

SHERRITT INTERNATIONAL CORPORATION

MANAGEMENT PROXY CIRCULAR

DATED APRIL 6, 2006

SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

The information contained in this management proxy circular is furnished in connection with the solicitation of proxies from registered owners of common shares of Sherritt International Corporation (the "Corporation") (the "Shares") (and of voting instructions in the case of non-registered owners of Shares) to be used at the annual and special meeting of shareholders of the Corporation to be held on Thursday, May 25, 2006 at 10:00 a.m. at the North Lobby, Roy Thomson Hall, 60 Simcoe Street, Toronto, Ontario, and at all adjournments of the meeting, for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally by employees of the Corporation, or by soliciting investment dealers which may be retained by the Corporation in the future. **The solicitation of proxies and voting instructions by this circular is being made by or on behalf of the management of the Corporation.** The total cost of the solicitation of proxies will be borne by the Corporation. The information contained in this circular is given as at April 6, 2006, except where otherwise noted.

REGISTERED OWNERS

If you are a registered owner of Shares, you may vote in person at the meeting or you may appoint another person to represent you as proxyholder and vote your Shares at the meeting. If you wish to attend the meeting, do not complete or return the enclosed form of proxy because you will vote in person at the meeting. Please register with the transfer agent, CIBC Mellon Trust Company, when you arrive at the meeting.

Appointment of Proxies

If you do not wish to attend the meeting, you should complete and return the enclosed form of proxy. The individuals named in the form of proxy are representatives of management of the Corporation and are officers of the Corporation. **You have the right to appoint someone else to represent you at the meeting.** If you wish to appoint someone else to represent you at the meeting, insert that other person's name in the blank space in the form of proxy. The person you appoint to represent you at the meeting need not be a shareholder of the Corporation.

To be valid, proxies must be deposited with CIBC Mellon Trust Company at CIBC Mellon Trust Company, Proxy Department, 200 Queen's Quay East, Unit 6, Toronto, Ontario M5A 4K9 in time for use at the meeting.

Revocation

If you have submitted a proxy and later wish to revoke it, you can do so by:

- a) completing and signing a form of proxy bearing a later date and depositing it with CIBC Mellon Trust Company as described above;
- b) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf) (i) at the registered office of the Corporation at any time up to the last business day preceding the day of the meeting, or any adjournment of the meeting, at which the proxy is to be used, or (ii) with the chair of the meeting before the meeting starts on the day of the meeting or any adjournment of the meeting; or
- c) following any other procedure that is permitted by law.

Voting of Proxies

In connection with any ballot that may be called for, the management representatives designated in the enclosed form of proxy will vote or withhold from voting your shares in accordance with the instructions you have 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 resolution confirming Amended and Restated Bylaw B of the Corporation fixing the number of directors at eight, FOR the election of directors, FOR the appointment of the auditors and the authorization of the directors to fix their remuneration, and FOR the resolution increasing the number of shares issuable under the employee share purchase plan of the Corporation to a total of 1.8 million, as indicated under those headings in this circular.

The management representatives designated in the enclosed form of proxy have discretionary authority with respect to 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, management of the Corporation knows of no such amendments or other matters.

NON-REGISTERED OWNERS

If your Shares are registered in the name of a depository (such as The Canadian Depository for Securities Limited) or an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan), you are a non-registered owner.

Only registered owners of Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the meeting. If you are a non-registered owner, you are entitled to direct how the Shares beneficially owned by you are to be voted or you may obtain a form of legal proxy that will entitle you to attend and vote at the meeting.

In accordance with Canadian securities law, the Corporation has distributed copies of the notice of meeting, this management proxy circular and the 2005 annual report (collectively, the “meeting materials”) to the intermediaries for onward distribution to non-registered owners who have not waived their right to receive them. Typically, intermediaries will use a service company (such as ADP Investor Communications (“ADP”)) to forward the meeting materials to non-registered owners.

If you are a non-registered owner and have not waived your right to receive meeting materials, you will receive either a request for voting instructions or a form of proxy with your meeting materials. The purpose of these documents is to permit you to direct the voting of the Shares you beneficially own. You should follow the procedures set out below, depending on which type of document you receive.

A. REQUEST FOR VOTING INSTRUCTIONS.

If you do not wish to attend the meeting (or have another person attend and vote on your behalf), you should complete, sign and deliver the enclosed request for voting instructions in accordance with the directions provided; voting instruction forms sent by ADP permit the completion of the voting instruction form by telephone or through the internet at www.proxyvotecanada.com. You may revoke your voting instructions at any time by written notice to your intermediary, except that the intermediary is not required to honour the revocation unless it is received at least seven days before the meeting.

If you wish to attend the meeting and vote in person (or have another person attend and vote on your behalf), you must complete, sign and return the enclosed request for voting instructions in accordance with the directions provided and a form of proxy will be sent to you giving you (or the other person) the right to attend and vote at the meeting. You (or the other person) must register with the transfer agent, CIBC Mellon Trust Company, when you arrive at the meeting.

or

B. FORM OF PROXY.

The form of proxy has been signed by the intermediary (typically by a facsimile, stamped signature) and completed to indicate the number of Shares beneficially owned by you. Otherwise, the form of proxy is uncompleted.

If you do not wish to attend the meeting, you should complete the form of proxy in accordance with the instructions set out in the section titled “Registered Owners” above.

If you wish to attend the meeting, you must strike out the names of the persons named in the proxy and insert your name in the blank space provided. To be valid, proxies must be deposited with CIBC Mellon Trust Company at CIBC Mellon Trust Company, Proxy Department, 200 Queen's Quay East, Unit 6, Toronto, Ontario M5A 4K9 in time for use at the meeting. You must register with the transfer agent, CIBC Mellon Trust Company, when you arrive at the meeting.

You should follow the instructions on the document that you have received and contact your intermediary promptly if you need assistance.

VOTING OF PROXIES

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the form of proxy distributed to shareholders **will, unless otherwise indicated, be voted FOR the resolution confirming Amended and Restated Bylaw B of the Corporation fixing the number of directors at eight, FOR the election of directors, FOR the appointment of auditors and the authorization of the directors to fix their remuneration, and FOR the resolution increasing the number of shares issuable under the employee share purchase plan of the Corporation to a total of 1.8 million.** Under cumulative voting, applicable to the Corporation as provided in the *Business Corporations Act* (New Brunswick) (the "Act"), each holder of Shares entitled to vote for the election of directors may cast a number of votes equal to the number of votes attached to the Shares held by that shareholder multiplied by the number of directors to be elected, and such shareholder may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. Where a shareholder has voted for more than one candidate without specifying the distribution of votes among such candidates, the shareholder shall be deemed to have divided the votes equally among the candidates for whom such shareholder voted. If a shareholder desires to distribute votes otherwise than equally among the nominees for whom such shareholder has directed persons in the enclosed form of proxy to vote, such shareholder must do so personally at the meeting or by another form of proxy. **On any ballot that may be called for the election of directors, the persons named in the enclosed form of proxy intend to cast the votes to which the Shares represented by such proxy are entitled equally among all the proposed nominees whose names are set forth in the table below, except those, if any, excluded by the shareholder in the proxy, or unless the shareholder who has given such proxy has directed that the Shares be withheld from voting in the election of directors.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On April 6, 2006 the Corporation had outstanding 151,313,889 Shares. Each holder of Shares of record at the close of business on April 6, 2006, 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. Under the cumulative voting provisions, each holder of Shares of the Corporation, entitled to vote for the election of directors, has the right to cast a number of votes equal to the number of votes attached to the Shares held by that shareholder multiplied by the number of directors to be elected. A shareholder may cast all such votes in favour of one nominee or distribute them among the nominees in any manner. See "Voting of Proxies", above.

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, securities of the Corporation carrying more than 10% of the voting rights attached to any class of outstanding voting securities.

MATTERS REQUIRING SHAREHOLDER APPROVAL

Increase in the Number of Directors

The board of directors of the Corporation has passed Amended and Restated Bylaw B, fixing the number of directors of the Corporation at eight. Until 2003, the number of directors had been five. Since 2003, the number of directors has been seven. As a result of a resignation of one director in 2005, the board has been functioning with six directors. The board has invited Ms. Marcoux and Mr. Garvey to stand for election as directors, bringing the number of directors proposed to eight, which the board of directors believes to be an appropriate size for the board.

The full text of the resolution ratifying and confirming Amended and Restated Bylaw B is set out as Schedule “B” to this Circular, together with the full text of Amended and Restated Bylaw B. Confirmation requires the positive vote of a majority of shares voted at the Meeting.

