2020 Management information circular

Notice of 2020 annual and special meeting of shareholders

Sherritt International Corporation
November 11, 2020

sherritt

NOTICE OF OUR 2020 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Please join us at our 2020 annual and special meeting

Where
Live audio webcast at
https://web.lumiagm.com/453719906

When
December, 15, 2020
10:00 a.m. (Eastern Time)

Business of the meeting
1. Receiving our 2019 financial statements
2. Re-appointing our auditor and authorizing the directors to set their compensation
3. Voting on our approach to executive compensation
4. Electing our directors
5. Voting on a resolution to approve a proposed share consolidation
6. Considering any other business properly brought before the meeting

Your vote is important
You can vote at the meeting if you owned Sherritt common shares at the close of business on November 12, 2020 (the record date of the meeting). Please read the voting section starting on page 3 of the attached management information circular for details, including proxy deadlines.

By order of the Board,

Ward Sellers
Senior Vice President, General Counsel & Corporate Secretary

Toronto, Ontario
November 11, 2020

Questions about voting?

Contact our proxy solicitation agent, Kingsdale Advisors:

By telephone
- 1 800 749 9197 (toll-free in North America)
- 416 867 2272 (call collect outside of North America)

By email
- contactus@kingsdalesadvisors.com

Dear fellow shareholders

This is my first letter to you as Chair of the Board of Directors of your company. On behalf of Sherritt's Board of Directors and the management team, I invite you to attend our annual and special meeting of shareholders to be held on December 15, 2020. Due to the Covid-19 pandemic, we will be holding this meeting virtually. Attending our annual and special meeting is an opportunity to exercise your voting rights, and to hear from me and members of Sherritt's leadership team. Full details about how to attend this meeting can be found in this information circular. I hope you can attend.

2020 has been an extraordinary year with Covid-19 interrupting many regular business timetables. In Sherritt's case, delay to our annual meeting was further delayed by our court proceedings associated with our recently completed restructuring. Although my letter to you is included in this circular in relation to our 2019 financial statements and related matters, the lateness of our meeting means that I have focused in my comments on the significant events that have occurred in 2020.

Natural resource companies operate within very long timeframes; in Sherritt's case the construction of mining and metal refining facilities and the subsequent exploitation of reserves and resources lasts decades, always against a backdrop of shorter term fluctuations in revenues arising from the metal price cycles. Matching the corporation's financing disciplines to the inevitable stresses and strains caused by these cycles is fundamental to maintaining a healthy balance sheet.

Over the past 18 months, Sherritt has faced the most significant threats in its entire 90+-year history. The impacts of Covid-19 have been handled exceptionally well, with activities in Canada and Cuba adapting effectively to the restricted practices necessitated by the pandemic. Of even greater significance to us were the extreme volatility in commodity prices affecting revenues and the increasingly aggressive U.S. sanctions against Cuba affecting cashflows, both of which were outside management's control. Managing their effects has been materially hindered by the near exhaustion of our liquidity caused by the 2007 legacy investment in the Ambatovy project. This combination of factors threatened the very survivability of Sherritt in its current ownership form.

Your Board and management team have taken dramatic actions to mitigate the impact of these factors and place Sherritt on a sustainable footing.

Preserving adequate liquidity and rebuilding balance sheet strength have been Sherritt's top priorities since the current management team and Board have been in place. This has been a step-by-step process requiring a sustained concentration on removing the threats to the corporation's viability, and this process had to focus on Ambatovy. Indeed, final resolution of our Ambatovy position was a key part of the recently completed CBCA arrangement.

