

SHERRITT INTERNATIONAL CORPORATION

MANAGEMENT INFORMATION CIRCULAR

DATED APRIL 24, 2008

SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

The information contained in this management information circular is furnished in connection with the solicitation of proxies from registered owners of common shares (the "Shares") of Sherritt International Corporation (the "Corporation") 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 (the "Meeting") to be held on May 22, 2008 at 10:00 a.m. in 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. The Corporation has also retained the services of Georgeson Shareholder Communications Canada Inc ("Georgeson") in connection with the solicitation of proxies. For this service, and other advisory services, Georgeson will be paid a fee of \$30,000 plus a potential additional payment based on the percentage of Shares represented at the Meeting and out-of-pocket expenses. The total cost of the solicitation of proxies will be borne by the Corporation. The information contained in this circular is given as at March 31, 2008, 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. Please register with the scrutineers, 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, P.O. Box 721, Agincourt, Ontario M1S 0A1 or by facsimile to (416) 368-2502 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 special resolution confirming the ability of the board of directors to set the size of the board from time to time as indicated under that heading in this circular, FOR the election of each of the proposed directors, FOR the appointment of the auditors and the authorization of the directors to fix their remuneration.**

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 CDS Clearing and Depository Services Inc.) 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 and this management information circular (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 Broadridge Financial Solutions, Inc., 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 (nor 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. 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 in time for use at 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 scrutineers, 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, P.O. Box 721, Agincourt, Ontario M1S 0A1 in time for use at the Meeting. You must register with the scrutineers, 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 SHARES AND PRINCIPAL HOLDERS THEREOF

As of April 3, 2008, the Corporation had 258,059,309 Shares issued and outstanding. Each holder of Shares of record at the close of business on April 3, 2008, 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.

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

All matters to be voted upon as set forth in the Notice of Meeting require approval by a simple majority of all votes cast at the Meeting, with the exception of the approval of a special resolution to empower the board to determine the number of directors on the board, which will require the approval by two-thirds of all votes cast at the Meeting.

MATTERS REQUIRING SHAREHOLDER APPROVAL

CONFIRMING DIRECTORS' ABILITY TO SET THE SIZE OF THE BOARD

At the Corporation's 2007 annual and special meeting of shareholders (the "2007 Meeting"), shareholders approved the continuance of the Corporation under the *Business Corporations Act* (Ontario) ("OBCA"). The Corporation's April 4, 2007 management information circular for the 2007 Meeting disclosed several reasons for the continuance from the *Business Corporations Act* (New Brunswick) (the "NBBCA") to the OBCA, including, on page 13 of that circular, the following:

"The proposed Articles of Continuance provide that the Corporation shall have a minimum of 3 and a maximum of 15 directors and the actual number of directors within the minimum and maximum number may be determined from time to time by resolution of the directors. The OBCA permits the directors to appoint additional directors to fill vacancies, subject to certain restrictions, provided that after such appointment, the total number of directors would not be greater than one and one-third times the number of directors elected at the previous annual meeting of shareholders. A director appointed or elected to fill a vacancy holds office for the unexpired term of the director's predecessor. The NBBCA does not permit the appointment of additional directors on this basis. The directors believe that it would be in the best interests of the Corporation and its shareholders for the Board of Directors to be able to appoint, from time to time, one or more qualified persons as directors when such person or persons become available."

Shareholders approved the Corporation's continuance under the OBCA at the 2007 Meeting and the Corporation was continued under the OBCA on August 1, 2007.

The Corporation is requesting that the shareholders pass a special resolution explicitly confirming the power of the directors to determine the number of directors from time to time by resolution of the directors.

Shareholders will be asked at the Meeting to consider and, if deemed appropriate, to pass, with or without variation, the following special resolution:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT the authority of the directors of the Corporation to determine from time to time the number of directors within the minimum and maximum number of directors provided for in the articles of the Corporation, such determination to be made by resolution of the directors, is confirmed."

In order to be effective, the special resolution requires the approval of two-thirds of the votes cast by shareholders who vote by proxy or in person in respect of the special resolution at the Meeting. In the absence of

contrary direction, the persons named in the accompanying form of proxy intend to vote the Shares represented by any such proxy FOR the above-described special resolution.

ELECTION OF DIRECTORS

The number of directors to be elected at the Meeting is eight. The management representatives designated in the enclosed form of proxy intend to vote **FOR** the election as directors of each of the proposed nominees whose names are set out 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 shareholders' meeting or until his or her successor is elected or appointed.

The Corporation has an Audit Committee, a Nominating and Corporate Governance Committee, a Compensation and Pension Committee, an Environment, Health and Safety Committee, a Reserve Committee and a Capital Projects Committee. The members of these committees are indicated below.

The following table sets forth the names of the persons nominated for election as directors of the Corporation and includes the nominee's jurisdiction of residence, their age, all positions and offices held by them with the Corporation, their principal occupations or employment during the past five years, whether or not they are an independent director, and the number of Shares owned or controlled by each of them and the total value of such Shares as at March 31, 2008. For informational purposes, the numbers of options, deferred share units, restricted share units and stock appreciation rights held by each director are also provided.

The Shareholders can vote for or withhold from voting on the election of each director on an individual basis.