Election of Directors

Following the ratification of Amended and Restated Bylaw B in accordance with the foregoing, the number of directors to be elected at the meeting will be eight. The management representatives designated in the enclosed form of proxy intend to vote **FOR** the election as directors of the proposed nominees whose names are set out below. All nominees other than Ms. Marcoux and Mr. Garvey are now directors and have been directors since the dates indicated below. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason before the meeting, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each director elected will hold office until the next annual meeting or until his successor is elected or appointed.

The Corporation has an audit committee, a nominating committee, a pension and compensation committee, an environmental, health and safety committee and a reserve committee. The members of these committees are indicated below.

<u>Name</u>	<u>Position with the Corporation</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Ownership or Control Over Voting Securities</u>
Ian W. Delaney Toronto, Ontario	Director and Executive Chairman	Executive Chairman of the Corporation	October 25, 1995	2,373,146 Shares
Michael F. Garvey ⁷	Director-nominee	Partner, PricewaterhouseCoopers LLP (public accounting firm)	—	—
The Honourable Marc Lalonde ^{1,2,3,4,5} Montreal, Quebec	Director	Senior Counsel, Stikeman Elliott LLP (law firm)	May 22, 2003	10,350 Shares
Edythe A. (Dee) Marcoux ^{6,7} Gibsons, B.C.	Director-Nominee	Retired oil executive	—	—
Daniel P. Owen ^{1,2,3,4,5} Toronto, Ontario	Director	Chairman of Molin Holdings Limited (an investment management company)	November 24, 1995	2,000,000 Shares
Rupert Pennant-Rea ^{1,2,3,4,7} London, England	Director	Chairman of The Henderson Group (a fund management company)	November 24, 1995	38,391 Shares
Sir Patrick Sheehy ^{1,2,5} London, England	Director	Chairman of Perpetual Income & Growth Investment Trust plc (an investment trust)	November 24, 1995	140,207 Shares
Jowdat Waheed ⁷ Toronto, Ontario	Director and President and Chief Executive Officer	President and Chief Executive Officer of the Corporation	January 17, 2005	22,768 Shares

Notes:

- (1) Messrs. Pennant-Rea (Chairman), Lalonde and Owen and Sir Patrick Sheehy are members of the Audit Committee.
- (2) Messrs. Lalonde (Chairman), Owen and Pennant-Rea and Sir Patrick Sheehy are members of the Nominating and Corporate Governance Committee.
- (3) Messrs. Owen (Chairman), Lalonde and Pennant-Rea are members of the Environmental, Health and Safety Committee.
- (4) Messrs. Owen (Chairman), Lalonde and Pennant-Rea are members of the Pension and Compensation Committee.
- (5) Sir Patrick Sheehy (Chairman) and Messrs. Lalonde and Owen are members of the Reserve Committee.
- (6) Ms. Marcoux was a director of Southern Pacific Petroleum NL (“SPP”) when SPP’s securities were suspended from quotation on the Australian Stock Exchange prior to the commencement of trading on November 25, 2003 for a period of more than 30 consecutive days,

and in respect of which receivers were appointed on December 2, 2003. SPP's securities are not currently being traded. Ms. Marcoux resigned as a director of SPP with effect from 12:00 noon on December 5, 2003.

- (7) Mr. Pennant-Rea became Chairman of The Henderson Group in March 2005. Prior to that, and until September 2005, he served as Chairman of The Stationery Office Holdings Ltd., a publisher and printer. Mr. Waheed became President and Chief Executive Officer on January 1, 2005. Prior to that, since March 2004, he served as Executive Vice President and Chief Operating Officer of the Corporation, and prior to that as Senior Vice President, Finance and Chief Financial Officer of the Corporation. Mr. Garvey will be retiring from PricewaterhouseCoopers LLP as of June 30, 2006. Prior to 2002, Ms. Marcoux was Chairman and Chief Executive Officer of Ensyn Energy Corp., and from 2002 to 2005 provided consulting and strategic advice to Ensyn Group Inc., a leader in biomass technology. From 2002 to 2003, Ms. Marcoux also provided strategic advice to Southern Pacific Petroleum NL, an Australian oil shale developer. Ms. Marcoux is also currently a director of SNC-Lavalin Group Inc., and was a director of Placer Dome Inc. from 1997 until its acquisition by Barrick Gold Corporation in 2006.

The information as to securities beneficially owned or over which the foregoing nominees exercise control or direction not being within the knowledge of the Corporation has been furnished by the respective directors individually.

Appointment of Auditors

The persons named in the form of proxy in favour of management intend to vote for the re-appointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration. Deloitte & Touche LLP have served as auditors of the Corporation since November, 1995. In 2005, the aggregate amounts billed for professional services rendered by Deloitte & Touche LLP to the Corporation were approximately \$2.2 million for audit fees, \$0.8 million for audit-related fees, \$0.1 million for tax fees and \$0 million for all other fees; the comparative figures for 2004 were approximately \$3.0 million, \$0.4 million, \$0.2 million and \$0 million, respectively. The auditors did not render services in 2005 with respect to internal audit and information technology matters.

Amendment to the Corporation's Employee Share Purchase Plan

The Corporation's employee share purchase plan (the "ESPP") was created in early 1996 with a maximum number of 400,000 Shares issuable pursuant to the ESPP. This maximum number was increased, with shareholder approval, to a total of 800,000 Shares in 2002. (The maximum number is subject to adjustment pursuant to section 18 of the ESPP, to reflect any subdivision, consolidation, amalgamation, reorganization or other changes in the authorized or issued capital of the Corporation. No such adjustments have ever been made pursuant to section 18 of the ESPP.)

The ESPP is intended to allow eligible employees of the Corporation to purchase Shares by means of automatic payroll deductions to a maximum amount equal to five percent of the eligible employee's annual compensation. The purchase price paid by employees under the ESPP is based on a market value, determined as the weighted average trading price of the Shares on The Toronto Stock Exchange for the five trading days immediately preceding the day in question. The purchase price is calculable by reference to the lower of the market value at the beginning, and at the end, of the purchase period. Purchase periods run for 24 months.

Since 1996, eligible employees have subscribed for an aggregate of approximately 693,350 Shares pursuant to the ESPP (including those subscribed for purchase periods ending in 2006 and 2007).

The Corporation proposes, subject to approval by The Toronto Stock Exchange and shareholder approval, to increase the number of Shares which may be issued under the ESPP to 1.8 million Shares. This increase, in the Corporation's view, is necessary because the former limit under the ESPP, 800,000 Shares, is being approached as a result of employee subscriptions over the last 10 years. The proposed increase of 1.0 million Shares represents less than 0.7% of the total number of Shares issued and outstanding.

The resolution approving an increase in the number of Shares which may be issued under the ESPP is set out in Schedule "A" to this Circular. In order to be effective, the resolution must be passed by a majority of the votes cast at the Meeting.

Unless otherwise directed, the persons named in the accompanying form of proxy intend to vote FOR the approval of the resolution approving the increase in the number of Shares which may be issued pursuant to the ESPP. The board of directors recommends that shareholders vote FOR the resolution.

STATEMENT OF EXECUTIVE COMPENSATION

Summary compensation table for 2005

The following table sets forth for the periods indicated, the compensation of the Corporation's President and Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers of the Corporation measured by base salary and bonuses paid in 2005 who were serving as an executive officer at December 31, 2005. Such executive officers are referred to as the "Named Executive Officers."

