\$ 2,140	\$ 2,024	\$ 1,678	\$ 1,671
Car Benefit	Nil	Nil	\$ 1,130	Nil	Nil
Group RRSP	\$ 24,270	\$ 24,270	\$ 24,270	\$ 24,270	\$ 24,270
Health, Dental & LTD	\$ 5,887	\$ 5,887	\$ 5,451	\$ 5,451	\$ 5,887
Helms-Burton Allowance <sup>(i)</sup>	\$115,370	\$ 90,000	\$ 20,458	\$ 76,000	Nil
International Allowances <sup>(ii)</sup>	Nil	Nil	\$562,000	Nil	Nil
Provincial Health Premium	\$ 900	\$ 900	Nil	Nil	\$ 900
Parking	\$ 1,440	\$ 1,440	Nil	\$ 7,308	\$ 1,440
Perquisite Allowances	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000
ESOP	\$ 2,500	\$ 2,500	\$ 950	Nil	Nil
Taxable benefits including gross-ups <sup>(iii)</sup>	Nil	Nil	Nil	Nil	\$ 66,520
<b>Total</b>	<b>\$184,742</b>	<b>\$159,137</b>	<b>\$648,283</b>	<b>\$147,137</b>	<b>\$132,688</b>

### Notes:

- Certain NEOs have been listed under Title IV of the Helms-Burton Act and receive a Helms-Burton Allowance. Although these allowances are not considered compensation they have been included in the table in the interest of providing full disclosure.
- Mr. Plamondon was transferred to the Ambatovy Joint Venture in Madagascar in March 2012 and became eligible for certain international allowances at that time.
- As part of his employment offer, Mr. Sellers received a taxable relocation allocation, including gross-ups.

- (6) Mr. Sellers joined the Corporation on October 9, 2013 as SVP, General Counsel and Corporate Secretary and at that time was subject to a trading blackout which prevented his 2013 share-based compensation from being granted until January 2014. The details of his 2013 share-based compensation awards follow:

The number of RSUs awarded to Mr. Sellers in respect of 2013 was calculated by dividing the compensation value (grant date fair value) of the award by the market price of \$3.70.

The number of Stock Options awarded to Mr. Sellers was calculated by dividing the compensation value of the award by the product of the market price on the date of grant, which was \$3.70, and the Black-Scholes value, which was 30.27%. For the purpose of calculating the Black-Scholes compensation value, the Corporation uses the discrete method for determining the dividend value as grants are awarded at a point in time. As a result, the Black-Scholes value for the grant was calculated using the following assumptions: (a) interest rate of 2.73%; (b) Share price volatility of 48.85%; (c) a dividend yield of \$1.49; and (d) an option term of 10 years.

The compensation value was less than the accounting fair value for the Stock Options awarded to Mr. Sellers by \$356.

The Black-Scholes value used for calculating the accounting fair value uses a continuous method for determining the dividend value. As a result, the Black-Scholes value used for calculating the accounting fair value was 30.59% and was calculated using the following assumptions: (a) interest rate of 2.70%; (b) Share price volatility of 48.92%; (c) a dividend yield of 4.91%; and (d) an option term of 10 years.

## NOTIONAL VALUE OF TOTAL COMPENSATION

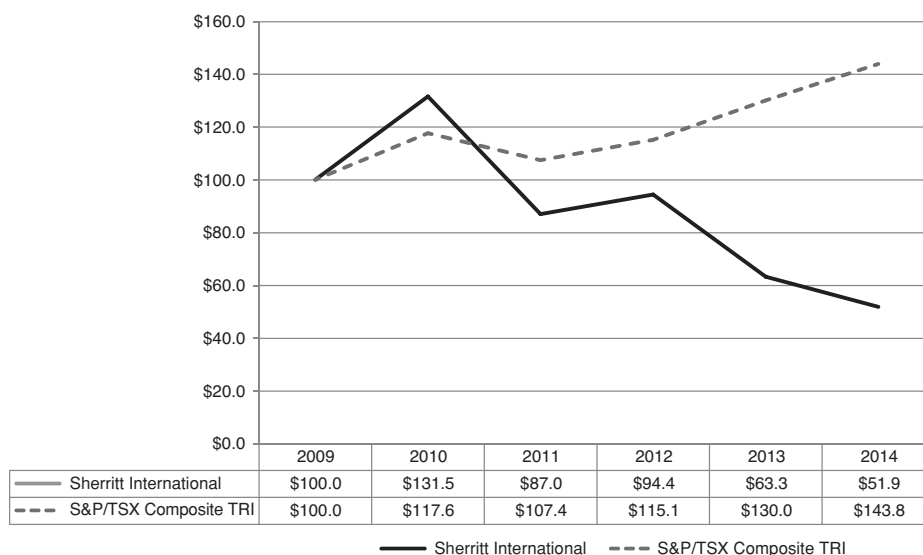
The following table provides the estimated value of total compensation in the specified year if the option-based and share-based awards were valued as at December 31, 2014 compared to the total compensation values provided in the Summary Compensation Table above. This table has been included to illustrate how the change in Share price impacts the value of NEO total compensation, aligning compensation directly with Shareholders. The Total Compensation as per the Notional Value as noted in the table below includes the following:

- Total compensation less the compensation value for share-based and option-based awards, as provided in the Summary Compensation Table above;
- The value of RSUs granted in 2013 and 2014, calculated by (i) multiplying the number of RSUs outstanding as at December 31, 2014 (equal to the number of units granted plus dividend equivalents reinvested) by the closing share price on the TSX on December 31, 2014, which was \$3.00; and (ii) a performance factor of 100%;
- The value of the Restricted Stock granted in 2012, calculated by (i) multiplying the number of Restricted Stock by the closing share price on the TSX on December 31, 2014, which was \$3.00; and (ii) adding the tax remitted to the CRA; and
- To the extent any Stock Options granted in a specified year are subsequently exercised, any gains on such exercise are calculated by (i) multiplying the difference between the Stock Options' exercise price and the volume-weighted average trading price of a Share on the TSX for the five (5) trading days preceding the exercise date, by (ii) the number of outstanding Stock Options exercised. The NEOs have not exercised any vested Options that were granted in 2012, 2013 and 2014.