Sherritt entered the Ambatovy project in 2007 as a 40% partner with Sumitomo and Kores, our Korean partner, through the $1.6 billion acquisition of Dynatec. At that time, the project was forecast to require funding of US$3.3 billion. A senior debt facility of US$2.1 billion with recourse to the three partners was negotiated, with the balance to be funded directly by the partners. However, the capital requirement for Ambatovy grew and, at the last count, had reached US$8.5 billion of which the shareholders funded US$6.4 billion. A feature of the shareholder agreement was that each partner had to meet its calls for cash from the joint venture or risk a default, which could cross default to its other borrowings – in Sherritt's case to its publicly traded debentures. As early as 2009, Sherritt was forced to start mortgaging its future earnings from the project by borrowing from the other partners in order to finance its cash calls. By 2016, with accrued compound interest, one of these loans had a balance of $1.4 billion with no direct recourse to Sherritt, while the other of $133 million became a liability on Sherritt's consolidated balance sheet.

Over the past six years, the management team has worked tirelessly in seeking to reduce these financial risks created through its Ambatovy commitments. In 2015, a combination of specialists from Sherritt's Technologies business and locally-based expatriate management enabled Ambatovy to operate its mine and plant at the required throughput relative to capacity to enable the senior loans to become without recourse to the partners' own balance sheets. This removed US$840 million from Sherritt's debt profile. In 2017, Sherritt negotiated with its partners to reduce its shareholding in Ambatovy to 12%. As a consequence, the partner loan of $1.4 billion was cancelled and Sherritt's responsibility for meeting the JV's total cash calls dropped from 40% to 12%. Finally, as part of the CBCA Court application completed in August 2020, the 12% stake was surrendered, the remaining partner loan, which had increased to $145 million on Sherritt's balance sheet, was cancelled, and the financial planning uncertainty created by its cash call and potential default exposures from Ambatovy was extinguished.

Sherritt has also effectively addressed the non-Ambatovy components in its funding. In 2006 it had borrowed $274 million in publicly-traded debentures. Through the course of funding Ambatovy, total public debenture debt peaked at $1,158 million in 2013. Bondholders also hold a $75 million 2029 note. In 2014, Sherritt sold its coal business for $814 million of total cash proceeds. Not only was this a well-timed business decision, but it also assisted the corporation's liquidity planning. The cash proceeds were used to redeem $300 million of debentures with the balance ultimately sustaining Sherritt's liquidity during the prolonged Ambatovy exit program. The recently completed CBCA restructuring eliminated a further $300 million in direct debt, eliminated debt maturities in 2021, 2023, and 2025, and replaced them with maturities in 2026 and 2029, reduced our cash interest expense by one-third to approximately $30 million per year and achieved all of this with no dilution to the current equity of Sherritt. Following this restructuring, debenture debt has now fallen to $358 million at the end of September 2020. Bondholders also hold a $75 million 2029 note.

In total, since 2014, Sherritt has eliminated approximately $2.4 billion in debt from the balance sheet along with a further $1.1 billion debt guarantee, and has removed the default risks posed by the Ambatovy agreements. Had we failed to do these, Sherritt would not exist in its current form today.

Over the course of the last four years of the Trump administration, we have witnessed an increasingly hostile US policy towards Cuba. Successive rounds of sanctions from the US administration have made it more difficult to move goods and money in and out of Cuba and reduced foreign investment in the country. These sanctions have adversely affected the Cuban economy and hurt the Cuban people. Combined, these new sanctions further reduced Cuba's already limited access to foreign currency, limiting our ability to collect overdue receivables and making it more difficult for us to operate our businesses there. Most significant of these actions by the US administration was the implementation of Title III of the Helms Burton Act, which bans our senior management from travelling to the US. The expansion of the application of this legislation increased potential personal liability for directors and officers and required us to reassess our policies on this matter.

Over this time, we have seen our overdue receivables in our Cuban energy businesses increase to approximately US$150 million. Working with our Cuban partners and with the Canadian government, we were able to reach agreement with the Cuban government in May of 2019 on a plan to see these receivables repaid. This agreement was expanded in February 2020 to increase the monthly amounts Sherritt was to receive against this overdue balance. Unfortunately, we were only able to collect on the new higher amounts for a short period before Cuba was hit by the Covid-19 pandemic. In addition to the Cuban government's need to address the pandemic domestically, the country lost another significant source of foreign currency when its tourism business was shut down. We continue to work with our Cuban partners, with whom we have developed deep relationships over our 25-year partnership, to seek new ways of addressing these overdue balances. Though the timing of collection of these overdue receivables remains uncertain, we remain confident that those receivables will be collected. In our entire history in Cuba, we have never failed to ultimately collect on overdue receivables.