Name and Principal Position	Year	Annual Compensation			Long Term Compensation	All Other Compensation ⁴
		Salary	Bonus ¹	Other Annual Compensation ²	Awards	
					Securities Under Options/SARs Granted ³	
		(\$)	(\$)	(\$)	(#)	(\$)
IAN W. DELANEY Executive Chairman	2005	750,000	112,500	152,500	—	178,905
	2004	750,000	—	40,000	52,000	299,303
	2003	750,000	250,000	40,000	1,481,500	129,771
JOWDAT WAHEED ⁵ President and Chief Executive Officer	2005	450,000	40,500	99,500	500,000	79,933
	2004	362,500	—	32,000	14,600	79,127
	2003	350,000	100,000	32,000	11,500	58,252
ELVIN SARUK Senior Vice President, Power	2005	318,750	172,500	40,125	25,000	56,910
	2004	300,000	—	32,000	12,500	80,935
	2003	300,000	4,500	32,000	9,750	68,474
GUY I. BENTINCK Senior Vice President and Chief Financial Officer	2005	318,750	29,250	80,750	150,000	57,303
	2004	239,583	—	31,000	5,500	50,980
	2003	200,000	70,000	28,000	4,350	33,296
MICHAEL E. CHALKLEY Senior Vice President, Metals Operations	2005	318,726	162,750	80,750	25,000	57,458
	2004	300,000	—	32,000	12,500	56,893
	2003	300,000	10,500	32,000	9,750	50,846

Notes:

- (1) The Corporation has recently established a Short Term Incentive ("STI") program which provides for cash payments to participants for achievement of personal and company performance targets set in respect of the particular year. The amounts payable to the Named Executive Officers in respect of 2005 were pursuant to the STI program.
- (2) Effective April 1, 2005, Named Executive Officers listed under Title IV of the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 of the United States ("Helms-Burton"), and informed by the United States Department of State that they are inadmissible for entry to the United States, are eligible to receive an allowance paid quarterly, at a rate equal to 20% of base annual salary as at April 1, 2005. In 2005, Messrs. Delaney, Waheed, Saruk, Bentinck, and Chalkley received \$112,500, \$67,500, \$8,125, \$48,750 and \$48,750, respectively, in recognition of their inclusion on this list. Also in 2005, general allowances for perquisites were paid out in the amount of \$40,000 for Mr. Delaney and \$32,000 to each of the other Named Executive Officers.
- (3) The Corporation maintains a Stock Option Plan under which options may be granted to purchase Shares of the Corporation. Under the Stock Option Plan, options may have attached to them tandem "stock appreciation rights" ("SARs"). All grants of long-term compensation awards to Named Executive Officers in 2005 were in the form of options, together with tandem SARs, granted under the Stock Option Plan. The Corporation also maintains an Executive Share Unit Plan, which provides for the issuance of units being either "restricted share units" ("RSUs") or "deferred share units" ("DSUs") entitling the holder, upon the satisfaction of terms and conditions of vesting, to a cash payment equal to the number of units held times the current market price at the time the terms and conditions of vesting are met. Messrs. Waheed, Saruk, Bentinck and Chalkley received payment in January 2006 of \$118,289, \$100,288, \$44,748, and \$100,288, respectively, for RSUs granted in 2003 which vested on December 31, 2005. All grants of long-term compensation awards shown for 2004 and 2003 were in the form of RSUs, and in the case of Mr. Delaney, DSUs, under the Executive Share Unit Plan and free-standing SARs under the Corporation's Stock-Linked Compensation Plans. No grants were made under the Executive Share Unit Plan in 2005. The Corporation also maintains a Stock-Linked Compensation Plan, under which free-standing SARs have been granted in the past. No grants were made under this plan in 2005 and the Corporation currently anticipates that none will be issued in the future.
- (4) In 2005, Messrs. Waheed, Bentinck, Saruk and Chalkley received \$76,500, \$54,687, 54,125 and \$54,687, respectively, of other compensation in the form of contributions to the Corporation's retirement savings programs and also received taxable benefits for life and health insurance. Mr. Delaney, in 2005, received \$169,000 in the form of contributions to the Corporation's retirement savings

programs and also received taxable benefits for life and health insurance. None of the Named Executive Officers participates in any defined benefit or actuarial pension plan of the Corporation.

- (5) Mr. Waheed served as President and Chief Executive Officer of Sherritt Power Corporation until it was wound up in the Corporation on March 28, 2003. Prior to that date, Sherritt Power Corporation reimbursed the Corporation one-half of Mr. Waheed's salary and all other compensation. Mr. Waheed was appointed President and Chief Executive Officer of the Corporation effective January 1, 2005.

**OPTION/SAR GRANTS DURING THE MOST
RECENTLY COMPLETED FINANCIAL YEAR**

The following table provides information concerning options granted under the Stock Option Plan in 2005 by the Corporation to the Named Executive Officers.

<u>Name</u>	<u>Securities Under Option/SARs Granted¹</u> (#)	<u>% of Total Options/SARs Granted to Employees in Financial Year</u>	<u>Exercise or Base Price²</u> (\$/Security)	<u>Market Value of Securities Underlying Options/SARs on the Date of Grant²</u> (\$/Security)	<u>Expiration Date</u>
Ian W. Delaney	—	—	—	—	—
Jowdat Waheed	500,000	51.3%	10.89	10.89	October 4, 2015
Elvin Saruk	25,000	2.6%	9.78	9.78	November 8, 2015
Guy I. Bentinck	150,000	15.4%	9.78	9.78	November 8, 2015
Michael E. Chalkley	25,000	2.6%	9.78	9.78	November 8, 2015

Notes:

- (1) All grants in 2005 comprised options to purchase Shares, issued under the Stock Option Plan, together with an equal number of tandem SARs attached to the options. All options and tandem SARs granted have a term of 10 years from the date of grant, at an exercise price equal to the market value as of the date of grant. See "Stock Option Plan" for a description of the terms applicable to options granted under the Stock Option Plan.
- (2) The exercise price of options and tandem SARs granted under the Stock Option Plan is the "Market Price" of the Shares at the date of grant, calculated as the weighted average trading price of the Shares on The Toronto Stock Exchange for the 20 trading days immediately preceding the date of grant. The market value of the underlying Shares shown in the above table is calculated in the same manner.

**AGGREGATED OPTION/SAR EXERCISES DURING THE MOST
RECENTLY COMPLETED FINANCIAL YEAR
AND FINANCIAL YEAR-END OPTION/SAR VALUES**

The following table provides information concerning aggregated options/SARs exercises during 2005 and the financial year end value of unexercised options and SARs granted by the Corporation to the Named Executive Officers.

Name	Securities Acquired On Exercise	Aggregate Value Realized	Unexercised Options/ SARs at FY-end	Value of Unexercised In-The-Money Options/SARs at FY-end ⁵
	(#)	(\$)	Exercisable/ Unexercisable (#)	Exercisable/ Unexercisable (\$)
Ian W. Delaney				
Stock Options ¹	1,000,000	4,201,900	65,000/ —	458,250/ —
Tandem SARs ²	1,850,000	7,858,770		
SARs ³	—	—	933,333/466,667	3,882,667/1,941,333
SPC SARs ⁴	—	—	163,125/ —	1,325,119/ —
DSUs ⁵	—	—	—/92,750	—/936,775
Jowdat Waheed				
Stock Options ¹	—	—	15,000/500,000	105,750/ —
Tandem SARs ²	150,000	374,535		
SARs ³	—	—	100,000/ —	454,410/ —
SPC SARs ⁴	—	—	184,875/ —	1,501,801/ —
RSUs ⁵	11,618	118,289	—/14,600	—/147,460
Elvin Saruk				
Stock Options ¹	—	—	—/25,000	—/8,000
SPC SARs ⁴	—	—	152,250/ —	1,236,778/ —
RSUs ⁵	9,850	100,288	—/12,500	—/126,250
Guy I. Bentinck				
Stock Options ¹	—	—	35,000/150,000	191,750/47,700
RSUs ⁵	4,395	44,748	—/5,500	—/55,550
Michael E. Chalkley				
Stock Options ¹	—	—	20,000/25,000	141,000/8,000
RSUs ⁵	9,850	100,288	—/12,500	—/126,250

Notes:

- (1) Options to purchase Shares under the Stock Option Plan of the Corporation.
- (2) Tandem SARs means stock appreciation rights attached to options granted under the Stock Option Plan, when exercised for cash payment. Upon exercise of a tandem SAR, the related option is terminated. In 2005, the Stock Option Plan was amended to permit the addition of tandem SARs to any options granted under the Plan. Outstanding options which were set to expire on November 20, 2005 and January 25, 2006 were amended by the Corporation to add tandem SARs. Messrs. Delaney and Waheed, each exercised tandem SARs attaching to stock options held by them. Upon exercise of the tandem SARs, the recipient was entitled to a cash payment equal to the difference between the exercise price of the SAR and the current market price at the time of exercise.
- (3) Units granted under the Stock-Linked Compensation Plan.
- (4) SARs granted in prior years by Sherritt Power Corporation (“SPC”) before its going private transaction, which were replaced on the wind-up of SPC by SARs under the Corporation’s Stock-Linked Compensation Plan on the same basis as common shares of SPC were replaced by Shares of the Corporation, at a ratio of 1.45 to 1.00.
- (5) Units granted under the Executive Share Unit Plan. After grant, Units are adjusted for anti-dilution purposes to reflect dividends paid on Shares.
- (6) The value of options to purchase Shares, of units under the Stock-Linked Compensation Plan and of SPC SARs, has been calculated by comparison of the exercise price or initial unit value, as applicable, to the closing price on The Toronto Stock Exchange of the Shares on December 30, 2005, which was \$10.10. Units under the Executive Share Unit Plan have been valued by multiplying the number of Units by that \$10.10 closing price. The value of RSUs and DSUs, however, remains contingent until the conditions to their vesting are met.