Name	Year	Total Compensation as per the Summary Compensation Table	Total Compensation as per the Notional Value	Variance
David Pathe President and CEO	2014	\$3,162,989	\$2,367,050	\$(795,939)
	2013	\$2,231,875	\$1,400,497	\$(831,378)
	2012	\$2,772,501	\$1,919,497	\$(853,004)
Dean Chambers EVP and CFO	2014	\$1,484,524	\$1,227,278	\$(257,246)
	2013	\$1,440,706	\$1,049,546	\$(391,160)
	2012	\$1,397,589	\$1,010,684	\$(386,905)
Mark Plamondon SVP, Ambatovy	2014	\$1,705,637	\$1,573,407	\$(132,230)
	2013	\$1,676,917	\$1,406,935	\$(269,982)
	2012	\$1,455,185	\$1,141,818	\$(313,367)
Elvin Saruk SVP, Oil & Gas and Power	2014	\$1,227,290	\$1,095,061	\$(132,229)
	2013	\$1,219,516	\$ 949,534	\$(269,985)
	2012	\$1,746,842	\$1,433,475	\$(313,367)
Ward Sellers <sup>(6)</sup> SVP, GC and Corporate Secretary	2014	\$1,117,937	\$ 985,509	\$(132,428)
	2013	\$ 260,480	\$ 211,632	\$ (48,848)

## PERFORMANCE GRAPH (Total Shareholder Return)

The following graph illustrates the cumulative total shareholder return of \$100 invested on December 31, 2009 in shares of the Corporation, compared with the return on the S&P/TSX Composite Total Return Index.



As illustrated in the table below, the change in total NEO compensation tracks directionally with the performance of the Share price and overall total shareholder return, with the exception of 2012 where NEO compensation decreased and Share value increased, and in 2014 where NEO compensation marginally increased and shareholder returns decreased.

Year	Year-over-Year Percent Change to Aggregate NEO Compensation (%)	Year-over-Year Percent Change to Cumulative Total Shareholder Return (%)	Year-over-Year Percent Change to Cumulative Total Shareholder Return for S&P/TSX Composite Total Return (%)
2014	0.1	(18.0)	10.6
2013 <sup>(1)</sup>	(15.4)	(32.9)	12.9
2012 <sup>(2)</sup>	(1.1)	8.5	7.2
2011 <sup>(3)</sup>	(5.7)	(33.8)	(8.7)
2010 <sup>(3)</sup>	19.5	31.5	17.6

### Notes:

- (1) Total NEO compensation has been adjusted for the reporting of six NEOs in 2013. Mr. Tiessen served as EVP Operations until October 10, 2013. As a result, his 2013 total compensation has been excluded from this analysis.
- (2) Total NEO compensation has been adjusted for the reporting of two Chief Financial Officers in 2012. Mr. Robins served as Chief Financial Officer until December 10, 2012. Mr. Chambers was appointed EVP and CFO at that time. As a result, Mr. Robins' total compensation has been excluded from this analysis.
- (3) Excludes Mr. Delaney's retirement and Chairman allowances, which were entitlements earned by him prior to serving as Chief Executive Officer in 2010 and 2011.

## INCENTIVE PLAN AWARDS

The compensation value of mid- and long-term incentive awards for the executives are determined annually during the February Committee and Board meetings. Recommendation and approvals of awards are as follows:

- **President & CEO.** The Human Resources Committee, with advice from its independent advisor, recommends to the Board for approval, the compensation value for the President & CEO.
- **Other Senior Executive Officers.** The President & CEO recommends to the Human Resources Committee, for approval, the compensation value for his direct reports.

## Executive Share Unit Plan

The following table provides the details of the Executive Share Unit Plan, which authorizes the granting of Restricted Share Units (“**RSUs**”) and Deferred Share Units (“**DSUs**”). DSUs have not been granted since 2004 and in 2014 they were removed from the plan document.

In addition, the following changes were made to the Executive Share Unit Plan in 2014:

- In the event of a change of control, permitting the conversion/assumption of outstanding RSU awards by an acquiror on the basis of comparable value and conditions, instead of requiring immediate vesting and payment; however, the Human Resources Committee retains discretion to require immediate vesting and payment if comparable value or conditions cannot be provided by the acquiror.
- Price the conversion of dividend equivalents into additional units on the dividend payment date, rather than the dividend record date.

<b>Feature</b>	<b>Description</b>
<b>Securities</b>	Phantom share units that track the value of Shares.
<b>Eligibility</b>	Select employees, including executives, are eligible to receive an award.
<b>Awards</b>	The number of shares to be granted is calculated by dividing the compensation value with the volume-weighted average trading price of a Share on the TSX for the five trading days immediately preceding the grant date. The calculated number of units is rounded to the nearest five.
<b>Term</b>	RSUs are granted with a three-year term.
<b>Dividends</b>	The value of dividends paid on Shares is reinvested as additional share units.
<b>Vesting</b>	Awards have a three-year time vesting period and are subject to performance vesting conditions, if applicable.
<b>Redemption</b>	RSUs are redeemed by the Corporation at their vesting date for a cash payment.
<b>Redemption Price</b>	Equal to the volume-weighted average price of Shares on the TSX for the five trading days immediately preceding the redemption date.
<b>Performance Factors</b>	RSUs granted in 2013 and 2014 include a Relative Total Shareholder Return performance condition. The final number of RSUs that vest will range between 80% and 120% of the outstanding number of units on the vesting date.
<b>Cessation of Employment</b>	<b>Death or Disability.</b> Vest immediately with a performance factor, if any, of 100%. <b>Termination without Cause.</b> Vest per normal vesting schedule. <b>Resignation or Termination with Cause.</b> Awards are forfeited.
<b>Recoupment</b>	RSUs granted in 2014 can be recouped if there is a restatement of financials which resulted from executive misconduct which led to an overpayment of incentive compensation.
<b>Assignability</b>	Not permitted.
<b>Amendments</b>	The Board may amend the Executive Share Unit Plan subject to any required regulatory or Shareholder approvals; provided a participant’s previously granted RSUs cannot be negatively affected without the participant’s consent.