Despite the magnitude of the difficulties we faced, we dedicated significant effort to improving our operations. Our production of nickel and cobalt increased in 2019 over the prior year as a result of initiatives we implemented starting in 2018, including organizational design and operational excellence. We met or exceeded our production guidance for our Cuban operations in 2019. In fact, these operational excellence initiatives, which included the acquisition of new mining equipment, increased stockpiling of ores at Moa and mixed sulphides at our refinery in Fort Saskatchewan, and increased emphasis on employee health and safety, contributed to a growth of 8% and 4%, respectively, in nickel and cobalt production for the year. For 2020, we are on track to meet our guidance in all our operations despite the significant upheaval caused by Covid-19.

This strong operational performance resulted in the Moa Joint Venture distributing $43.3 million in dividends to each partner in 2019 despite cobalt reference prices declining by 56% from 2018.

Our production growth in 2019 was achieved despite a railway strike in Canada that impacted the delivery of mixed sulphides to our refinery in Fort Saskatchewan and diesel shortages at Moa at times as a result of the increased U.S. sanctions against Cuba.

In response to tightening liquidity and restrictions in our ability to repatriate our cash currently held in Cuba, we undertook a number of austerity measures that resulted in a reduction of administration expenses in 2019 by 5% over the previous year, and the deferral of $10 million of non-critical projects. In 2020, we expect a 16% reduction in administrative expenses compared to 2019, for a total reduction of 27% over the last five years. Now that we are no longer the operator of the Ambatovy project, we anticipate further cost reductions for 2021. We have also determined we will not be investing any new capital into our oil business at this time until we are able to attract a partner. This will lead to further administrative cost savings in 2021.

More recently, we have had to respond to the growing spread of Covid-19. Our priority continues to be the safety and protection of our employees. Throughout the pandemic, we have been able maintain our operations largely due to the resiliency and resourcefulness of our employees, and their commitment to deliver.

I want to thank all of our employees all across Sherritt. Once again, the Sherritt team has put in a tremendous effort and made an enormous difference in circumstances that at times have been difficult, to say the least. My personal thanks and gratitude to all of you.

The notice of the meeting and the attached management information circular provide specific details about the matters to be presented at this year’s meeting for shareholder approval. If you cannot attend the meeting, please remember to vote your shares by proxy.

On behalf of the Board and Sherritt’s senior management team, I would like to thank you for your continued support. We continue to work in the best interest of Sherritt and look forward to success in the years ahead as we look to position our company to capitalize on the coming electric vehicle revolution.

Sir Richard Lapthorne
Chair of the Board of Directors

November 11, 2020

OVERVIEW OF THE 2020 MANAGEMENT INFORMATION CIRCULAR

Sherritt is one of the world's largest producers of nickel from lateritic sources, with projects, operations and investments in Canada and Cuba. We pride ourselves on being a leading low-cost producer that generates sustainable prosperity for our investors, employees and the communities in which we operate. We are also the largest independent energy producer in Cuba, with oil and power operations across the island.

Our 2020 management information circular tells you what you need to know to vote at our annual and special meeting of shareholders. This overview highlights some key information, including our governance and compensation practices. Please read the entire document before you vote your shares.

What's inside

GOVERNANCE

At Sherritt, we believe that sound corporate governance is critical to earning and retaining the trust of our shareholders. Our governance practices reflect the goals and priorities that we promote as a company, and support ethical behaviour and high performance standards throughout the organization – all critical elements for improving overall company performance.

Sound governance

Sherritt's Board of Directors (the *Board*) is responsible for overseeing the management of the business and our affairs. The Board promotes fair reporting, including financial reporting, to shareholders and other stakeholders as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. We comply with the rules and regulations that apply to us as a Canadian public company including National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines*.