CONTRACTS RELATING TO EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND TERMINATION OF EMPLOYMENT

In April 2004, the Corporation and Mr. Delaney entered into a written employment agreement, confirming the parties' mutual intent that, subject to the agreement, Mr. Delaney will continue to be employed as Executive Chairman of the Corporation until his retirement at age 65. Under the agreement, the Corporation is entitled to terminate Mr. Delaney's employment for reasons of "just cause" or disability, or otherwise without cause on thirty-six months notice (or notice to the date of his retirement, if earlier). A change of control of the Corporation entitles Mr. Delaney to resign his employ and is deemed to be a termination by the Corporation without cause. In addition, any failure of Mr. Delaney to be re-appointed as Executive Chairman is deemed to be a termination by the Corporation without cause. The agreement provides that, following retirement, the Corporation will supplement the pension otherwise payable to Mr. Delaney such that he will receive in total \$500,000 per annum of pension income. The Corporation shall also have the right to commute and pay to Mr. Delaney the commuted value of the supplemental pension entitlement. Upon Mr. Delaney's death, his surviving spouse shall be entitled to continue to receive a supplemental surviving spouse pension equal to 60% of the supplemental pension benefit payable to Mr. Delaney prior to death.

The other Named Executive Officers did not have written employment contracts with the Corporation in force as of December 31, 2005.

COMPOSITION OF THE PENSION AND COMPENSATION COMMITTEE

During 2005, the Pension and Compensation Committee (the "Committee") was composed of Mr. Owen, as Chairman, Mr. Pennant-Rea, and, until his resignation as a director in September 2005, Mr. James S.A. MacDonald, and since November 2005, the Hon. Marc Lalonde, none of whom is employed by the Corporation or its affiliates, and none of whom is a former officer or employee of the Corporation or its affiliates.

REPORT ON EXECUTIVE COMPENSATION

Executive compensation policy

The executive compensation policy of the Corporation recognizes the fundamental value added by a highly skilled and committed management team. The skills and impact of this group are essential for the successful management of the Corporation. Accordingly, the compensation policy has been designed to meet the following objectives:

- (1) to attract and retain valued members of the executive team who have superior management ability, judgment and insight;
- (2) to ensure that executives recognize the link between their personal interests and the creation of shareholder value; and
- (3) to reward members of the executive group in a manner consistent with compensation practices prevailing within major comparable organizations producing comparable results.

To this end, the Corporation has recently modified its compensation policy and adopted a comprehensive compensation methodology based upon a competitive base pay, a Short Term Incentive ("STI") program and a Long Term Incentive Program ("LTIP"). In addition, the compensation policy may be augmented by extraordinary bonuses if circumstances so warrant, including "restricted share units" and "deferred share units".

The STI program is targeted not to exceed 30% of base pay and is based upon near-term personal and company targets, including cash flow and safety. Amounts earned under the STI program are paid out in cash following year end.

The LTIP is designed to bring the total direct compensation of the executives to at or above the average for comparable organizations (on the assumption that shareholder return from the Corporation's shares is similar to, at or above the average for such organizations). The LTIP is composed of a stock option plan.

Under the Corporation's stock option plan (the "Plan"), described below, the Corporation issues stock options entitling the holder, upon exercise, to receive Shares of the Corporation at an exercise price equal to the

market price of the Shares at the date the option is granted. The Committee has the discretion under the Plan to attach “stock appreciation rights” (“SARs”) to options granted. Such SARs, known as “tandem SARs” as they are attached to options, entitle the holder, upon exercise, to a cash payment of the difference between the exercise price (being the market price at the time of grant) and the current market price at the time of exercise. If a tandem SAR is exercised, the related option is terminated.

The Plan was amended, with shareholder consent, in 2005, to increase the number of options issuable thereunder. For a number of years prior to 2005, the absence of available options remaining under the Plan resulted in the Corporation issuing free-standing SARs under its Stock-Linked Compensation Plan. Consequent upon the 2005 amendment of the Plan, the Corporation no longer issues free-standing SARs under its Stock-Linked Compensation Plan.

The Corporation also maintains an Executive Share Unit Plan, under which “restricted share units” and “deferred share units” are granted, entitling the holder, upon satisfaction of terms and conditions of vesting, to a cash payment equal to the number of units held times the current market price at the time the units mature. Restricted share units mature no later than the third anniversary following December 1 of the calendar year in which they are granted, and deferred share units mature when the holder leaves the Corporation. Deferred share units have only been granted to directors of the Corporation (including the Executive Chairman). Non-executive directors do not participate in the Corporation’s stock option Plan since May 1, 2005.

Executive direct cash compensation is targeted above the midpoint of the range for comparable organizations. Prior to 2005, it was the policy of the Corporation not to pay annual bonuses to executive officers. The exception was for 2003 which was an extraordinary year for the Corporation. The Corporation paid a one-time cash bonus in 2004 with respect to 2003, to members of senior management in recognition of the successful transactions which occurred during that year.

Executive compensation procedures

The Committee develops compensation programs for the most senior executives of the Corporation. Compensation programs for other executive officers are developed by senior management and reviewed by the Committee.

All executive officer compensation programs are approved by the board of directors.

Executive officer compensation is reviewed and set at market median for comparable organizations, assuming comparable corporate performance, with the assistance, from time to time, of external compensation consultants engaged by the Committee.

The Committee retained Mercer Human Resource Consulting (“Mercer”) to provide support to the Committee in determining compensation for the Corporation’s most senior executives in 2005. Decisions made by the Committee, however, are the responsibility of the Committee and may reflect factors and considerations other than the information and recommendations provided by Mercer.

In addition to this mandate, Mercer provided general employee compensation and benefits consulting services to the Corporation.

Mercer’s fees for executive compensation services to the Committee, as previously described, totaled approximately \$16,900 in 2005. Mercer’s fees for compensation services to the Corporation’s management, as previously described, totaled \$750 in 2005. In addition, Mercer’s fees for health and benefits consulting services to the Company totaled approximately \$8,111 in 2005.

Executive Chairman compensation

For 2005, Mr. Delaney’s base compensation was \$750,000, the same as in 2004. The Committee believes this is consistent with the average paid by comparable organizations.

Mr. Delaney was granted substantial stock options upon the reorganization which created the Corporation in 1995. In the 7 years from 1996 through 2002, Mr. Delaney received no stock-linked compensation from the

Corporation, other than a grant of 65,000 options in 1998. In 2005, Mr. Delaney exercised a total of 2,850,000 stock options and tandem SARs which were granted on November 20, 1995 with a ten year term.

For 2005, Mr. Delaney received no stock-linked compensation. Taking a longer-term view of compensation over time, the Committee believes that Mr. Delaney's total compensation, on average, has been fair and reasonable and consistent with the average paid by comparable organizations over time.

Chief Executive Officer compensation

For 2005, Mr. Waheed's base compensation was \$450,000. The Committee believes this was less than the average paid by comparable organizations. Prior to January 2005, Mr. Waheed was Executive Vice President and Chief Operating Officer of the Corporation.

Perquisites and benefits for Mr. Waheed in 2005 were at an amount the Committee believed was consistent with the average of comparable organizations.