## **Restricted Stock Plan**

The following table provides the details of the Restricted Stock Plan. Restricted Stock awards have not been granted since 2012. No amendments were made to the Restricted Stock Plan in 2014.

<b>Feature</b>	<b>Description</b>
<b>Securities</b>	Restricted Stock is beneficially owned by the participant, including the right to vote. Restricted Stock is held in trust for the participant during the restricted period.
<b>Eligibility</b>	Employees designated from time to time by the Human Resources Committee. Currently employees at the Senior Vice President level and above are eligible to participate.
<b>Calculation of Award</b>	Awards are converted into Shares by (a) deducting a consistent notional tax amount from the intended compensation value, (b) dividing the after-tax value by the market price, and (c) rounding the calculated number of Shares to the nearest 100.
<b>Dividends</b>	Dividends are paid in cash to participants.
<b>Restrictions and Performance Conditions</b>	At the time of grant, the Human Resources Committee sets restrictions, including performance conditions, if any.
<b>Vesting</b>	Restricted Stock vests when any restrictions and performance conditions have been satisfied, which typically occurs three years from the date of grant.
<b>Cessation of Employment</b>	<b>Death:</b> Vest as of date of death. <b>Retirement, Disability and Termination without Cause:</b> Continue to vest per vesting schedule. <b>Resignation and Termination with Cause:</b> Forfeited.
<b>Amendments and Variations</b>	The Board has the authority to amend the Restricted Stock Plan, subject to any required regulatory or Shareholder approvals; provided a participant previously granted Restricted Stock cannot be negatively affected without the participant's consent.

## Stock Option Plan

The following table provides the details of the Stock Option Plan, which authorizes the granting of Stock Options with or without Tandem Stock Appreciation Rights (“**TSARs**”). TSARs have not been issued since March 2010. In 2014, the following changes were made to the Stock Option Plan:

- In the event of a change of control, permitting the conversion/assumption of outstanding Stock Option awards by an acquiror on the basis of comparable value and conditions, instead of requiring immediate vesting and payment; however, the Human Resource Committee retains discretion to require immediate vesting and payment if comparable value or conditions cannot be provided by the acquiror.

	Stock Options	Stock Option with TSARs
<b>Securities</b>	A stock option (an “ <b>Option</b> ”) entitles a holder to purchase, in the future, a Share at a price (the “ <b>exercise price</b> ”) set at the time of grant.	An Option granted with a TSAR entitles the holder to a cash payment equal to the difference between the exercise price and the purchase price.
<b>Eligibility</b>	Senior Vice President level and above are eligible to participate.	
<b>Awards</b>	The number of Options granted to participants is calculated by dividing the compensation value of the award by the product of the market price on the date of grant and the Black Scholes value. The calculated number of Options and TSARs is rounded to the nearest 100.	
<b>Term</b>	Options are typically granted with a ten-year term. The maximum term is ten years (except where the Option with or without TSAR expires during a restricted trading period, in which case, the expiry date is extended to ten days following the end of the restricted trading period).	
<b>Vesting</b>	One-third vest and become exercisable on each of the first three anniversaries of the grant date.	
<b>Exercise</b>	<p>The purchase price is determined using the volume-weighted average trading price of a Share on the TSX for the five trading days immediately preceding the exercise date.</p> <p>Upon exercise, a Share is issued from treasury.</p>	<p>The value of the TSAR is determined using the volume-weighted average trading price of a Share on the TSX for the five trading days immediately preceding the exercise date.</p> <p>Upon exercise, the related Option is cancelled and the Share underlying the cancelled Option is no longer available for issuance.</p>
<b>Cessation of Employment</b>	<p><b>Death or Disability.</b> Options vest as at the date of death or disability and may be exercised within the earlier of 180 days of such date and the original expiry date.</p> <p><b>Resignation and Termination without Cause.</b> Vested Options and those that vest within 90 days of the termination date may be exercised. Unvested Options and vested Options that have not been exercised are cancelled 90 days from the date of termination.</p> <p><b>Termination with Cause.</b> Vested and unvested Options are cancelled on the date of termination.</p>	



	Stock Options	Stock Option with TSARs
<b>Recoupment</b>	Options granted in 2014 can be recouped if there is a restatement of financials which resulted from executive misconduct which resulted in an over payment of incentive compensation.	
<b>Assignability</b>	Options are not assignable.	
<b>Limitations</b>	<p>The Stock Option Plan places certain limitations on grants and terms of Options with or without TSARs These include:</p> <ul style="list-style-type: none"> <li>• The exercise price must not be lower than the market price of the Shares at the date of grant;</li> <li>• The total number of Shares issued or issuable to any one person under the Stock Option Plan, together with all other security based compensation arrangements of the Corporation, shall not exceed 5% of the Corporation's issued and outstanding securities;</li> <li>• The total number of Shares (a) issued to insiders of the Corporation within a one year period; and (b) issuable to insiders of the Corporation at any time under the Stock Option Plan, together with all other security based compensation arrangements of the Corporation, shall not exceed 10% of the Corporation's issued and outstanding securities;</li> <li>• The exercise of Options with or without TSARs is subject to the Corporation's Insider Trading Policy.</li> </ul>	
<b>Amendments and Variations</b>	<p>The Board or the Human Resources Committee may amend the terms of an Option in compliance with the Stock Option Plan.</p> <p>The Board may amend the Stock Option Plan subject to required regulatory or Shareholder approvals; provided a participant's previously granted options cannot be negatively affected without the participant's consent.<sup>(1)(2)</sup></p>	

**Notes:**

- (1) The Human Resources Committee may make certain types of amendments to the Stock Option Plan without seeking Shareholder approval, including amongst other things; (i) amendments of an administrative nature; (ii) amendments to the vesting provisions of the Stock Option Plan or any Option; (iii) amendments to the Stock Option Plan to comply with tax laws; (iv) amendments to termination provisions not providing an extension beyond the original expiry date, or a date beyond a permitted automatic extension in the case of an Option expiring during a blackout period; and (v) amendments providing for or modifying or deleting a cashless exercise feature, payable in cash or Shares and providing for a full deduction of underlying Shares from the Stock Option reserve.
- (2) Shareholder approval is required for the following types of amendments to the Stock Option Plan, including amongst other things: (i) amendments to the number of Share issuable under the Stock Option Plan; (ii) amendments reducing the exercise price or purchase price of an Option; and (iii) amendments to termination provisions providing and extension beyond the original expiry date, or a date beyond a permitted automatic extension in the case of an Option expiring during a blackout period.

