

SHERRITT INTERNATIONAL CORPORATION

MANDATE OF THE COMPENSATION AND PENSION COMMITTEE

1. Mandate

The mandate of the Compensation and Pension Committee (the "Committee") of the Board of Directors (the "Board") of Sherritt International Corporation (the "Corporation") is to assist the Board in fulfilling its oversight responsibilities in relation to all matters relating to the Compensation (as defined in paragraph 9) of directors and certain officers and the Retirement Plans (as defined in paragraph 9) of the Corporation.

2. Duties and Responsibilities

Make recommendations to the Board with respect to:

- (a) the adequacy and form of directors' Compensation and compensation models that appropriately compensate directors for the responsibilities and risks involved in being a director or a member of one or more Board committees, as applicable, with a view to ensuring consistency with the goals for director Compensation set out in the Mandate of the Board of Directors of the Corporation
- (b) policies regarding Compensation of Senior Management and (as defined in paragraph 9) and other senior officers (including the relative emphasis of cash compensation, options, stock appreciation rights, securities purchase programs, restricted share units and other incentive plans and annual versus long-term compensation)
- (c) Compensation and other terms and conditions of employment of Senior Management
- (d) any stock option plans and other share price related incentive programs (including selection of participants and allocation of shares or units) for Senior Management and other employees as determined from time to time
- (e) supplemental or deferred compensation or direct incentive compensation arrangements relating to Senior Management
- (f) any contracts to be entered into with Senior Management for severance payments or services to be provided following employment
- (g) if the Compensation of the Chairman and the President and CEO is to be determined based on a review of the compensation of individuals with similar positions at other companies, the companies to be reviewed, the basis for

selecting such companies, and the level at which the Compensation is to be placed within the group of such companies

- (h) corporate goals and objectives of Senior Management
- (i) determine whether an award is to be made to Senior Management under a performance-based plan despite failure to meet the relevant performance criteria, and the basis for any waiver or adjustment of the relevant performance criteria
- (j) directors' and officers' liability insurance and indemnity arrangements
- (k) cause to be prepared any reports required by law
- (l) monitor the activities of the Corporation's Management Retirement Committee to ensure the responsibilities of the Board pursuant to the Governance Manual for the Retirement Plans are fulfilled, including with respect to:
 - the establishment, modification or termination of, and the terms of, any Retirement Plans and other deferred compensation plans and other benefit plans, and changes to any such plans where such changes would have a material effect on costs or represent a significant change in plan features
 - the performance of Retirement Plans and other deferred compensation plans, including the performance of any investment managers retained in connection with such plans
 - the prudent and appropriate funding of the Retirement Plans
 - changes in governance or investment policies with respect to the Retirement Plans
 - changes in the design of Retirement Plans to ensure that members have reasonable investment choices
 - the communication of information concerning the Retirement Plans to the plan members

Composition and Chair

3. The members of the Committee shall, subject to appointments made as a result of resignations or retirements, be appointed annually by the Board on the recommendation of the Nominating and Corporate Governance Committee.

The Committee shall consist of not less than three directors, each of whom shall be "independent" as determined under applicable Canadian securities laws. The

requirements for qualification of Committee members shall be determined and interpreted by the Board from time to time based upon recommendations by the Nominating and Corporate Governance Committee.

The Board shall annually designate a Committee Chair from among the Committee members on the recommendation of the Nominating and Corporate Governance Committee. If, in any year, the Committee does not appoint a Chair, the incumbent Committee Chair will continue in office until a successor is appointed.

4. Meetings

The Committee shall meet as often as the Committee determines is necessary to fulfill its responsibilities.

Notice of every meeting will be given to each member.

A majority of the Committee members will constitute a quorum. No business may be transacted by the Committee except at meetings at which a quorum is present.

The Chairman of the Board shall have a standing invitation to attend and participate in all Committee meetings except where the purpose of the meeting is to discuss matters relating to his Compensation.

The Committee may invite such members of management or such outside advisors as it may see fit from time to time to attend its meetings and assist in the discussion and consideration of any matter.

A meeting of the Committee may be convened by the Chair or any two members of the Committee.

5. Reporting

The Committee will:

- regularly report to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities
- oversee the preparation of any disclosure required under applicable Canadian securities laws with respect to matters that are within its responsibilities.

6. Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate 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, as it deems appropriate, provided that if the fees and expenses of any such special counsel or other experts or consultants retained by the Committee exceed or are expected to exceed C\$100,000, the approval of the full Board will be obtained.

7. Tenure

Each member shall hold office until his or her term as a Committee member expires or is terminated.

8. Removal and Vacancies

Any Committee member may be removed and replaced at any time by the Board and shall cease to be a Committee member upon ceasing to be a director. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all of the Committee's powers so long as a quorum remains in office.

9. Definitions

"Compensation" shall include any form of direct or indirect remuneration, including salaries, bonuses, stock options, supplemental compensation, deferred compensation, incentive compensation in any form, pensions, supplementary retirement income and other benefit plans.

"Senior Management" shall mean any Chairman (whether non-executive or otherwise) or Vice-Chairman, the President and CEO, and any senior officer reporting directly to President and CEO

"Retirement Plan" shall mean any defined benefit pension plan, defined contribution plan or group registered savings plan.

(Updated June 2009)