<u>Name</u>	<u>Position with the Corporation</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Ownership or Control Over Shares</u>	<u>Total Value¹</u>
Ian W. Delaney ² Toronto, Canada Age: 64 <i>Non-Independent Director</i>	Director and Executive Chairman	Executive Chairman of the Corporation	October 25, 1995	1,924,060 Shares 92,750 DSUs ⁹ 65,000 options ¹⁰	\$27,937,351 \$ 1,346,730 \$ 745,550
Michael F. Garvey ^{2,3,4,5,6} Toronto, Canada Age: 63 <i>Independent Director</i>	Director	Corporate Director	May 25, 2006	20,000 Shares 3,979 DSUs ¹¹	\$ 290,400 \$ 57,775
The Honourable Marc Lalonde ^{3,4,7} Montreal, Canada Age: 78 <i>Independent and Lead Director</i>	Lead Director	Lawyer	May 22, 2003	20,000 Shares 12,482 DSUs ¹¹ 65,250 SARs ¹²	\$ 290,400 \$ 181,239 \$ 818,453
Edythe A. (Dee) Marcoux ^{2,4,5,6,7,8} Gibsons, Canada Age: 59 <i>Independent Director</i>	Director	Corporate Director	May 25, 2006	20,000 Shares 3,979 DSUs ¹¹	\$ 290,400 \$ 57,775
Bernard Michel ^{2,4} Canmore, Canada Age: 70 <i>Independent Director</i>	Director	Corporate Director	August 1, 2007	21,000 Shares 1,916 DSUs ¹¹	\$ 304,920 \$ 27,820
Daniel P. Owen ^{4,5,6} Toronto, Canada Age: 72 <i>Independent Director</i>	Director	Chairman of Molin Holdings Limited (an investment management company)	November 24, 1995	2,000,000 Shares 18,448 DSUs ¹¹ 70,000 options ¹⁰ 20,000 SARs ¹²	\$29,040,000 \$ 267,865 \$ 762,900 \$ 179,280
Sir Patrick Sheehy ^{3,4,7} London, England Age: 77 <i>Independent Director</i>	Director	Corporate Director	November 24, 1995	223,207 Shares 18,448 DSUs ¹¹ 20,000 SARs ¹²	\$ 3,240,966 \$ 267,865 \$ 179,280

<u>Name</u>	<u>Position with the Corporation</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Ownership or Control Over Shares</u>	<u>Total Value¹</u>
Jowdat Waheed² Toronto, Canada Age: 45 <i>Non-Independent Director</i>	Director and President and Chief Executive Officer	President and Chief Executive Officer of the Corporation	January 17, 2005	22,768 Shares 19,500 RSUs ¹³ 1,100,000 options ¹⁰ 284,875 SARs ¹²	\$ 330,591 \$ 283,140 \$ 4,014,550 \$ 3,215,349

Notes:

- (1) The "Total Value" for Shares, RSUs and DSUs is determined by multiplying the closing price of the Shares on the Toronto Stock Exchange on March 31, 2008 (\$14.52) by the number of Shares, RSUs and DSUs held as at March 31, 2008. The Total Value of options and SARs is determined by subtracting the exercise price from such closing price and multiplying the difference by the number of options or SARs held on March 31, 2008.
- (2) Messrs. Michel (Chairman), Delaney, Waheed and Garvey and Ms. Marcoux are members of the Capital Projects Committee.
- (3) Messrs. Garvey (Chairman), The Hon. Marc Lalonde and Sir Patrick Sheehy are members of the Audit Committee.
- (4) The Hon. Marc Lalonde (Chairman), Messrs. Garvey, Michel and Owen, Sir Patrick Sheehy and Ms. Marcoux, being all the independent directors, are members of the Nominating and Corporate Governance Committee.
- (5) Messrs. Owen (Chairman) and Garvey and Ms. Marcoux are members of the Environment, Health and Safety Committee.
- (6) Messrs. Owen (Chairman) and Garvey and Ms. Marcoux are members of the Compensation and Pension Committee.
- (7) Sir Patrick Sheehy (Chairman), The Hon. Marc Lalonde and Ms. Marcoux are members of the Reserve Committee.
- (8) 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.
- (9) Deferred share units granted pursuant to the Corporation's Executive Share Unit Plan, which plan was effective as of June 24, 2003. No DSUs have been granted under this plan since 2004. Units are adjusted to reflect dividends paid on Shares.
- (10) Options to purchase Shares granted pursuant to the Corporation's Stock Option Plan. Non-executive directors have not been eligible to participate in the Stock Option Plan since May 1, 2005.
- (11) Deferred share units granted pursuant to the Corporation's Non-executive Directors' Deferred Share Unit Plan, which plan was effective as of December 6, 2002. Participation in such plan is limited to non-executive directors. Units are adjusted to reflect dividends paid on Shares.
- (12) Participation units granted pursuant to the Corporation's Stock-Linked Compensation Plan. No grants have been made under this plan since 2003 and the Corporation does not currently anticipate any further grants under this plan in 2008.
- (13) Restricted share units granted pursuant to the Corporation's Executive Share Unit Plan. Units are adjusted to reflect dividends paid on Shares.

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

Biographies

Ian W. Delaney has served as a director of the Corporation since October 1995, Chairman of the Corporation from November 1995 to May 2004, and Executive Chairman of the Corporation since May 2004. Mr. Delaney also serves as a trustee and Chairman of Royal Utilities Income Fund and as director of EnCana Corporation, OPTI Canada Inc. and The Westaim Corporation.

Michael F. Garvey has served as a director of the Corporation since May 2006. He was with PricewaterhouseCoopers LLP from 1969 until his retirement in July 2006, including as a partner from 1982 and managed that firm's practice in Cuba from 1995 to 2005. Mr. Garvey is also a director of Monogen Inc. He completed the Directors Education Programme at the University of Toronto and has the ICD.D designation.

The Honourable Marc Lalonde has served as a director of the Corporation since May 2003 and served as a director of a related company, Sherritt Power Corporation, from February 1998 until its wind-up into the

Corporation in March 2003. Since July 1, 2006, he has practised law as a sole-practitioner. Between 1965 and 1984, he served in the government of Canada, including as head of a task force on securities regulation and corporate disclosure, as Principal Secretary to the Prime Minister of Canada and as Minister of several departments, including Justice, Energy, Mines and Resources and Finance. During the 1990s, Mr. Lalonde served as an *ad hoc* judge of the International Court of Justice. Between January 2003 and July 2006, he served as senior counsel at Stikeman Elliott LLP. Prior to January 2003, he was a partner of Stikeman Elliott LLP where he worked in corporate and administrative law and international commercial arbitration.