Qualified and experienced Board

We have a strong, independent Board. Six of this year's seven nominated directors (86%) are independent, including the Chair. The only non-independent director nominee is David Pathe, who also serves as our President and Chief Executive Officer.

	Age	Director since	Independent	2019 meeting attendance	2019 voting result
David Pathe[1]	50	Jan 2012	no	100%	54.42% *for*
Timothy Baker	68	May 2014	yes	87%	83.77% *for*
Maryse Bélanger	59	Feb 2018	yes	93%	82.94% *for*
Sir Richard Lapthorne (Chairman)	77	Sept 2011	yes	100%	83.55% *for*
Adrian Loader	72	July 2013	yes	100%	83.81% *for*
Lisa Pankratz	59	Nov 2013	yes	93%	83.92% *for*
John Warwick	66	June 2017	yes	100%	84.65% *for*

1 We believe that the percentage of votes withheld for David Pathe was negatively impacted by a practice known as *empty voting*, where shareholders exercise their legal right to vote after they sell their positions. We believe that one of Sherritt's largest institutional investors disposed of much, if not all, of its position after the record date of the meeting (April 25, 2019), but still withheld its vote for Mr. Pathe. Mr. Pathe would have received 74.54% votes *for* without the impact of this shareholder. Sherritt experienced a turnover of 112,082,964 shares, or 28% of its outstanding shares, in the five-day period following the record date. The Canadian Coalition for Good Governance has categorically rejected empty voting as a practice because it undermines the tenets of majority voting.

Qualified and experienced nominees

100%

Experience in mining/ resource industry, international business or capital projects

100%

Experience in risk management and evaluation

71%

Financially literate or have experience in financial reporting, finance or mergers and acquisitions

86%

Experience in human resources or executive compensation

Appropriate compensation

Directors receive fixed compensation only, paid in cash and deferred share units (DSUs) that can't be redeemed until they leave the Board.

Regular shareholder communications

We continued our regular shareholder engagement program in 2019, inviting 20 shareholders, representing 36% of the issued and outstanding shares at that time, to meet with Sherritt's Chair of the Board and the Chair of the Human Resources Committee. Peter Gillin served as Lead Director through June 2019. After he retired from the Board, Sir Richard Lapthorne was named Chair. Over the course of the 12-month period of 2019, directors met with seven shareholders (some several times), representing approximately 11% of our issued and outstanding shares, as well as two proxy advisory firms, as part of our shareholder engagement program. Given Sherritt's capital structure and pending debt maturities, these shareholder meetings were supplemented with meetings with debenture holders. In 2019, meetings with eight noteholders were held (some several times). See page 23 for more information about these meetings.

You can read more about this year's nominated directors beginning on page 13, governance at Sherritt beginning on page 18 and executive pay beginning on page 35.

HOW WE PAY OUR EXECUTIVES

Executive pay at Sherritt is designed to support our strategy, motivate our executives to achieve our strategic objectives without encouraging them to take undue risks, and align their interests with the long-term interests of our shareholders. It is an important tool to attract and retain a strong, focused and resilient executive team to lead the company through all phases of the commodity cycle.

Strategic design

Our executive compensation program is based on four core principles that drive how we attract, retain and pay our executive team, motivate them to achieve our strategy and deliver value to shareholders.

Evolving program

Our compensation program has evolved over the last four years, to improve the link between pay and performance aligned with our strategic priorities, enhance our oversight of compensation risk, and other appropriate refinements:

Key changes in 2017	Increased the proportion of pay tied to performance Reduced the use of options from 50% to 25% of equity incentives
Key changes in 2018	Continued to reduce the use of options while assessing alternatives Enhanced risk management policies Simplified retirement savings for executives
Key changes in 2019 and 2020	Simplified the short-term incentive plan, and tied the measures more closely to our strategic objectives Replaced option awards with restricted share units (RSU) while we continued to assess alternatives to options Adjusted the performance criteria for payouts of performance share units (PSUs) awarded in 2020 to better reflect the business mix of the company
Plans for 2021	Revisit the comparator group and undertake a market review of executive pay Assess alternative long-term incentive vehicles that align with the restructured company