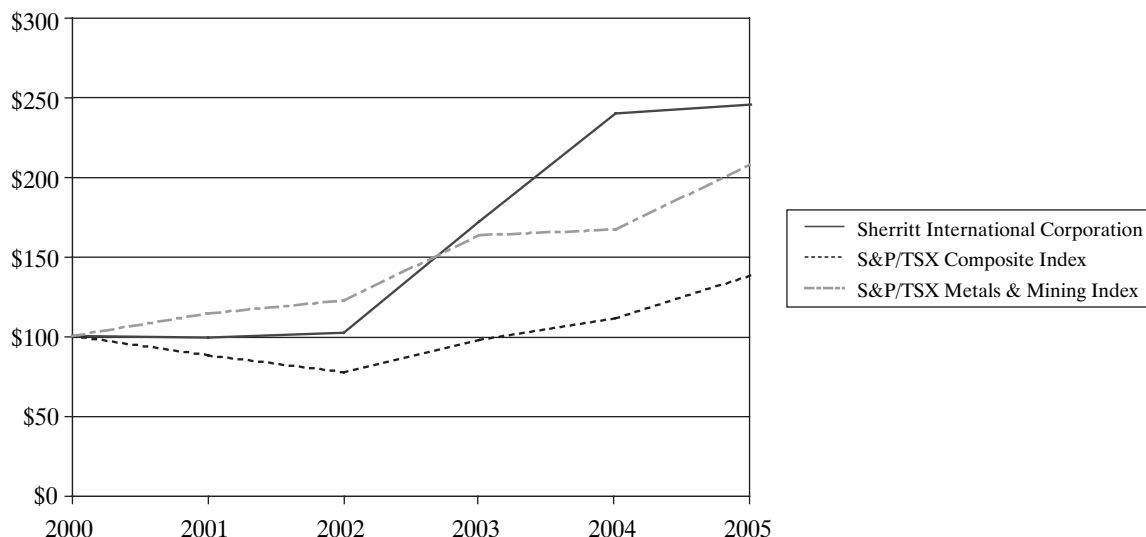
The Committee believes that it is important for the Chief Executive Officer of the Corporation to have significant exposure to the Corporation's share price. As indicated above, stock-linked compensation programs are important elements of the executive compensation program for senior executives. In October 2005, Mr. Waheed was granted 500,000 options at an exercise price of \$10.89, with a ten year term. During 2005, Mr. Waheed exercised tandem SARs attached to 150,000 outstanding options that had been granted on January 25, 1996 with a ten year term.

Report presented by:
Daniel P. Owen (Chairman)
Hon. Marc Lalonde
Rupert Pennant-Rea

PERFORMANCE GRAPH

The following graph illustrates the cumulative total shareholder return of \$100 invested on December 31, 2000 in Restricted Voting Shares (now Shares) of the Corporation, compared with the return on the S&P/TSX Composite Total Return Index and the S&P/TSX Diversified Metals and Minerals Index.

**Total shareholder return performance graph
Five year total shareholder return on \$100 investment***



	2000	2001	2002	2003	2004	2005
Sherritt International Corporation	100	99	102	172	241	247
S&P/TSX Composite Index	100	87	77	97	111	138
S&P/TSX Metals & Mining Index	100	114	122	164	167	209

* Assumes dividends are reinvested.

COMPENSATION OF DIRECTORS

Directors, who are not employees of the Corporation, receive a fee of \$8,250 for each meeting attended of the board of directors and \$1,650 for each committee meeting attended to a maximum of \$3,300 payable in any one day for such committee meetings plus expenses in connection therewith. Such directors receive a fee of \$825 for each telephone conference call meeting attended. Such directors receive no additional compensation for travel or preparation time. Directors have, in the past, also received options to purchase shares in the Corporation and units granted pursuant to the Corporation's Stock-Linked Compensation Plan.

In addition, so long as the so-called "Helms-Burton" legislation remains in force in the United States, the outside and unrelated directors of the Corporation receive a special fee of \$150,000 each per annum.

The Corporation maintains a Deferred Share Unit Plan (the "DSU Plan") for non-management directors which is administered by the Pension and Compensation Committee of the Board. Under the DSU Plan, non-management directors are eligible to receive grants of deferred share units ("Units"). In 2005, each of the non-management directors was granted 2,580 Units.

The number of Units received by a director at any time will be calculated by dividing (i) a cash amount determined by the Pension and Compensation Committee by (ii) the weighted average trading price of the Corporation's Shares on the Toronto Stock Exchange for the 5 trading days immediately preceding the grant date (the "market price"). In addition, if dividends are paid on the Corporation's Shares, a holder of Units will be entitled to receive a number of additional Units equal to the per share dividend multiplied by the number of Units held by the participant, divided by the market price on the record date for the payment of such dividends.

Units entitle their holder to receive, upon their retirement or departure from the Board, a cash payment equal to the number of Units held by them multiplied by the market price at the date of payment. The Board believes that, by tracking the value of the Corporation's Shares, the DSU Plan will provide appropriate long-term incentives for non-management directors which are aligned with the interests of the Corporation's shareholders.

DIRECTORS' AND OFFICERS' INSURANCE

Directors' and Officers' liability insurance in the amount of US\$100,000,000 has been purchased at the Corporation's expense for the protection of all directors and officers against liability incurred by them in their capacities as directors and officers of the Corporation and its present subsidiaries and metals enterprise joint venture companies. The annual premium paid by the Corporation for such insurance is currently US\$939,975. There is a deductible of US\$1,000,000 per occurrence, payable by the Corporation.

The Corporation also makes life insurance and accidental death or dismemberment insurance available to each of its directors. The annual premium paid by the Corporation for such insurance is currently \$92,935 in the aggregate. The Corporation also provides long-term disability and group benefits to its directors at a current annual premium of \$24,822.

EQUITY COMPENSATION PLAN INFORMATION

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights¹</u> (a)	<u>Weighted-average exercise price of outstanding options, warrants and rights¹</u> (b)	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))¹</u> (c)
Equity compensation plans approved by securityholders . . .	N/A	N/A	N/A
Equity compensation plans not approved by securityholders ² . .	<u>2,005,000</u>	<u>\$7.97</u>	<u>5,580,000</u>
Total	<u>2,005,000</u>	<u>\$7.97</u>	<u>5,580,000</u>

Notes:

(1) All information stated as at December 31, 2005.

(2) Represents Shares issuable under the Corporation's employee and director Stock Option Plan. The Stock Option Plan was established in 1995 following the creation of the Corporation and before its Shares were distributed to the public. The terms of the Stock Option Plan are described under the title "Stock Option Plan", below.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS AGGREGATE INDEBTEDNESS (as at March 15, 2006)

<u>Purpose</u>	<u>To the Corporation or its Subsidiaries</u>	<u>To Another Entity</u>
Share Purchases	Nil	Nil
Other — Relocation Mortgage Loans	\$637,038	Nil

The foregoing table shows the aggregate indebtedness of all executive officers, directors, employees and former executive officers, directors and employees of the corporation as at March 15, 2006, in the total amount of \$637,038. All this indebtedness relates to mortgage loans for employees, advanced in connection with Corporation-related relocations.

STOCK OPTION PLAN

Since its inception as a reporting issuer in 1995, the Corporation has maintained a stock option plan (the “Plan”) to provide directors, officers and full-time employees of the Corporation and its subsidiaries compensation opportunities that will encourage Share ownership and enhance the Corporation’s ability to attract, retain and motivate key personnel, and reward significant performance achievements.

The Plan is the only security-based compensation arrangement, within the meaning of the rules of the Toronto Stock Exchange (“TSX”), pursuant to which securities of the Corporation may be issued as compensation. Eligible participants are those persons designated from time to time by the Pension and Compensation Committee (the “Committee”) of the Board of Directors from among the key employees of the Corporation or its subsidiaries who occupy responsible managerial or professional positions and who have the capacity to contribute to the success of the Corporation. The Plan was amended in 2005 to provide that non-employee directors shall no longer be eligible participants under the Plan.

There are a number of limitations on grants, and the terms, of options granted under the Plan (“Options”). The exercise price of an Option must be no lower than the market price of the Shares at the date the Option is granted. In no event may the term of an Option exceed ten years from the time of its grant. An Option is personal to the optionee and is non-assignable. The total number of Shares to be optioned to any optionee under the Plan, together with any Shares reserved for issuance under all other share compensation arrangements offered by the Corporation (of which there are currently none), to such optionee shall not exceed 5% of the issued and outstanding Shares at the date of the grant of the Option. Subject to this limitation, however, there is no restriction of the percentage of Options under the Plan that may be available to insiders of the Corporation.

The Plan includes provision for the expiry of Options in the event of the death, disability or cessation of employment or directorship of an optionee. In the event of death or disability of an optionee, any outstanding Options become fully exercisable and may be exercised within 180 days of the date of death or disability. In the event of termination of employment of an employee optionee for just cause, all Options granted to such Optionee immediately terminate. In the event of termination of an employee optionee for reasons other than just cause, or upon the cessation of directorship of a director optionee, Options granted to such optionee survived for a period of 90 days, subject to such other period as may be specified by the terms of the particular Option agreement.

The Plan does not provide for any financial assistance to be provided by the Corporation to optionees to facilitate purchases of Shares pursuant to Options.

Subject to applicable regulatory approval, the Board of Directors may amend, modify or discontinue the Plan at any time (without altering or impairing any previously granted Option). In addition, any Option agreement may be supplemented or amended in writing from time to time as approved by the Committee, provided that the terms of the Option agreement as amended or supplemented conform to the provisions of the Plan.