Edythe A. Marcoux has served as a director of the Corporation since May 2006. Ms. Marcoux is a retired executive from the oil industry. She was a consultant to Ensyn Group Inc., a heavy oil upgrading technology company, from 2002 to mid-2005, and was previously (from 2001-2002) Chairman and Chief Executive Officer of Ensyn Energy, a subsidiary of Ensyn Group Inc. As well, Ms. Marcoux has worked as a consultant and served as a director of Southern Pacific Petroleum NL (“SPP”), a company developing shale oil resources in Australia from 1998 to 2003, during which time 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.

Daniel P. Owen has served as a director of the Corporation since November 1995, and of its predecessor since 1990. Before that he was Senior Vice President, Operations of Canada Development Corporation. Mr. Owen also serves as a director of The Westaim Corporation and Dynex Power Inc. In addition he is Chairman of Heli-Lynx Helicopter Services Inc., a helicopter conversion and modification company based near Hamilton, Ontario.

Bernard Michel has served as a director of the Corporation since August 2007. He is currently the Chairman of Bruce Power Inc., a corporation which generates in excess of 20% of Ontario’s electricity from six nuclear reactors. Mr. Michel has previously served on the boards of Ipsco Ltd., a steel and pipeline manufacturing company, and the Mosaic Company, a US mining and fertilizer company. Mr. Michel was formerly the Chairman and Chief Executive Officer of Cameco Corp., a uranium mining, marketing and refining company.

Sir Patrick Sheehy has served as a director of the Corporation since November 1995. From 1996 to 2007 he served as Chairman of Perpetual Income & Growth Investment Trust plc. He has previously served as a member of the audit committee and Chairman of B.A.T. Industries plc and as a member and chairman of the audit committee of BP plc.

Jowdat Waheed was appointed President and Chief Executive Officer with effect from January 1, 2005 and has served as a director of the Corporation since January 2005. Since May 2006, he has also served as President and Chief Executive Officer and as a trustee of Royal Utilities Income Fund. From March 5, 2004 until December 31, 2004, he served as Executive Vice President and Chief Operating Officer of the Corporation. In May 2000, Mr. Waheed was appointed Senior Vice President and Chief Financial Officer of the Corporation and served in that capacity until May 2004. From 1998 until April 2003, Mr. Waheed also served as President and Chief Executive Officer of Sherritt Power Corporation.

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, Licensed Public 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 2007, the aggregate amounts billed for professional services rendered by Deloitte & Touche LLP to the Corporation were approximately \$1.9 million for base audit services, \$932,000 for audit-related services and \$223,000 for tax compliance and advisory services. The comparative figures for 2006 were approximately \$2.0 million, \$1.1 million and \$80,000, respectively.

STATEMENT OF EXECUTIVE COMPENSATION

Summary Compensation Table

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 respect of 2007 who were serving as an executive officer as at December 31, 2007. 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	Total Compensation ⁵
		Salary	Bonus ¹	Other Annual Compensation ²	Awards		
					Securities Under Options/SARs Granted ³		
		(\$)	(\$)	(\$)	(#)	(\$)	(\$)
IAN W. DELANEY Executive Chairman	2007	750,000	375,000	190,000	—	324,283	1,639,283
	2006	750,000	506,250	190,000	—	299,927	1,746,177
	2005	750,000	112,500	152,500	—	246,405	1,261,405
JOWDAT WAHEED President and Chief Executive Officer	2007	495,000	150,000	134,000	100,000 Options 12,000 RSUs	96,240	1,548,092
	2006	472,500	286,800	132,500	485,000 Options 7,500 RSUs	90,316	1,639,116
	2005	450,000	40,500	99,500	500,000 Options	79,933	1,239,933
DEAN CHAMBERS ⁶ Senior Vice President, Finance and Chief Financial Officer	2007	156,250	93,000	15,583	40,000 Options 10,000 RSUs	30,464	620,057
		—	—	—	—	—	—
GUY I. BENTINCK ⁷ Senior Vice President, Capital Projects	2007	346,250	94,500	101,250	40,000 Options 10,000 RSUs	71,976	938,736
	2006	332,500	194,721	98,500	150,000 Options 7,500 RSUs	62,046	942,767
	2005	318,750	29,250	80,750	150,000 Options	57,303	657,053
ELVIN SARUK Senior Vice President Oil & Gas and Power	2007	346,250	129,570	106,525	50,000 Options 20,000 RSUs	65,642	1,134,157
	2006	332,500	90,451	103,200	40,000 Options 7,500 RSUs	61,263	822,414
	2005	318,750	172,500	40,125	25,000 Options	56,910	683,285

Notes:

- (1) The Corporation has 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. Messrs. Delaney, Waheed, Chambers, Bentinck and Saruk received payments of \$375,000, \$150,000, \$93,000, \$94,500 and \$129,570, respectively, in respect of the 2007 STI program.
- (2) In 2007, general allowances for perquisites were paid out in the amount of \$40,000 to Mr. Delaney, \$35,000 to Mr. Waheed, \$32,000 to Messrs. Bentinck and Saruk and \$15,583 to Mr. Chambers. The amount paid to Mr. Chambers is in respect of the period from June 14, 2007, when he joined the Corporation, to December 31, 2007. In addition, certain Named Executive Officers have been 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, their spouses and minor children are inadmissible for entry to the United States. In recognition of the hardship, loss of opportunity and emotional distress occasioned to the Named Executive Officers and their respective families as a result of such listing, the Corporation has made certain voluntary payments to such Named Executive Officers. In 2007, Messrs. Delaney, Waheed, Bentinck and Saruk received \$150,000, \$99,000, \$69,250 and \$69,250, respectively, in recognition of their inclusion on this list. Although not considered compensation, these amounts have been included in the table in the interest of providing fulsome disclosure.
- (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"). Grants of long-term compensation awards to Named Executive Officers in 2007 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. Grants of RSUs were made to Named Executive Officers in 2007. The Corporation also maintains a Stock-Linked Compensation Plan, under which free-standing SARs have been granted in the past. No grants have been made under this plan since 2003 and the Corporation does not currently anticipate any further grants under this plan in 2008.