## Outstanding Option-Based and Share-Based Awards

The following table provides information concerning all unexercised Option-based awards and non-vested Share-based awards outstanding as of December 31, 2014 that were granted to the NEOs on or before December 31, 2014.

Name	Option-Based Awards				Share-Based Awards	
	# of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	# of Share-Based Awards that Have Not Vested (#)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed <sup>(2)</sup> (\$)
David Pathe	15,000	14.91	4 Jul 17	Nil		
	25,000	15.02	17 Jun 18	Nil		
	25,000	3.69	12 Nov 18	Nil		
	155,000	5.16	16 Jul 19	Nil		
	103,463	8.33	22 Mar 20	Nil		
	70,300	9.10	4 Mar 21	Nil		
	199,200	6.04	2 Mar 22	Nil		
	319,100	5.14	11 Mar 23	Nil		
	516,129	3.00	3 Mar 24	Nil		
					30,200	90,600
					27,000	81,000
					122,872 <sup>(3)</sup>	368,616
					268,792 <sup>(3)</sup>	806,376
	<b>1,428,163</b>			<b>Nil</b>	<b>448,864</b>	<b>1,346,892</b>
Dean Chambers	40,000	14.91	4 Jul 17	Nil		
	50,000	15.02	17 Jun 18	Nil		
	155,000	5.16	16 Jul 19	Nil		
	103,463	8.33	22 Mar 20	Nil		
	70,300	9.10	4 Mar 21	Nil		
	87,900	6.04	2 Mar 22	Nil		
	138,300	5.14	11 Mar 23	Nil		
	167,700	3.00	3 Mar 24	Nil		
					29,700	89,100
					69,628 <sup>(3)</sup>	208,884
					114,237 <sup>(3)</sup>	342,711
	<b>812,663</b>			<b>Nil</b>	<b>213,565</b>	<b>640,695</b>
Mark Plamondon	8,334	9.78	9 Nov 15	Nil		
	25,000	14.91	4 Jul 17	Nil		
	25,000	15.02	17 Jun 18	Nil		
	63,669	8.33	22 Mar 20	Nil		
	70,300	9.10	4 Mar 21	Nil		
	52,700	6.04	2 Mar 22	Nil		
	71,800	5.14	11 Mar 23	Nil		
	87,100	3.00	3 Mar 24	Nil		
					28,800	86,400
					71,675 <sup>(3)</sup>	215,025
					117,598 <sup>(3)</sup>	352,794
	<b>403,903</b>			<b>Nil</b>	<b>218,073</b>	<b>654,219</b>

Name	Option-Based Awards				Share-Based Awards	
	# of Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	# of Share-Based Awards that Have Not Vested (#)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed <sup>(2)</sup> (\$)
Elvin Saruk	25,000	9.78	9 Nov 15	Nil		
	40,000	10.34	2 Mar 16	Nil		
	50,000	14.91	4 Jul 17	Nil		
	50,000	15.02	17 Jun 18	Nil		
	155,000	5.16	16 Jun 19	Nil		
	103,463	8.33	22 Mar 20	Nil		
	70,300	9.10	4 Mar 21	Nil		
	52,700	6.04	2 Mar 22	Nil		
	71,800	5.14	11 Mar 23	Nil		
	87,100	3.00	3 Mar 24	Nil		
					28,800	86,400
					71,675 <sup>(3)</sup>	215,025
					117,598 <sup>(3)</sup>	352,794
	<b>705,363</b>			<b>Nil</b>	<b>218,073</b>	<b>654,219</b>
Ward Sellers	30,100	3.70	6 Jan 24	Nil		
	87,100	3.00	3 Mar 24	Nil		
					22,563 <sup>(3)</sup>	67,689
					109,197 <sup>(3)</sup>	327,591
	<b>117,200</b>			<b>Nil</b>	<b>131,760</b>	<b>395,280</b>

**Notes:**

- (1) The "Value of Unexercised In-The-Money Options" is calculated by multiplying the difference between the Option exercise price and the closing price of Shares on the TSX on December 31, 2014, which was \$3.00, by the number of outstanding Stock Options (both vested and unvested). Where the difference was negative, the Stock Options are not in-the-money and no value is reported. Any actual payments resulting from the exercise of Stock Options under the Stock Option Plan are calculated by multiplying the difference between the Stock Option exercise price and the volume-weighted average trading price of a Share on the TSX for the five (5) trading days preceding the exercise date, by the number of outstanding Options.
- (2) The market value of the share-based awards is calculated by multiplying the number of unvested share-based awards by the closing price of Shares on the TSX on December 31, 2014, which was \$3.00.
- (3) Represents 100% of outstanding RSUs. The final number of RSUs that vest will vary from 80% to 120% of the number of RSUs originally awarded plus dividend equivalents reinvested, if applicable.

### Value Vested or Earned During the Year

The following table provides information concerning: (i) the aggregate dollar value that would have been realized by the NEOs if their option-based awards that vested during 2014 had been exercised on the vesting date; (ii) the aggregate dollar value that would have been realized by the NEOs if their share-based awards that vested during 2014 had been paid out on the vesting date; and (iii) the aggregate dollar value of all non-equity incentive plan compensation earned by the NEO during 2014.