The Plan was amended by the Board of Directors in April 2005, to add a so-called “cashless exercise” provision, by permitting the Committee to attach a “stock appreciation right” (a “SAR” or a “tandem SAR”) to any Option granted under the Plan. Under the Plan, any tandem SAR attached to an Option may be exercised in lieu of the Option, to receive a cash payment from the Corporation equal to the excess of the market price of a Share at the time of exercise, over the exercise price of the Option. Upon the exercise of a tandem SAR, the related option is terminated; however, the termination in this circumstance does not have the effect of making the Share in respect of which the Option has been terminated once again available as part of the aggregate number of Shares reserved for issuance under the Plan.

The Plan was also amended, with the approval of shareholders at their annual meeting in May 2005, to increase the number of Shares which may be issuable in respect of Options granted under the Plan, to a total of 12,500,000 Shares. In response to shareholder suggestions at the time of the 2005 annual meeting, the board of directors also amended the Plan to provide that non-executive directors will no longer be eligible participants under the Plan. The number of Shares issuable in respect of all Options which may be granted under the Plan, being 12,500,000 Shares, is a figure which represents approximately 8% of the number of Shares currently issued and outstanding.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The board of directors of the Corporation (the “Board”) has considered the Corporate Governance Guidelines set forth in National Policy 58-201. A description of the Corporation’s corporate governance practices is set out below in response to the requirements of National Instrument 58-101, “Disclosure of Corporate Governance Practices” and in the form set forth in Form 58-101F1, “Corporate Governance Disclosure”.

Many of the items for which disclosure is required by Form 58-101F1 are dealt with in the Mandate of the Board of Directors of the Corporation, which is set out, in its entirety, below.

Mandate of the Board Of Directors

1. GENERAL

The Board of Directors (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 has adopted this Mandate, which reflects the Corporation’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Corporation as required under applicable law and stock exchange rules and requirements.

The fundamental responsibility of the Board is to supervise the management of the business and affairs of the Corporation with a view to sustainable value creation for all shareholders.

The Board promotes fair reporting, including financial reporting, to shareholders of the Corporation 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 of directors which functions independently of management and is informed and engaged.

The Nominating and Corporate Governance Committee will review this Mandate annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate in light of the Corporation’s needs and legal and regulatory developments.

2. BOARD COMPOSITION

(a) Board Membership Criteria

The Nominating and Corporate Governance Committee is responsible for establishing the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; and the competencies and skills each new candidate to be elected by shareholders will bring to the Board.

The Nominating and Corporate Governance Committee recommends candidates for initial Board membership and Board members for nomination. In making its recommendations, the Nominating and Corporate Governance Committee focuses on the competencies, skills and personal qualities of the candidates as well as the business experience that the candidates possess to enhance the Board’s decision-making process and the overall management of the business and affairs of the Corporation.

Directors must have sufficient time to carry out their duties and not assume responsibilities which would materially interfere with or be incompatible with Board membership. Directors who change their principal occupation are expected to advise the Nominating and Corporate Governance Committee.

(b) Director Independence

The Board’s composition and procedures are designed to permit it to function independently from management and to promote and protect the interests of all shareholders. The Board believes that,

except during periods of temporary vacancies, at least two-thirds of its members should be Independent Directors.

The Board will determine whether a director is an independent director (“Independent Director”), within the meaning of Multilateral Instrument 52-110, as the same may be amended or replaced from time to time (“MI-52-110”).

The Board will review the independence of all directors on an annual basis and will publish its determinations in the management information circular relating to the Corporation’s annual meeting. To facilitate this review, directors will be asked to provide the Board with full information regarding their business and other relationships with the Corporation and its affiliates and with senior management and their affiliates. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board’s determination as to their independence.

(c) Board Size

The current Board is composed of seven directors. The Board considers seven directors to be an appropriate size for effective decision-making and committee work given the nature of the Corporation’s operations.

(d) Term

All directors are elected at the annual meeting of shareholders of the Corporation for a term of one year. The Board does not believe it should establish term limits or mandatory retirement ages for its members as such limits may deprive the Corporation and its shareholders of the contributions of members who have been able to develop, over time, valuable insights into the Corporation, its strategy and business operations.

(e) Board Succession

The Board is responsible for maintaining a Board succession plan that is responsive to the Corporation’s needs and the interests of its shareholders.

(f) Service on Other Boards

The Board believes that the Corporation can benefit from the experience and insight its members may gain from serving as director, trustee or in other similar positions for other public companies, government agencies or other entities. In agreeing to assume such roles, however, members of the Board must ensure that their commitments do not create a conflict of interest or interfere with their ability to fulfill their duties as members of the Board. Directors must also be mindful of the number of other public company boards and committees on which they serve, to ensure that they remain able to devote the required time to the performance of their duties for the Corporation. Upon accepting an appointment to the board of another public company, a director should advise the Chair of the Nominating and Corporate Governance Committee.

3. *DIRECTORS’ DUTIES AND RESPONSIBILITIES*

Directors must act honestly and in good faith with a view to the best interests of the Corporation and its shareholders and in connection therewith must exercise 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 developing strategic plans and amend business plans and approve such 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;

- diligently prepare for each meeting, including reviewing all meeting materials distributed in advance;
- actively and constructively participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;
- engage in continuing education programs for directors, as appropriate; and
- diligently attend all meetings of the Board and any committee of which he or she is a member.

4. **BOARD DUTIES AND RESPONSIBILITIES**

In fulfilling its responsibilities, the Board is, among other matters, responsible for the following matters.

(a) Appointment and Supervision of the Executive Chairman, Chief Executive Officer and Senior Management

The Board appoints and supervises the Executive Chairman (in his capacity as an officer), the Chief Executive Officer and other members of senior management, approves their compensation and, as permitted by applicable law, delegates to senior management responsibility for the day-to-day operations of the Corporation.

The Board will establish and maintain a position description for the Executive Chairman and the Chief Executive Officer.

(b) Strategic Planning and Risk Management

The Board will develop with management a strategic plan and annual business plans with measurable performance indicators in accordance with the Corporation's public documents and will approve such plans. In this regard, the Board will:

- adopt a strategic planning process and review and approve on an annual basis a business plan developed with management which includes rigorous but realistic goals and takes into account, among other things, the opportunities and risks of the business;
- 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, human resources, internal controls over financial reporting, disclosure controls and management information systems;
- set annual corporate and management performance targets consistent with the Corporation's strategic plan;
- confirm that a system is in place to identify the principal risks facing the Corporation and its business and that appropriate procedures are in place to monitor and mitigate such risks; and
- confirm that processes are in place to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters.

(c) Financial Reporting and Management

On the advice of the Audit Committee, which has primary carriage of such matters, the Board will:

- approve the Corporation's annual and interim financial statements and related management's discussion and analysis and review and oversee the integrity of the Corporation with respect to its compliance with applicable audit, accounting and financial reporting requirements;
- approve annual operating and capital budgets;
- confirm the integrity of the Corporation's internal controls over financial reporting and management information systems; and
- review operating and financial performance results relative to established strategies, plans, budgets and objectives.

(d) Disclosure, Communications and Insider Trading

On the advice of the Nominating and Corporate Governance Committee, which has primary carriage of such matters, the Board will satisfy itself that appropriate policies and procedures are in place regarding public disclosure, communications and restricted trading by insiders. In this regard, the Board will periodically review its written disclosure and insider trading policy in order to:

- disclose all material information in compliance with the Corporation's timely disclosure obligations and to prevent selective disclosure of material information to analysts, institutional investors, market professionals and others;
- verify that news releases and corporate documents issued by the Corporation and public oral statements made by or on behalf of the Corporation are accurate and do not contain a misrepresentation;
- inform all directors, officers, and other employees of the Corporation about their obligation to preserve the confidentiality of undisclosed material information about the Corporation; and
- inform all directors, officers and other employees of the Corporation about prohibitions on illegal insider trading and tipping under applicable law and stock exchange rules.

(e) Corporate Governance

On the advice of the Nominating and Corporate Governance Committee, which has primary carriage of such matters, the Board will:

- establish an appropriate system of corporate governance including practices to facilitate the Board's independence;
- establish committees and approve their respective charters and the limits of authority delegated to each committee;
- establish appropriate processes for the regular evaluation of the effectiveness of the Board and its committees and the contributions of individual directors;
- approve the nomination of directors;
- review the adequacy and form of directors' compensation to confirm that it realistically reflects the responsibilities and risks involved in being a director; and
- provide an opportunity for Independent Directors to meet separately at every Board meeting.