- (4) In 2007, Messrs. Waheed, Chambers, Bentinck and Saruk received \$96,240, \$30,464, \$71,976, \$65,642, respectively, of other compensation in the form of contributions to the Corporation's retirement savings programs and also received taxable benefits for life insurance, health insurance and other benefits. Mr. Delaney, in 2007, received \$324,283 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) "Total Compensation" includes the amounts under the "Salary", "Bonus", "Other Annual Compensation" and "All Other Compensation" plus an allocation of the value of RSUs and Option grants to the Named Executive Officers. Options are valued using a Black-Scholes analysis and RSUs are valued based on the market value of Shares at the time of granting multiplied by 80%, which is the target percentage for vesting of the RSUs following measurement of performance criteria.
- (6) Mr. Chambers joined the Corporation when it acquired Dynatec Corporation on June 14, 2007. Mr. Chambers was appointed Senior Vice President, Finance and Chief Financial Officer on November 26, 2007, replacing Guy Bentinck, who was appointed to a newly-created office as Senior Vice President, Capital Projects. Mr. Chambers was Senior Vice President, Finance and Chief Financial Officer for just over one month in 2007. All amounts in respect of Mr. Chambers reflect amounts received by him in respect of the period from June 14, 2007 to December 31, 2007.
- (7) Mr. Bentinck was Senior Vice President, Finance and Chief Financial Officer during fiscal years 2005 and 2006 and for approximately 11 months in 2007. On November 26, 2007, he was appointed Senior Vice President, Capital Projects.

Alignment of Named Executive Officer Compensation with Business Performance

To demonstrate the link between Named Executive Officer compensation and business performance, the following table shows the total cost of compensation to the Named Executive Officers as a percentage of the Corporation's net income for 2007, 2006, and 2005:

	<u>Total Cost of Compensation to Named Executive Officers¹</u>	<u>Total Cost of Compensation to Named Executive Officers/ Total Net Income²</u>
	(\$)	(%)
2007	5,880,324 ³	1.59
2006	5,968,824	2.43
2005	4,556,360	3.67

Notes:

- (1) The "Total Cost of Compensation to Named Executive Officers" is the sum of the Total Compensation each Named Executive Officer from the Summary Compensation Table for each of 2007, 2006 and 2005.
- (2) The Net Income used to calculate the percentage was \$124.3 million in 2005, \$245.6 million in 2006 and \$370.4 million in 2007.
- (3) Dean Chambers, the Senior Vice-President, Finance and Chief Financial Officer of the Corporation, joined the Corporation on June 14, 2007. The Total Cost of Compensation to Named Executive Officers includes his total compensation from such date to December 31, 2007.

OPTION/SAR GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

The following table provides information concerning options granted under the Stock Option Plan in 2007 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	100,000 Options	9.43%	\$14.91	\$14.91	July 4, 2017
Dean Chambers	40,000 Options	3.77%	\$14.91	\$14.91	July 4, 2017
Guy I. Bentinck	40,000 Options	3.77%	\$14.91	\$14.91	July 4, 2017
Elvin Saruk	50,000 Options	4.72%	\$14.91	\$14.91	July 4, 2017

Notes:

- (1) All option grants in 2007 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 in 2007 have a term of 10 years from the date of grant and vest at the rate of one-third per year, commencing on the first anniversary of the date of grant.
- (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 2007 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 ³
	(#)	(\$)	Exercisable/ Unexercisable (#)	Exercisable/ Unexercisable (\$)
Ian W. Delaney				
Options/SARs ¹	1,563,125 ⁴	16,105,625	65,000/ —	665,600/ —
DSUs ²	—	—	—/92,750	—/1,232,648
Jowdat Waheed				
Options/SARs ¹	—	—	596,875/788,000	3,784,783/1,864,720
RSUs ²	—	—	—/19,500	—/259,155
Dean Chambers				
Options/SARs ¹	—	—	—/40,000	—/ —
RSUs ²	—	—	—/10,000	—/132,900
Guy I. Bentinck				
Options/SARs ¹	25,000 ⁵	267,750	100,000/250,000	401,380/669,720
RSUs ²	—	—	—/17,500	—/232,579
Elvin Saruk				
Options/SARs ¹	—	—	182,250/85,000	1,820,255/107,900
RSUs ²	—	—	—/27,500	—/365,475

Notes:

- (1) "Options/SARs" includes options to purchase Shares granted pursuant to the Corporation's Stock Option Plan and participation units granted pursuant to the Corporation's Stock-Linked Compensation Plan.
- (2) Units granted under the Executive Share Unit Plan. After grant, units are adjusted for anti-dilution purposes to reflect dividends paid on Shares.
- (3) The value of Options/SARs has been determined by subtracting the exercise price or initial unit value from the closing price on The Toronto Stock Exchange of the Shares on December 31, 2007, which was \$13.29, and multiplying such difference by the number of Options/SARs held. RSUs and DSUs have been valued by multiplying the number of units held by that \$13.29 closing price. The value of RSUs and DSUs, however, remains contingent until the conditions to their vesting are met.
- (4) Mr. Delaney exercised 1,563,125 participation units pursuant to the Corporation's Stock-Linked Compensation Plan.
- (5) Mr. Bentinck exercised 25,000 options pursuant to the Corporation's Stock Option Plan.