Name	Option-Based Award Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation Value Earned During the Year (\$)
David Pathe	Nil	25,029	562,500
Dean Chambers	Nil	25,029	245,700
Mark Plamondon	Nil	25,029	171,000
Elvin Saruk	Nil	25,029	193,800
Ward Sellers	N/A	N/A	157,500

**Notes:**

- Messrs. Pathe, Chambers, Plamondon and Saruk had Stock Options that vested during 2014. The value of these securities is calculated by multiplying (a) the number of Stock Options that vested during the year by (b) the difference between the exercise price of each such Option and the closing price of the Shares on the TSX on the vesting date for such Option. If the vesting date was not a trading day, the closing price on the first trading day immediately following the vesting date was used. Where the difference was negative, the Stock Options are not in-the-money and no value is reported.
- Messrs. Pathe, Chambers, Plamondon, and Saruk had Restricted Stock awards that vested on March 4, 2014. The value of these awards were calculated by multiplying (a) the number of Restricted Stock that vested during the year by (b) the closing price of Shares on the TSX on the vesting date for the award which was \$3.09.

### Executive Share Ownership Requirements

In 2009, the Corporation established share ownership requirements for the senior executive officers of the Corporation (“**Executive SOR**”) which are designed to align the interests of executives with the interests of Shareholders. The Executive SOR can be satisfied with shares, Restricted Stock and RSUs personally held by executives (the “**Qualified Executive SOR Holdings**”). The Executive SOR is a multiple of each executives’ base salary, with the President and CEO required to maintain 3 times his base salary and each of the Executive Vice Presidents and Senior Vice Presidents required to maintain 1 times his or her base salary. Executives have five years from the later of (i) the date the policy was introduced; or (ii) the date they were appointed to a position with a new Executive SOR level to meet their Executive SOR requirement.

The table below provides the Executive SOR for each NEO as of March 15, 2015.

Name	Executive SOR		Qualified Executive SOR Holdings as of March 15, 2015 <sup>(1)</sup>					Total Ownership Multiple	Minimum Ownership Met
	Multiple of Base Salary	Total (\$)	Common Shares (\$)	Restricted Share Units (\$)	Restricted Stock (\$)	Total Ownership (\$)			
David Pathe	3	2,250,000	713,802	2,331,741	133,920	3,179,464	4.2	Yes	
Dean Chambers	1	450,000	928,055	1,046,944	0	1,974,999	4.4	Yes	
Mark Plamondon	1	380,000	442,136	1,077,740	0	1,519,876	4.0	Yes	
Elvin Saruk	1	380,000	655,230	1,077,740	0	1,732,970	4.6	Yes	
Ward Sellers	1	350,000	28,404	771,377	0	799,781	2.3	Yes	

**Notes:**

- Qualified Executive SOR Holdings were calculated using the number of Shares, Restricted Stock and RSUs held as at March 15, 2015 multiplied by the greater of (a) the grant or purchase price and (b) the Closing price on the TSX on March 13, 2015 (\$2.16), being the last trading day immediately preceding March 15, 2015, which was not a trading day. Assumes 100% of the RSUs granted to NEOs will vest. The final number of RSUs that vest will vary from 80% to 120% of the number of RSUs originally awarded plus dividend equivalents.

## Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets out information with respect to the stock compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance to employees or former employees, in exchange for consideration in the form of goods or services. Information in the table below is given as at December 31, 2014.

Plan Category	Securities to be Issued Upon Exercise of Outstanding Stock Options	% of Shares Outstanding	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Securities Remaining Available for Future Issuance Under Equity Compensation Plans	% Shares Outstanding	Total Securities Outstanding & Available for Future Issuance	% of Shares Outstanding
Stock Option Plan approved by securityholders <sup>(1)(2)</sup>	5,518,752	1.88%	\$7.52	5,248,555	1.79%	10,767,307	3.67%
Share Purchase Plan approved by securityholders <sup>(3)</sup>	N/A	N/A	N/A	925,395	0.32%	925,395	0.32%
Equity compensation plans not approved by securityholders	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>5,518,752</b>	<b>1.88%</b>	<b>\$7.52</b>	<b>6,173,950</b>	<b>2.10%</b>	<b>11,692,702</b>	<b>3.98%</b>

### Notes:

- (1) Represents Shares issuable under the Corporation's Stock Option Plan. The Stock Option Plan was established in 1995 following the creation of the Corporation and before the Shares were distributed to the public. The Stock Option Plan was amended in 2005 and 2007, and further amended in 2010 and 2014.
- (2) The Corporation is authorized to issue up to 17,500,000 Shares under the terms of the Stock Option Plan. The number of Shares available for future issuance under the Plan includes Shares that have not previously been reserved for a Stock Option grant and Shares underlying unexercised Stock Options that have expired or were terminated.
- (3) The Corporation is authorized to issue up to 3,300,000 Shares under the Share Purchase Plan. As of December 31, 2014, 2,374,605 Shares had been issued under the Plan.

## Stock Option Plan Overhang, Dilution and Burn-Rate

The following table sets out information with respect to the overhang, dilution and burn-rate calculations for the Stock Option Plan as at December 31, 2014.

	Description	Percentage
Overhang	The total number of Shares reserved for issuance under the Stock Option Plan plus the number of Stock Options and TSARs outstanding, divided by the number of total Shares outstanding.	3.7%
Dilution	The number of Stock Options and TSARs outstanding, divided by the number of total Shares outstanding.	1.9%
Burn-rate	The total number of Stock Options issued in a year divided by the number of total Shares outstanding.	0.4%

## PENSION BENEFITS

No changes were made to the retirement savings program in 2014. Retirement savings contributions made on behalf of the executive is outlined in the table below.

Executive Level	Contribution (% of Base Salary)
CEO	12%
EVP	12%
SVP	12%

Contributions made on behalf of the executive are directed to the Group RSP until the annual maximum RRSP contribution limit is reached. The remaining contributions are notionally directed to the executive's ESPP account.

The following table sets forth details of the ESPP accounts for each of the NEOs, the proceeds of which are payable to NEOs upon cessation of their employment.