(f) Approval of Certain Other Matters

Notwithstanding the delegation to management of the authority to manage the business of the Corporation, the Board must approve the following:

- any material departure from an established strategy, operating or capital budget or corporate policy approved by the Board;
- the entering into of any agreement or transaction, the performance of which could result in an actual or contingent liability that would be material to the Corporation;
- those matters which may not be delegated by the Board under applicable corporate law; and
- such other matters as the Board may, from time to time, determine require its approval.

5. *ROLE OF MANAGEMENT*

Management is responsible, on a shared basis with and with the approval of the Board, for developing strategy, and directly responsible for implementing strategy. Management is also responsible for safeguarding the Corporation's assets and for creating wealth for shareholders. When management performance is inadequate, the Board has the responsibility to bring about appropriate change, and when management performance is effective, the Board will reward management accordingly.

The Corporation's governance policies are designed to create autonomy and effective decision-making of management, and to ensure appropriate oversight by the Board and its committees. Management of the Corporation is under the direction and control of the Executive Chairman and the Chief Executive Officer in their respective roles. Senior management, through the Chief Executive Officer, reports to and is accountable to the Board.

Management is responsible for developing a strategic plan and an annual business plan, including an annual operating and capital budget, for review and approval by the Board. The Board's approval of the business plan provides a mandate for management to conduct the affairs of the Corporation. Material deviations from the plan must be reported to and considered by the Board.

The Board, in consultation with the Pension and Compensation Committee, maintains a succession plan for the Chief Executive Officer and establishes objectives against which the Chief Executive Officer's performance is benchmarked. Compensation is assessed against objectives which are established. Similar reviews and assessments are undertaken for other members of senior management in consultation with the Chief Executive Officer.

6. EXECUTIVE CHAIRMAN OF THE BOARD

(a) General

The Executive Chairman is responsible for the management, development and effective performance of the Board, and for providing leadership to the directors in carrying out their collective responsibilities to supervise the management of the business and affairs of the Corporation.

(b) Specific Role and Responsibilities

The Executive Chairman will fulfill the duties established by the Board in the position description for the Executive Chairman, and without limiting the foregoing, will:

- act as mentor to the Chief Executive Officer;
- supply "corporate vision" and work with the Chief Executive Officer to develop and execute strategies based on the corporate vision;
- present the corporate vision to the Board, shareholders, partners and the world at large;
- represent the Corporation to the highest levels of government in Canada, Cuba and other jurisdictions where the Corporation conducts business;
- ensure that the Corporation's balance sheet is managed to minimize cost of capital and to ensure that sufficient liquidity exists to execute the corporate vision;
- execute the responsibilities of a corporate director according to lawful and ethical standards and in accordance with the Corporation's policies;
- preside over board meetings and meetings of the shareholders of the Corporation;
- recommend compensation awards for the Chief Executive Officer and be available to advise the Board on general compensation matters;
- advise the Board with respect to the performance of the Chief Executive Officer and succession planning for that position;
- work closely with the Chief Executive Officer to develop executive succession planning options to support the Corporation's strategies and to capitalize on opportunities for growth and/or acquisitions;
- confirm that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently from management;
- confirm that the responsibilities of the Board are understood by both the directors and management and that the boundaries between the Board's and management's responsibilities are understood and respected;

- confirm that the functions delegated to Board committees are carried out by the committees and reported to the Board;
- provide leadership to ensure that the Board works as a cohesive team;
- convene Board meetings as often as necessary for the directors to carry out their duties and responsibilities effectively;
- on an ongoing basis, work with the Chief Executive Officer and Corporate Secretary to develop schedules of meetings of the Board and committees and, in consultation with other directors, the Chief Executive Officer and Corporate Secretary, establish the agenda of the Board;
- work closely with the Chief Executive Officer and the Chair of the Nominating and Corporate Governance Committee to further the creation of a healthy corporate governance culture within the Corporation; and
- carry out other duties as requested by the directors, as needs and circumstances arise.

7. BOARD COMMITTEES

(a) General

The Board carries out its responsibilities directly and through the Audit Committee, the Nominating and Corporate Governance Committee, the Environmental, Health and Safety Committee, the Pension and Compensation Committee and the Reserve Committee, and such other committees as it may establish from time to time.

(b) Composition

All Board committees will be composed solely of Independent Directors who are selected by the Board on the recommendation of the Nominating and Corporate Governance Committee. Members of the Audit Committee must be Independent Directors and meet the additional independence requirements prescribed by applicable securities laws. Each member of the Audit Committee will also be financially literate within the meaning of MI 52-110.

(c) Committee Chairs

Board committees will each be chaired by an Independent Director who is selected by the Board on the recommendation of the Nominating and Corporate Governance Committee. The chair of each Board committee will:

- in consultation with the Executive Chairman of the Board, Corporate Secretary and the committee members, as appropriate, determine the date, time and location of meetings of the committee;
- confirm that the committee's activities are consistent with, and fulfill, the duties and responsibilities set forth in its mandate;
- confirm that the duties and responsibilities of the committee, as set forth in its mandate, are well understood by the committee members and executed as effectively as possible;
- convene meetings of the committee as often as necessary to carry out its responsibilities effectively;
- in consultation with the Executive Chairman of the Board, committee members, and the Corporate Secretary, as appropriate, review meeting agendas to ensure that required business is brought before the committee to enable the committee to carry out its responsibilities;
- chair all meetings of the committee;
- communicate 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, ensure 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;

- ensure that minutes are kept of all committee meetings and sign minutes once approved by the committee;
- report 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;
- provide leadership to enable the committee to act as an effective team in carrying out its responsibilities; and
- oversee the committee's annual evaluation of its effectiveness in fulfilling the duties and responsibilities set forth in its charter.

(d) Mandates

Each committee has its own mandate which sets forth its duties and responsibilities, qualifications for membership, procedures for committee member appointment and removal and reporting to the Board. On an annual basis, each committee's charter is reviewed by both the committee itself and the Nominating and Corporate Governance Committee.

8. BOARD AND COMMITTEE MEETINGS

(a) Scheduling

Board meetings are scheduled in advance at appropriate intervals throughout the year. Board meetings shall be held not less than quarterly, and more often as is necessary. 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. The Board may also take action from time to time by unanimous written consent. A Board meeting may be called by the Executive Chairman or any director.

Each committee meets as often as it determines is necessary to fulfill its responsibilities but in any event not less than quarterly. A meeting of any committee may be called by the committee chair, the Executive Chairman or any committee member.

(b) Agenda

The Executive Chairman establishes the agenda for each Board meeting in consultation with the other directors, the Corporate Secretary and the Chief Executive Officer, as appropriate. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Committee chairs establish the agenda for each committee meeting. Any committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any committee meeting raise subjects that are not on the agenda for the meeting.

The Corporate Secretary distributes an agenda and meeting materials in advance of each Board or committee meeting to allow Board or committee members, as the case may be, sufficient time to review and consider the matters to be discussed.

(c) Meetings of Independent Directors

To provide open discussion among the Independent Directors, those directors meet separately at every Board meeting without management present and will meet at such other time as any Independent Director may request.

(d) Distribution of Information

Information that is important to the Board's understanding of the business and its agenda is distributed to directors in advance of Board meetings. Sensitive subject matters may be discussed at a meeting without written materials being distributed in advance of or at the meeting.

(e) Preparation, Attendance and Participation

Each director is expected to be diligent in attending meetings of the Board and any committee of which he or she is a member. In addition, each director is expected to attend each annual meeting of shareholders. A director who is unable to attend a Board or committee meeting in person may participate by telephone or teleconference.

(f) Attendance of Non-Directors at Board Meetings

The Chief Financial Officer and Corporate Secretary are expected to attend Board meetings. The Chief Executive Officer, at his or her discretion, may invite other employees, advisors or consultants to attend Board meetings for the purpose of making presentations or otherwise providing advice to the Board. The Chair, at his or her discretion, may also invite employees of the Corporation, consultants, advisors or others, as appropriate, to attend Board meetings.

(g) Procedures

Procedures for Board meetings are determined by the Chair unless otherwise determined by the by-laws of the Corporation or a resolution of the Board.

Procedures for committee meetings are determined by the chair of the committee unless otherwise determined by the by-laws of the Corporation or a resolution of the committee or the Board.

(h) Secretary

The Corporate Secretary acts as secretary to the Board and each of its committees. In the absence of the Corporate Secretary, the Board or a committee may appoint one of its members or any other person to act as secretary.