**AGGREGATE HOLDINGS OF SHARES, OPTIONS/SARS, DSUs AND RSUs
AS AT END OF FINANCIAL YEAR**

The following table sets forth the aggregate equity and equity-linked holdings of the Named Executive Officers as at December 31, 2007:

Name	Shares ¹		Options/SARs ¹		DSUs ¹		RSUs ¹		Total Value ¹
	(#)	(\$)	(#)	(\$)	(#)	(\$)	(#)	(\$)	(\$)
Ian W. Delaney	1,924,060	25,570,757	65,000	665,600	92,750	1,232,648	—	—	27,469,005
Jowdat Waheed	22,768	302,587	1,384,875	5,649,503	—	—	19,500	259,155	5,437,845
Dean Chambers	19,998	265,773	40,000	—	—	—	10,000	132,900	398,673
Guy I. Bentinck	26,384	350,643	350,000	1,071,100	—	—	17,500	232,575	1,654,318
Elvin Saruk	14,413	191,549	267,250	1,928,155	—	—	27,500	365,475	2,485,179

Note:

- (1) Shares, DSUs and RSUs are valued at the closing price of the Shares of the Corporation on The Toronto Stock Exchange on December 31, 2007, being \$13.29. Options/SARs are valued by subtracting the exercise price or initial unit value from such closing price and multiplying the difference by the number of Options/SARs held.
- (2) "Options/SARs" includes options to purchase Shares granted pursuant to the Corporation's Stock Option Plan and participation units granted pursuant to the Corporation's Stock-Linked Compensation Plan.

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

Ian W. Delaney

The Corporation has entered into an employment agreement with Mr. Delaney, the terms of which are substantially as follows. Mr. Delaney is the Corporation's Executive Chairman and effective from April 1, 2004 until his retirement at age 65 will be paid a base salary of \$750,000 per year. Mr. Delaney is also eligible for benefits pursuant to all health insurance, life insurance and other benefit plans as provided from time to time by the Corporation to its senior employees. Mr. Delaney participates in the Corporation's short-term incentive program and receives contributions to the Corporation's retirement savings programs. The Corporation will provide Mr. Delaney with employment perquisites, as the Compensation and Pension Committee and Mr. Delaney may agree from time to time, to a total annual cost of no more than \$40,000 during each year of employment.

Under the agreement, the Corporation is entitled to terminate Mr. Delaney's employment without just cause on 36 months' notice. In the case of termination without cause, Mr. Delaney has the right to cease his duties and require the Corporation to pay to him a lump sum equal to the present value of 36 months of his salary, the cost to the Corporation of his benefits and his perquisites. In the event that Mr. Delaney is required to assume duties that are not consistent with or to relinquish duties that are consistent with, duties customarily and usually performed by an Executive Chairman, or if Mr. Delaney, at any time within 90 days immediately following a change of control, voluntarily resigns for any reason or for no reason, the Corporation is considered to have terminated his employment for reasons other than just 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 pay to Mr. Delaney a pension in the amount of \$500,000 per year, less amounts to which he is entitled under the Corporation's pension plan and Canada Pension Plan for his lifetime. The Corporation has the right to pay to Mr. Delaney the commuted value of the supplemental pension entitlement. Upon Mr. Delaney's death, his surviving spouse is entitled to continue to receive a supplemental surviving spouse pension equal to \$300,000 per annum less any pension to which she is entitled under the Canada Pension Plan for her lifetime.

The other Named Executive Officers did not have written employment contracts with the Corporation in force as of December 31, 2007. However, the Corporation is currently negotiating an employment contract with the President and Chief Executive Officer.

COMPOSITION OF THE COMPENSATION AND PENSION COMMITTEE

During 2007, the Compensation and Pension Committee (the “Committee”) was composed of Mr. Owen, as Chairman, Mr. Rupert Pennant-Rea (until his resignation from the Board of Directors of the Corporation on April 25, 2007), Ms. Marcoux (from June 18, 2007, the date of her appointment to the Committee) and Mr. Garvey, 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:

- to attract and retain valued members of the executive team who have superior management ability, judgment and insight;
- to ensure that executives recognize the link between their personal interests and the creation of shareholder value; and
- 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 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. The cash compensation component of executive compensation is targeted at the midpoint of the range for comparable organizations.

The STI program is targeted at a percentage of base pay and is based upon near-term personal and Corporation targets, including cash flow and safety. Amounts earned under the STI program are paid out in cash following year-end.

The STI entitlements of the Executive Chairman and the President and Chief Executive Officer are targeted at 50% and 30%, respectively, of base pay. The amounts of the STI payment for 2007 were determined by the Compensation and Pension Committee based on predetermined criteria, including, (i) as to 40%, the ability of each of the primary business units of the Corporation (being metals, coal, oil and gas and power) to achieve targeted cash flows, (ii) as to 20%, the ability of the Corporation to attain its consolidated safety target, and (iii) as to 40%, the demonstration of leadership by the President and Chief Executive Officer and the results of the Corporation’s 360 degree review process among senior management.

The Corporation also maintains certain plans under which “restricted share units” and “deferred share units” may be granted as a medium term incentive at the discretion of the Committee, which entitle 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).

The LTIP is designed to bring the total direct compensation of the executives to 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 the stock option plan (the “Plan”).

Under the Plan, 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” (“Tandem SARs”) to options granted. Such Tandem SARs 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. Non-executive directors have not been eligible to participate in the Plan since May 1, 2005.

Compensation Consultants

The Committee retained Mercer Human Resources Consulting (“Mercer”) to advise the Committee in determining the total amounts and composition of the compensation for the Corporation’s most senior executives in 2007 and to provide advice on current market practice with respect to executive compensation matters. Decisions as to compensation are made by the Committee and may reflect factors other than the advice of Mercer. Mercer’s fees for executive compensation services to the Committee, totaled approximately \$82,155 in 2007. In addition, Mercer provided general employee compensation and benefit consulting services to the Corporation. Mercer’s fees for such services in 2007 totaled \$13,419.

Executive Chairman Compensation

For 2007, Mr. Delaney’s base compensation was \$750,000, the same as in 2006.

For 2007, 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.