	Accumulated Value at Start of the Year (\$)	Compensatory <sup>(1)</sup> (\$)	Non- Compensatory <sup>(2)</sup> (\$)	Accumulated Value at Year End (\$)
David Pathe	263,278	65,730	4,842	333,850
Dean Chambers	309,931	29,730	42,222	381,883
Mark Plamondon	197,308	21,330	28,819	247,456
Elvin Saruk	380,646	21,330	5,498	407,474
Ward Sellers	Nil	17,730	303	18,033

### Notes:

- (1) Compensatory changes represent the notional amount contributed in 2014 to each NEO's ESPP account.  
(2) Non-compensatory changes represent the notional investment earnings or losses accrued on each NEO's ESPP account.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

### Employment Agreements and Termination Arrangements

Employment agreements are in place with Mr. Pathe and Mr. Sellers. For Messrs. Chambers, Plamondon and Saruk, any severance entitlements are in accordance with statutory requirements and common law.

The following table summarizes the details of termination arrangements outlined in Mr. Pathe's and Mr. Sellers' employment agreements.

	Mr. Pathe	Mr. Sellers
Base Salary	24 months	18 months
STIP	2x the average of the prior two years' payout, with a deemed 2013 annual incentive of 60% of target; plus a pro-rata annual incentive for the year of termination.	1.5x the greater of (a) 75% of target for current year and (b) actual award for prior year (not to exceed 100% of target).
Mid- and long-term incentives	Pursuant to the terms of the applicable plan for awards previously received.	Pursuant to the terms of the applicable plan for awards previously received
Benefits and perquisites	24 months	18 months

## **Change of Control**

Upon appointment to the SVP level or above, change of control agreements have been entered into with each executive. Accordingly, change of control agreements exist for each of Messrs. Pathe, Chambers, Plamondon, Saruk and Sellers. Under the terms of these agreements, if the executive's employment is terminated without cause or if they resign for good reason (as defined in the change of control agreement) within 24 months of a change of control or prior to a change of control at the request of an acquirer, the executive is entitled to certain benefits.

For purposes of these agreements, change of control is defined as:

- (1) The acquisition (directly or indirectly) by any person or a combination of persons acting jointly or in concert (other than an entity or entities that were, immediately prior to such acquisition, affiliates of the Corporation) of more than 50% of the voting securities of the Corporation;
- (2) Fifty percent or more of the issued and outstanding voting securities of the Corporation become subject to a voting trust other than a voting trust controlled by any entity or entities that were, immediately prior to such disposition, affiliates of the Corporation;
- (3) A majority of the Directors of the Corporation are removed from office or fail to be re-elected at any annual or special meeting of Shareholders, or a majority of the Directors resign from office over a period of 60 days or less, and the vacancies created thereby are not filled by appointments made by the remaining members of the Board;
- (4) The disposition of all or substantially all of the assets of the Corporation other than to an entity or entities that were, immediately prior to such disposition, affiliates of the Corporation;
- (5) Where applicable, the disposition of all or substantially all of the assets of a Division in which the Executive is employed other than to an entity or entities that were, immediately prior to such disposition, Affiliates of the Corporation;
- (6) Any resolution is passed or any action or proceeding is taken with respect to the liquidation, dissolution or winding-up of the Corporation;
- (7) The Corporation amalgamates with one or more entities other than any entity or entities that were, immediately prior to such amalgamation, affiliates of the Corporation, if the result of such amalgamation is that persons who were formerly Shareholders of the Corporation immediately prior to such amalgamation hold less than a majority of the voting securities of the amalgamated entity;
- (8) The Corporation enters into any transaction or arrangement which would have the same or similar effect as any of the transactions referred to in the foregoing paragraphs; or
- (9) Any person (other than the executive or any of his associates) makes a bona fide take-over bid for the Shares of the Corporation that, if successful, would result in a change of control of the Corporation as defined in paragraph 1 above.

The treatment of Share-based compensation awards upon a change of control is governed by:

- the terms of our various compensation plans and is described below for a change of control without a termination;
- the terms of the change of control agreement for change of control with a termination.

The following table summarizes the compensation that would be paid to the NEO in a change of control with and without termination.

	Change of Control without Termination	Change of Control with Termination
Severance	None	Lump sum payment equal to the sum of: <ul style="list-style-type: none"> <li>• two times base salary at date of termination;</li> <li>• two times annual incentive at target performance;</li> <li>• 24 months of retirement savings contributions;</li> <li>• 24 months of perquisite allowance; and</li> <li>• 24 months of benefit premiums.</li> </ul>
Options with or without TSARs	<p><b>Options granted after 2014:</b> Continue to vest and become exercisable per normal schedule.</p> <p><b>Options granted 2014 and earlier:</b> Immediately vest.</p>	Immediately vest and become exercisable for a period of 12 months from the termination date.
RSUs	Continue to vest per normal vesting schedule.	Vest and become payable upon termination. Performance conditions, if any, will be deemed to have been met at target performance (100%).
Restricted Stock	The Board has the discretion to provide that some or all of the Restricted Stock held by the participant vests on or within a specified period prior to or following the change of control.	Vest and unrestricted ownership is transferred to participant.
Helms-Burton Allowance	Not impacted.	Continues until the NEO is removed from the Title IV list.

**Notes:**

- (1) The change of control agreements do not include any non-compete or non-solicitation provisions.
- (2) The NEO is expected to take necessary action to be removed from the Title IV list, and provided with reasonable assistance as may be necessary.



## **Calculation of Incremental Amounts**

The incremental amounts payable to each of the NEOs under various termination scenarios are set out in the table below. The estimated incremental amounts include the amounts described in the Termination and Change of Control tables set out above, as well as other amounts payable in accordance with the Corporation's incentive plans. The actual amount that an NEO will receive under each termination of employment scenario depends on actual circumstances at time of termination. As there are many factors that would affect the nature of the amount of any benefit provided to the NEO as a result of a termination of employment, actual amounts may be higher or lower than what is described below. The following assumptions have been made for purposes of calculating the incremental benefit for each NEO:

- Termination date of December 31, 2014;
- Closing Share price as at December 31, 2014, which was \$3.00;
- As all the unvested Stock Options which would vest are not-in-the money at December 31, 2014, there is no incremental benefit;
- For retirement, termination without cause and change of control with termination, three months of Helms-Burton Allowance; and
- The incremental amount for termination without cause does not include amounts that may be payable under common law to Messrs. Chambers, Plamondon and Saruk. The incremental amounts for each of Messrs. Pathe and Sellers for a termination without cause are determined in accordance with their respective employment agreements.