9. DIRECTOR COMPENSATION

The Pension and Compensation Committee has the responsibility for recommending to the Board compensation and benefits for service on the Board and on Board committees. In discharging this duty, the Pension and Compensation Committee will be guided by three goals: (i) compensation should fairly pay directors for work required in an issuer of the Corporation's size and scope; (ii) it should not exceed what is customary given the size and scope of the Corporation's business and operations, other than as may be required to reflect the unique circumstances of the Corporation and its directors in view of its Cuban operations and sanctions imposed by United States laws as a result; and (iii) compensation should align directors' interests with the long-term interests of shareholders, and the structure of the compensation should be simple, transparent and easy for shareholders to understand. Not less often than annually, the Pension and Compensation Committee shall review directors' compensation and recommend any changes to the Board.

10. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

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 and to provide other directors with appropriate continuing education opportunities.

11. BOARD ACCESS TO MANAGEMENT, OUTSIDE COUNSEL AND ADVISORS

The Board has complete access to members of senior management and the Corporation's outside counsel and advisors. It is the obligation of each director to use good judgment to ensure such contact is not distracting to the business and operations of the Corporation and that, except as may be inappropriate, the Chief Executive Officer is advised of all such retainers. The Board and its committees may invite any member of senior management, employee, outside advisor or other person to attend any of their meetings.

The Board and any of its committees may retain an outside advisor at the expense of the Corporation at any time and have the authority to determine the advisor's fees and other retention terms, provided that if the fees and expenses of any such outside advisor retained by a committee of the Board exceed, or are expected to exceed, \$100,000, the approval of the full Board for such retainer will be required. Individual directors may retain an outside advisor at the expense of the Corporation with the approval of the Board.

12. PERFORMANCE ASSESSMENT OF THE BOARD AND ITS COMMITTEES

The Nominating and Corporate Governance Committee will annually review the effectiveness of the Board and its committees in fulfilling their duties and responsibilities.

In addition, the Nominating and Corporate Governance Committee will evaluate individual directors to assess their suitability for nomination for re-election.

13. CODE OF BUSINESS CONDUCT AND ETHICS

The Board has adopted a Code of Business Conduct and Ethics. The purpose of the Code is to ensure that the Corporation maintains a high level of trust and integrity in accordance with the highest ethical standards.

14. FEEDBACK

The Board welcomes input and comments from shareholders of the Corporation. 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 Samuel W. Ingram, Q.C., Corporate Secretary
Sherritt International Corporation
1133 Yonge Street
5th Floor
Toronto, Ontario M4T 2Y7
E-mail: singram@sherritt.com

Board Composition, Attendance, Committees and Other Matters

The Board is currently composed of six members. Of the six, four (Messrs. Lalonde, Owen, Pennant-Rea and Sir Patrick Sheehy) are independent within the meaning of National Instrument 58-101. Messrs. Delaney and Waheed are not independent, given that they are the Executive Chairman and President and Chief Executive Officer of the Corporation, respectively.

The directors of the Corporation are presently also directors of the following reporting issuers (or the equivalent):

Ian W. Delaney	The Westaim Corporation OPTI Canada Inc. Dynatec Corporation Encana Corporation Solium Capital Ltd.
The Honourable Marc Lalonde	Citibank Canada OxBow Equities Corporation
Daniel P. Owen	The Westaim Corporation Dynatec Corporation Dynex Power Inc.
Rupert Pennant-Rea	PGI plc British American Tobacco plc Electra Kingsway VCT plc Electra Kingsway VCT 2 plc Go-Ahead Group plc Henderson Group plc (formerly HHG plc) First Quantum Minerals Ltd. Gold Fields Limited Rio Narcea Gold Mines, Ltd.
Sir Patrick Sheehy	Perpetual Income and Growth Investment Trust plc

During 2005, the Board of Directors had 4 regularly scheduled quarterly meetings, plus 10 special meetings. Of the total 14 meetings of the Board, all directors attended all meetings, with the exception of one conference call meeting which Sir Patrick Sheehy was unable to attend.

The Board believes that even though the Executive Chairman of the Board, Mr. Delaney, is not independent in the sense that he is a member of management, the Board is still properly able to function independently of management. The Board is satisfied that it is not constrained in its access to information, in its deliberations or in its ability to satisfy its mandate to manage or supervise the business and affairs of the Corporation. The independent directors meet separately at every board meeting without management present and may meet at such other times as any independent director may request. While they constitute two-thirds of the members of the Board, the independent directors, being 4 in number, have determined there is no need to appoint a lead director from their midst to provide leadership to the independent directors.

As noted in the Board's Mandate, set out above, the Board has developed written position descriptions for the Executive Chairman. The role and responsibilities of the chair of each committee of the Board are set out in the individual mandates of each committee.

The Board has also developed a written position description for the President and Chief Executive Officer, which delineates that officer's roles and responsibilities.

Board Committees

The Board annually appoints members to committees with mandates in the following five areas:

The Audit Committee;
The Nominating and Corporate Governance Committee;
The Pension and Compensation Committee;
The Environmental, Health & Safety Committee; and
The Reserve Committee.

Each of the committees of the Board is composed entirely of independent directors. As noted in the Mandate of the Board, above, each Board committee has its own mandate which sets forth its duties and responsibilities, among other things. Set out earlier in this circular is the composition of each of the committees of the Board at the date of the Circular.

The key responsibilities of the Nominating and Corporate Government Committee are referred to in the Mandate of the Board of Directors set out above. The Pension and Compensation Committee is responsible for developing compensation policies for the Corporation's Chief Executive Officer and Executive Chairman, as well as formulating compensation policies and strategies applicable more broadly to other senior executives and employees of the Corporation. The Environmental, Health & Safety Committee is responsible for reviewing environmental, health and safety policies and programs, overseeing environmental, health and safety performance and monitoring related current and future regulatory issues. The Reserve Committee is responsible for reviewing the minerals reserves (including coal and oil and gas reserves) of the Corporation and its affiliated and related entities, and to oversee the availability, maintenance, growth and integrity of the Corporation's reported reserve base including any additional potential reserves.

The Audit Committee is composed entirely of directors who are both independent and "financially literate" within the meaning of Multi-lateral Instrument 52-110, "Audit Committees". The mandate of the Audit Committee ensures that it fulfils the responsibilities contemplated by Multi-lateral Instrument 52-110.

Code of Business Conduct

As noted in the Board's Mandate, the Board has adopted a Code of Business Conduct and Ethics. This Code is available on SEDAR at www.sedar.com. The Corporation's internal auditor monitors compliance with the Code and reports to the Audit Committee of the Board.

ADDITIONAL INFORMATION

Financial information for the financial year ended December 31, 2005, is provided in the Corporation's comparative financial statements and management's discussion and analysis (MD&A) which are included in the Annual Report. Securityholders 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; Attention: Secretary.

Copies of the Corporation's current Annual Information Form (AIF), together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the current 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 to anyone, upon request, from the Secretary of the Corporation, and without charge to securityholders of the Corporation.

The Annual Report (including the financial statements and MD&A), the AIF and other information relating to the Corporation is available on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

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

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Sam Ingram". The signature is written in a cursive style with a large initial "S" and "I".

SAMUEL W. INGRAM
Senior Vice President
General Counsel and Corporate Secretary

Toronto, Ontario
April 6, 2006

SCHEDULE "A"

**APPROVAL OF AMENDMENT TO
THE EMPLOYEE SHARE PURCHASE PLAN**

BE IT RESOLVED THAT:

1. subject to regulatory approval, section 20 of the Corporation's Employee Share Purchase Plan (the "Plan") be amended to provide that the maximum number of common shares (the "Shares") which may be issued pursuant to the Plan (except as contemplated pursuant to section 18 of the Plan) shall be increased from 800,000 to 1,800,000 Shares;
2. 1,000,000 additional Shares of the Corporation be reserved for issuance in accordance with the terms of the Plan; and
3. any officer or director of the Corporation is authorized and directed to execute and deliver in the name and on behalf of the Corporation and under its corporate seal or otherwise all such certificates, instruments, agreements and other documents and to do all such other acts and things as in the opinion of such person may be necessary or desirable in connection with the foregoing resolution.

SCHEDULE “B”

**RESOLUTION RELATING TO AMENDED AND
RESTATED BYLAW B OF THE CORPORATION**

BE IT RESOLVED THAT:

1. amended and restated Bylaw B of the Corporation, made by resolution of the directors of the Corporation dated as of April 6, 2006, in the form attached below as part of this Schedule “B” to the Management Information Circular of the Corporation dated April 6, 2006, is hereby confirmed and ratified.

Text of Amended and Restated Bylaw B:

BE IT ENACTED AND IT IS HEREBY ENACTED, as a bylaw of Sherritt International Corporation (the “Corporation”) as follows:

The Board of Directors of the Corporation shall consist of eight (8) directors.

sherritt



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