President and Chief Executive Officer Compensation

For 2007, Mr. Waheed’s base compensation was \$495,000.

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 July 2007, Mr. Waheed was granted 100,000 options at an exercise price of \$14.91, with a ten year term. Mr. Waheed was also granted 12,000 RSUs in 2007.

Taking a longer-term view of compensation over time, the Committee believes that Mr. Waheed’s total compensation, on average, has been fair and reasonable and consistent with the average paid by comparable organizations over time.

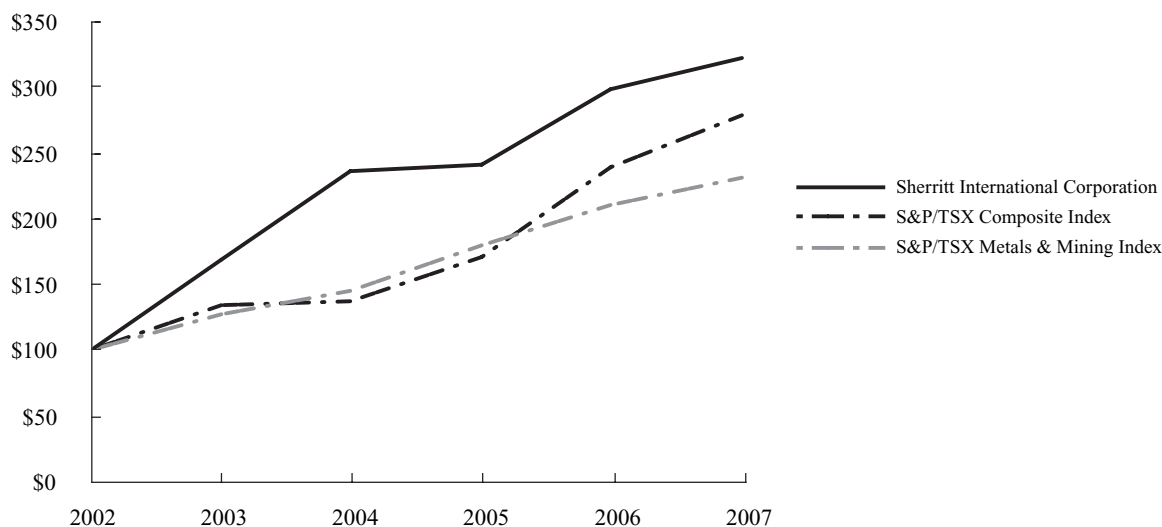
As a director of the Corporation, Mr. Waheed is required to own a certain number of Shares or DSUs pursuant to the Corporation’s equity ownership guidelines for board members. See “Statement of Corporate Governance Practices — Board Composition, Attendance, Committees and Other Matters — Equity Ownership Guidelines”.

Report presented by:
Daniel P. Owen (Chairman)
Michael F. Garvey
Edythe A. (Dee) Marcoux

PERFORMANCE GRAPH

The following graph illustrates the cumulative total shareholder return of \$100 invested on December 31, 2002 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***



	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Sherritt International Corporation	100	169	237	242	300	324
S&P/TSX Composite Index	100	127	145	180	211	232
S&P/TSX Metals & Mining Index	100	134	137	171	240	280

* 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 two-day period for such committee meetings, plus expenses in connection therewith. Such directors receive a fee of \$825 for each telephone conference call meeting attended. The chairmen of the Audit Committee and the Compensation and Pension Committee each also receive a fee of \$15,000 per year. The chairmen of other committees each receive a fee of \$5,000 per year. Such directors receive no additional compensation for travel or preparation time.

The total compensation, including DSUs, paid to the current directors during the fiscal year ended December 31, 2007 was \$520,625, paid as follows:

<u>Director</u>	<u>Board Meeting Fees</u>	<u>Committee Meeting Fees</u>	<u>Committee Chairperson Retainer</u>	<u>Value of Annual Shares/Options/ DSUs¹</u>	<u>Total Compensation²</u>
Ian W. Delaney	—	—	—	—	\$ 0
Michael F. Garvey	\$47,850	\$21,450	\$ 15,000	\$25,000	\$ 109,300
The Honourable Marc Lalonde	\$47,850	\$15,675	\$ 5,000	\$25,000	\$ 93,525
Edythe A. (Dee) Marcoux	\$47,025	\$16,500	—	\$25,000	\$ 88,525
Bernard Michel ³	\$18,150	\$ 7,425	—	—	\$ 25,575
Daniel P. Owen	\$47,850	\$18,150	\$ 20,000	\$25,000	\$ 111,000
Sir Patrick Sheehy	\$42,075	\$20,625	\$ 5,000	\$25,000	\$ 92,700
Jowdat Waheed	—	—	—	—	\$ 0

Notes:

- (1) In 2007, each non-executive director received 2,063 deferred share units pursuant to the Corporation's Non-executive Directors' Deferred Share Unit Plan. At the time of grant, this number represented Shares with a market value, determined in accordance with such plan, of \$25,000.
- (2) In addition to Total Compensation, in recognition of the hardship, loss of opportunity and emotional distress occasioned to the directors and their respective families as a result of the application of the "Helm-Burton" legislation, the Corporation makes voluntary payments to the non-management directors. In 2007, Messrs. Garvey and Owen, The Hon. Marc Lalonde, Sir Patrick Sheehy and Ms. Marcoux each received \$150,000. Mr. Michel received \$62,500 in respect of the period from August 1, 2007, when he became a director, to December 31, 2007. Messrs. Delaney and Waheed received similar payments in their capacity as officers of the Corporation (see footnote 2 to the "Statement of Executive Compensation" table).
- (3) Mr. Michel was appointed as a director on August 1, 2007.