	<b>David Pathe</b>	<b>Dean Chambers</b>	<b>Mark Plamondon</b>	<b>Elvin Saruk</b>	<b>Ward Sellers</b>
Resignation	Nil	Nil	Nil	Nil	Nil
Retirement	\$1,384,092	\$ 663,195	\$ 654,219	\$ 673,219	\$ 395,280
Termination with Cause	Nil	Nil	Nil	Nil	Nil
Termination without Cause	\$4,271,416	\$ 663,195	\$ 654,219	\$ 673,219	\$1,177,842
Change of Control without Termination	Nil	Nil	Nil	Nil	Nil
Change of Control with Termination	\$4,646,416	\$2,383,050	\$2,040,369	\$2,058,676	\$1,610,196

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than routine indebtedness as defined under Canadian securities laws, none of the executive offices, directors, employees and former executive officers, directors and employees of the Corporation or any of its subsidiaries have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON**

To the knowledge of the Corporation, no person who has been a director or executive officer of the Corporation at any time since the beginning of its last completed financial year, no proposed nominee for director of the Corporation nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities of otherwise, in any matter to be acted upon at the Meeting.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of the Corporation, no informed person of the Corporation, proposed director, or any associate or affiliate of any informed person or proposed director has a material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

## DIRECTORS' AND OFFICERS' INSURANCE

Directors' and officers' liability insurance with an annual aggregate policy limit of \$100,000,000, subject to a \$500,000 deductible per wrongful act, has been purchased at the Corporation's expense for the protection of the Corporation and all directors and officers of the Corporation and its present subsidiaries and joint venture companies. The annual premium paid by the Corporation for such insurance is currently \$501,475. In addition, directors of the Corporation have supplementary directors' and officers' liability coverage with an annual aggregate policy limit of \$20,000,000, which has been purchased at the Corporation's expense. The annual premium paid by the Corporation for such insurance is currently \$85,000. All policies contain standard industry exclusions.

## ADDITIONAL INFORMATION

Financial information for the financial year ended December 31, 2014 is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis of the audited consolidated financial statements for the year ended December 31, 2014 (the "**MD&A**"). Shareholders who wish to be added to the mailing list for the annual and interim financial statements and MD&A should contact the Corporation at 1133 Yonge Street, Toronto, Ontario M4T 2Y7; Attention: Corporate Secretary.

Copies of the Corporation's 2014 AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the 2014 AIF, the Corporation's most recently filed comparative annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of the Corporation that have been filed for any period after the end of the Corporation's most recently completed financial year, and this Circular are available, upon request, from the Corporate Secretary of the Corporation, without charge, to Shareholders.

The 2014 financial statements and MD&A, the 2014 AIF and other information relating to the Corporation are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

## DIRECTORS' APPROVAL

The contents of this Circular and its sending to Shareholders have been approved by the directors of the Corporation.

By Order of the Board of Directors

*"David Pathe"*

David Pathe  
President and Chief Executive Officer

Toronto, Ontario  
April 6, 2015

**SCHEDULE "A"**  
**SHERRITT INTERNATIONAL CORPORATION**  
**MANDATE OF THE BOARD OF DIRECTORS**

**1. GENERAL**

The Board of Directors (the "Board") is responsible for overseeing the management of the business and affairs of Sherritt International Corporation (the "Corporation") according to lawful and ethical standards and in accordance with the Corporation's viability as a going concern.

The Board has the power to delegate its authority and duties to committees of the Board as it determines appropriate, as permitted by applicable law. Board committees are accountable to the Board, which at all times retains its oversight function and ultimate responsibility for all delegated responsibilities.

**2. BOARD DUTIES AND RESPONSIBILITIES**

**Directors and Senior Management**

- Appoint the Chairman, the President and CEO and other senior officers and, as permitted by applicable law, delegate to senior management responsibility for the Corporation's day-to-day operations.
- With the assistance of the Nominating and Corporate Governance Committee, evaluate the performance of the Chairman against the position description developed by the Board.
- With the assistance of the Human Resources Committee, evaluate the performance of the President and CEO against the position description developed by the Board.
- With the assistance of the Nominating and Corporate Governance Committee, ensure that management maintains a process that adequately provides for succession planning of senior management.

**Ethical Leadership**

- Foster an ethical corporate environment and ensure that the President and CEO and other senior officers manage the business and affairs of the Corporation in an ethical and legal manner and exhibit ethical leadership throughout the Corporation.

**Strategic Direction and Risk Assessment**

- With the assistance of the applicable Board committee, assess and approve management's strategic plan and review and approve annual business plans developed and proposed by management. The Board will:
  - provide advice and input regarding strategic opportunities, issues and circumstances which could threaten the Corporation's viability as a going concern;
  - approve business and operational policies within which management will operate in relation to capital expenditures, acquisitions and dispositions, disclosure and communications, finance and investment, risk management and human resources;
  - set annual corporate and management performance targets consistent with the Corporation's strategic plan;
  - review and discuss with management the process used by management to assess and manage risk, including the identification by management of the principal risks of the Corporation's business and the implementation by management of appropriate systems to deal with such risks; and
  - confirm that processes are in place to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters.

**Financial Reporting and Management**

- With the assistance of the Audit Committee, the Board will:
  - review and oversee the integrity of the Corporation with respect to its compliance with applicable audit, accounting and financial reporting requirements;
  - oversee the integrity of the Corporation's disclosure controls and procedures and internal controls over financial reporting, and management information systems;

- review operating and financial performance results relative to established strategies, plans, budgets and objectives;
- approve annual operating and capital budgets; and
- approve the Corporation's annual financial statements and related management's discussion and analysis and earnings press releases.

#### **Disclosure, Communications and Insider Trading**

- With the assistance of the Nominating and Corporate Governance Committee, satisfy itself that appropriate policies and procedures are in place regarding public disclosure, communications and restricted trading by insiders.