The Corporation maintains a Non-executive Directors' Deferred Share Unit Plan (the "DSU Plan") for non-management directors which is administered by the Compensation and Pension Committee of the Board. Under the DSU Plan, non-management directors are eligible to receive grants of deferred share units ("DSUs"). In 2007, each of the non-management directors was granted 2,063 DSUs. This amount represented Shares with a market value of \$25,000 on the date of grant, which is the method used by the Board to determine the number of DSUs to be granted to non-management directors.

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

DSUs entitle their holder to receive, upon their retirement or departure from the Board, a cash payment equal to the number of DSUs 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.

In addition, so long as the so-called "Helms-Burton" legislation remains in force in the United States, the Corporation has made and will continue to make voluntary payments to the outside and unrelated directors of the Corporation, in recognition of the actual or apprehended hardship, loss of opportunity and emotional distress occasioned to the director and his or her family as a result of the application of such legislation. In 2007, the amount of such payment was \$150,000 for each non-management director who served as a director for the full year. Mr. Michel, who was appointed as a director on August 1, 2007, received \$62,500.

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 joint venture companies. The annual premium paid by the Corporation for such insurance is currently US\$1,050,000. There is a deductible of US\$1,000,000 per occurrence, payable by the Corporation.

The Corporation also makes life insurance available to each of its directors. The annual premium paid by the Corporation for such insurance is currently \$114,588 in the aggregate. The Corporation also provides group benefits (health and dental) to certain directors at a current annual premium of \$8,614.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out information with respect to compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods or services.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights¹ (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights¹ (b)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))¹ (c)</u>
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders ²	<u>3,255,000</u>	<u>\$11.30</u>	<u>3,035,000</u>
Total	<u>3,255,000</u>	<u>\$11.30</u>	<u>3,035,000</u>

Notes:

(1) All information stated as at December 31, 2007.

(2) Represents Shares issuable under the Corporation's Stock Option Plan. The Stock Option Plan was established in 1995 following the creation of the Corporation and before its Shares were distributed to the public. The Stock Option Plan was amended in 2005 and further amended in 2006 and 2007.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS AGGREGATE INDEBTEDNESS

<u>Purpose</u>	<u>To the Corporation or its Subsidiaries</u>	<u>To Another Entity</u>
Share Purchases	Nil	Nil
Other — Relocation Mortgage Loans	\$485,603.61	Nil

The foregoing table shows the aggregate indebtedness of all executive officers, directors, employees and former executive officers, directors and employees of the Corporation or any of its subsidiaries as at March 31, 2008, in the total amount of \$485,603.61. All this indebtedness relates to mortgage loans for employees, advanced in connection with Corporation-related relocations.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board has considered the Corporate Governance Guidelines set forth in National Policy 58-201, “Corporate Governance Guidelines”. 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

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.

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 (as referenced below).

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.

Board Size

The articles of the Corporation provide that the Corporation shall have at least three and not more than 15 directors. The Board shall from time to time consider the appropriate size of the Board for effective decision-making and committee work given the nature of the Corporation’s operations.

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.

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.

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 responsible for, among other matters, the following matters.

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 maintain the position descriptions established by it for the Executive Chairman and the Chief Executive Officer.

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.

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 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.

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 misrepresentations;
- 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.

Corporate Governance

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

- has established an appropriate system of corporate governance including practices to facilitate the Board's independence;
- has established committees and approved their respective charters and the limits of authority delegated to each committee;
- has established appropriate processes for the regular evaluation of the effectiveness of the Board and its committees and the contributions of individual directors;
- will approve the nomination of directors; and
- will provide an opportunity for Independent Directors to meet separately at every Board meeting.

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 Compensation and Pension 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*

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.

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. *Lead Director*

Appointment

For so long as there is an Executive Chairman, upon the recommendation of the Nominating and Corporate Governance Committee, the Board will in each year appoint from among its members a lead director who is an Independent Director (“Lead Director”).

General

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

Specific Roles and Responsibilities

The Lead Director will:

- provide input to the Executive Chairman on preparation of agendas for Board meetings;
- chair meetings of the Independent Directors and assume such other responsibilities which the Independent Directors as a whole may designate from time to time;
- ensure that Independent Directors have adequate opportunities to meet to discuss issues without management present;
- communicate to senior management as appropriate the results of private discussions among Independent Directors;
- monitor compliance with the governance policies of the Corporation, including those regarding regularity and conduct of Board meetings, reporting information and other policies relating to the Board’s business; and
- meet annually with each director to obtain insight as to areas where the Board and its committees could be operating more effectively.

8. *Board Committees*

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 Compensation and Pension Committee, the Capital Projects Committee and the Reserve Committee, and such other committees as it may establish from time to time.

Composition

All Board committees other than the Capital Projects Committee 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.

Committee Chairs

Board committees other than the Capital Projects Committee 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.

Mandates

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

9. Board and Committee Meetings

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. A meeting of any committee may be called by the committee chair, the Executive Chairman or any committee member.

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.

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.

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.

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.

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 of the Board, at his or her discretion, may also invite employees of the Corporation, consultants, advisors or others, as appropriate, to attend Board meetings.

Procedures

Procedures for Board meetings are determined by the Chair of the Board 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.

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.

10. Director Compensation

The Compensation and Pension 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 Compensation and Pension Committee will be guided by three goals: (i) compensation should fairly pay directors for the risks and responsibilities involved in being a director and for the 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 Compensation and Pension Committee shall review directors' compensation and recommend any changes to the Board.

11. 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.

12. 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, C\$100,000, the approval of the full Board for such retainer will generally be required. Individual directors may retain an outside advisor at the expense of the Corporation with the approval of the Nominating and Corporate Governance Committee.

13. 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.

14. 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.

15. 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 Corporate Secretary
Sherritt International Corporation
1133 Yonge Street
5th Floor
Toronto, Ontario M4T 2Y7

The Chairman of the Nominating and Corporate Governance Committee conducts an annual evaluation of the Board, Board Committees and the individual directors. The Chairman of the Nominating and Corporate Governance Committee meets annually with each director individually to gather opinions and insights regarding the effectiveness of the Board and its Committees and on the other directors. The Chairman then discusses the results of the annual evaluation with the Executive Chairman and presents a summary of the evaluation to the Board.