#### **Corporate Governance**

- With the assistance of the Nominating and Corporate Governance Committee, the Board will:
  - ensure that there exists an appropriate system of corporate governance, including practices to facilitate the Board's independence;
  - ensure that the necessary Board committees are in place and approve: (i) any changes to their respective mandates; (ii) the mandate of any new committee; and (iii) the authority delegated to each committee;
  - ensure that there exists appropriate processes for the annual evaluation of Board and committee effectiveness and the contributions of individual directors; and
  - approve the nomination of directors.

#### **Compensation of Senior Officers and Directors**

- With the assistance of the Human Resources Committee, the Board will:
  - approve the compensation of the President and CEO and senior management reporting directly to the President and CEO, as well as compensation policies for the President and CEO and other senior officers;
  - approve the compensation of directors, including the Chairman; and
  - approve any equity-based compensation plans for eligible directors, officers and other employees of the Corporation.

### **3. DIRECTOR DUTIES AND RESPONSIBILITIES**

- Each director must act honestly and in good faith with a view to the best interests of the Corporation and its shareholders by exercising the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In order to fulfill this responsibility, each director is expected to:
  - participate with management in assessing strategic and business plans;
  - develop and maintain a thorough understanding of the Corporation's operational and financial objectives, financial position and performance and the performance of the Corporation relative to its principal competitors;
  - participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;
  - disclose any personal interests that conflict with, or may appear to conflict with, the interests of the Corporation; and
  - engage in continuing education programs for directors, as appropriate.

### **4. BOARD COMPOSITION**

- With the assistance of the Nominating and Corporate Governance Committee, determine the size and composition of the Board, Board member qualifications and Board member independence to ensure that a majority of directors qualify as independent directors as determined under applicable Canadian securities laws.

## **5. CHAIRMAN OF THE BOARD**

The Chairman is responsible for ensuring that the Board operates independently of management and that directors have an independent leadership contact.

### **Specific Roles and Responsibilities**

- The Chairman will:
  - chair meetings of the directors and assume such other responsibilities which the directors as a whole may designate from time to time;
  - ensure that directors have adequate opportunities to meet without management present;
  - communicate to senior management as appropriate the results of private discussions among directors;
  - monitor compliance with the Corporation's governance policies; and
  - meet annually with each director to obtain insight as to areas where the Board and its committees could be operating more effectively.

Please refer to the Corporation's document entitled "Chairman's Terms of Reference", attached as Appendix "A" for additional responsibilities of the Chairman.

## **6. BOARD MEETINGS**

- Board meetings are scheduled in advance and are held not less than quarterly.
- In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of the Corporation.
- An in-camera session will be held at each regularly scheduled Board meeting.
- The Board may also take action from time to time by unanimous written consent.
- A Board meeting may be called by the Chairman or any director.

(Revised June 2014)

## APPENDIX "A"

### CHAIRMAN'S TERMS OF REFERENCE

The principal role of the Chairman of the Board of Directors ("Board") of Sherritt International Corporation (the "Corporation") is to provide leadership to the Board. The Chairman is responsible for effectively managing the affairs of the Board and ensuring that the Board is properly organized and that it functions efficiently and independent of management. The Chairman also advises the President and Chief Executive Officer in all matters concerning the interests of the Corporation, the Board and the relationships between management and the Board.

More specifically, the Chairman shall:

#### **A. Strategy**

1. Provide leadership to enable the Board to act effectively in carrying out its duties and responsibilities as described in the Mandate of the Board and as otherwise may be appropriate.
2. Work with the Board, the President and Chief Executive Officer and other management to monitor progress on the Corporation's business plans, annual budgets, policy implementation and succession planning.
3. Assist the President and Chief Executive Officer in presenting the corporate vision and strategies to the Board, large shareholders, partners and the outside world.

#### **B. Advisor to President and Chief Executive Officer**

4. Provide advice, counsel and mentorship to the incumbent President and Chief Executive Officer.
5. In consultation with the President and Chief Executive Officer, ensure that there is an effective relationship between management personnel and the members of the Board.

#### **C. Board Structure and Management**

6. Preside over Board meetings and annual and special meetings of shareholders.
7. Provide advice, counsel and mentorship to fellow members of the Board.
8. Execute the responsibilities of a company director according to the lawful and ethical standards and in accordance with the Corporation's policies.
9. Take a leading role in determining the composition of the Board and its committees to achieve maximum effectiveness.
10. In consultation with the President and Chief Executive Officer, the Corporate Secretary and the chairs of the Board committees, as appropriate, determine the frequency, dates and locations of meetings of the Board, of Board committees and of the shareholders.
11. In consultation with the President and Chief Executive Officer and the Corporate Secretary, review the annual work plan and the meeting agendas to ensure all required business is brought before the Board to enable it to efficiently carry out its duties and responsibilities.
12. Ensure the proper flow of information to the Board and review, with the President and Chief Executive Officer and Corporate Secretary, the adequacy and timing of materials in support of management personnel's proposals.

#### **D. Compensation Matters and Succession Planning**

In conjunction with the Human Resources Committee:

13. Recommend compensation awards for President and Chief Executive Officer and be available to advise the Board on general compensation matters.
14. Advise the Board on performance of the President and Chief Executive Officer and succession planning of the President and Chief Executive Officer.
15. In conjunction with the President and Chief Executive Officer, develop executive succession planning options to support the Corporation's strategies and to capitalize on opportunities for growth and/or acquisition.



**QUESTIONS AND FURTHER ASSISTANCE**

If you have any questions about the information contained in this document or require assistance in completing your proxy form, please contact the proxy solicitation agent, at:



The Exchange Tower  
130 King Street West, Suite 2950, P.O. Box 361  
Toronto, Ontario  
M5X 1E2  
[www.kingsdaleshareholder.com](http://www.kingsdaleshareholder.com)

**North American Toll Free Phone:  
1-800-749-9197**

**Email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)**

**Facsimile: 416-867-2271  
Toll Free Facsimile: 1-866-545-5580  
Outside North America, Banks and Brokers  
Call Collect: 416-867-2272**

If you have any questions or need assistance completing your proxy or voting instruction form, please call Kingsdale Shareholder Services, toll free at 1-800-749-9197 or email [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).