Board Composition, Attendance, Committees and Other Matters

The Board is currently composed of eight members. Of the eight, six (Messrs. Garvey, Lalonde, Michel and Owen, Sir Patrick Sheehy, and Ms. Marcoux) 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 noted below are presently also directors of the following reporting issuers (or the equivalent):

Ian W. Delaney	EnCana Corporation OPTI Canada Inc. Royal Utilities Income Fund (<i>Trustee</i>) The Westaim Corporation
Michael F. Garvey	Monogen Inc.
Daniel P. Owen	The Westaim Corporation Dynex Power Inc.
Edythe A. (Dee) Marcoux	SNC-Lavalin Group Inc.
Jowdat Waheed	Royal Utilities Income Fund (<i>Trustee</i>)

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 as required at every board and committee meeting without management present and may meet at such other times as any independent director may request. Effective June 19, 2007, the Board appointed The Honourable Marc Lalonde as lead independent director for the Corporation.

As noted in the Board's Mandate, set out above, the Board has developed terms of reference for the Executive Chairman. The role and responsibilities of the chairman of each committee of the Board are set out in the Board mandate. The Board has also developed terms of reference for the President and Chief Executive Officer, which delineates that officer's roles and responsibilities. The terms of reference for the Executive Chairman and the President and Chief Executive Officer are available on the Corporation's website at www.sherritt.com.

Attendance

The following table sets forth the number of board and committee meetings held and attendance (in person or by telephone) by the directors for the year ended December 31, 2007:

Director	Board Meetings ¹	Audit Committee Meetings	Nominating and Corporate Governance Committee Meetings	Environment, Health and Safety Committee Meetings	Reserve Committee Meetings	Compensation and Pension Committee Meetings	Capital Projects Committee Meetings
Ian W. Delaney	14 of 14	—	—	—	—	—	3 of 3
Michael F. Garvey	14 of 14	7 of 7	4 of 4	4 of 4	—	9 of 9	3 of 3
The Hon. Marc Lalonde	14 of 14	7 of 7	4 of 4	—	2 of 2	—	—
Edythe A. (Dee) Marcoux ²	13 of 14	—	4 of 4	4 of 4	2 of 2	5 of 5	3 of 3
Bernard Michel ³	4 of 4	—	2 of 2	—	—	—	3 of 3
Daniel P. Owen	14 of 14	—	4 of 4	4 of 4	—	9 of 9	—
Sir Patrick Sheehy ⁴	13 of 14	7 of 7	4 of 4	—	2 of 2	—	—
Jowdat Waheed	14 of 14	—	—	—	—	—	3 of 3

Notes:

- (1) Due to consideration by the Board of the acquisition of Dynatec Corporation, a higher number of Board meetings than usual were held in 2007.
- (2) Ms. Marcoux was appointed to the Compensation and Pension Committee on June 18, 2007.
- (3) Mr. Michel was appointed a director on August 1, 2007.
- (4) Sir Patrick Sheehy was unable to attend one board meeting due to telecommunications problems.

Board Committees

The Board annually appoints members to the following six committees, each of which has a written mandate:

- Audit Committee
- Capital Projects Committee
- Compensation and Pension Committee
- Environment, Health and Safety Committee
- Nominating and Corporate Governance Committee
- Reserve Committee

Each of the committees of the Board, other than the Capital Projects Committee, 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 this 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 Compensation and Pension Committee is responsible for developing compensation policies for the Corporation's Executive Chairman and Chief Executive Officer, as well as formulating compensation policies and strategies applicable more broadly to other senior executives and employees of the Corporation. The Capital Projects Committee was created in June 2007 and is responsible for oversight of significant capital projects of the Corporation. The Environment, Health and 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 Multilateral Instrument 52-110, "Audit Committees". The mandate of the Audit Committee ensures that it fulfils the responsibilities contemplated by Multilateral Instrument 52-110.

A description of the responsibilities of the Audit Committee, including in respect of the auditor of the Corporation, is included in the Audit Committee Charter attached as Appendix “1” to the Corporation’s Annual Information Form (“AIF”) for the year ended December 31, 2007. The mandate of each of the Board Committees is available on the Corporation’s website at www.sherritt.com.

Equity Ownership Guidelines

In 2005, the Board of Directors adopted a guideline requiring each director to own initially 10,000 Shares, and requiring each director to increase his or her ownership to 20,000 Shares after five years. In 2006, the Board of Directors amended the guideline to clarify that the holding of DSUs issued under the Corporation’s Deferred Share Unit Plan or Executive Share Unit Plan shall be deemed to constitute ownership of underlying Shares for purposes of calculating a director’s Share ownership. The Board of Directors felt that this amendment was appropriate given that the economic value of DSUs is dependent on the value of the underlying Shares.

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, 2007 is provided in the Corporation’s comparative financial statements and management’s discussion and analysis (“MD&A”). Shareholders who wish to be added to the mailing list for the annual and interim financial statements and MD&A should contact the Corporation at 1133 Yonge Street, Toronto, Ontario M4T 2Y7; Attention: Corporate Secretary.

Copies of the Corporation’s annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the annual information form, 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 Corporate Secretary of the Corporation, without charge, to shareholders of the Corporation.

The 2007 financial statements and MD&A, the annual information form and other information relating to the Corporation is also available online 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

“Julie A. Lee Harrs”

Julie A. Lee Harrs
Senior Vice President,
General Counsel and Corporate Secretary

Toronto, Ontario
April 24, 2008



Please direct all inquiries to:

Questions and Further Assistance

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

Georgeson

**100 University Avenue
11th Floor, South Tower
Toronto, Ontario
M5J 2Y1**

North American Toll Free Number: 1-866-656-4121