Snapshot of 2019 compensation decisions

Total compensation paid to the named executives in 2019 was 3% lower than target and 5% higher than in 2018:

- **Salaries** – management salaries were unchanged except for our CFO and SVP HR, which were increased to recognize increased capabilities and demonstrated leadership
- **Short-term incentives** – awards were between 84% and 94% of target, based on corporate, operational and individual performance
- **Equity incentives** – awarded at target, and allocated 50% to restricted share units (RSUs) and 50% to performance share units (PSUs); and
- **Payout of 2016 RSU awards** – paid out at 56% of the grant value. 20% of the units were performance-based and did not vest because our total shareholder return (TSR) compared to the combined weighted index was below threshold.

The Board also approved key employee retention awards for the named executives, which you can read about on page 60.

Compensation approach

Strategic

Strategically aligned with performance, does not encourage undue risk-taking, executives aligned with shareholders

Appropriate

Aligned with our organizational structure and the scope of the role

Fair

Internally equitable and benchmarked to the market

Competitive

Attracts a strong, focused and resilient executive team to lead us through all phases of the commodity cycle

2019 total direct compensation
(see page 52)

	Salary	Short-term incentive	Equity incentives	2019 compensation	**Pay tied to performance (*at risk*)**	Compared to target	Compared to 2018
David Pathe	$825,000	$693,000	$1,750,000	$3,268,000	**75%**	-4%	+3%
Andrew Snowden	$400,000	$188,000	$500,000	$1,088,000	**63%**	-1%	+19%
Steve Wood	$450,000	$283,500	$565,000	$1,298,500	**65%**	-2%	+1%
Tim Dobson	$400,000	$231,400	$485,000	$1,116,400	**64%**	-2%	-1%
Karen Trenton	$375,000	$173,438	$500,000	$1,048,438	**64%**	-1%	+12%

2020 MANAGEMENT INFORMATION CIRCULAR

You have received this management information circular because you owned common shares of Sherritt International Corporation as of the close of business on November 12, 2020 and are entitled to receive notice of our 2020 annual and special meeting of shareholders and to vote your shares.

The meeting will be conducted via live audio webcast at https://web.lumiagm.com/453719906, or at a reconvened meeting if the meeting is postponed or adjourned.

This management information circular provides important information about the business of the meeting, the voting process, governance at Sherritt and how we pay our directors and executives.

The Board has approved the contents of this circular and has authorized us to send it to our shareholders of record, each director and the external auditor.

By order of the Board,

David Pathe
President and Chief Executive Officer

Toronto, Ontario
November 11, 2020

In this document:

- *we*, *us*, *our*, *company*, *corporation* and *Sherritt* mean Sherritt International Corporation
- *you*, *your* and *shareholder* mean holders of Sherritt common shares
- information is in Canadian dollars, unless indicated otherwise
- information is as of November 12, 2020, unless indicated otherwise

Record date
November 12, 2020

Registered office
Sherritt International Corporation
Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 4220
Toronto, ON M5H 4E3

ABOUT THE MEETING

If you held Sherritt common shares at the close of business on November 12, 2020, you are eligible to vote at our 2020 annual and special shareholder meeting. Each share is entitled to one vote on each item of business to be voted on. This section of our circular tells you about the meeting – where and when to vote, what you will be voting on, and where to find more information.

Please join us at our 2020 annual and special meeting

Where
Live audio webcast at https://web.lumiagm.com/453719906

When
Tuesday, December 15, 2020
10:00 a.m. (Eastern Time)

Where to find it

VOTING

Who can vote

If you held Sherritt common shares at the close of business on November 12, 2020, you are eligible to vote at our 2020 annual and special shareholder meeting. Each share is entitled to one vote on each item of business to be voted on.

Our authorized capital consists of an unlimited number of common shares. We had 397,284,652 shares outstanding as of the record date. Our directors and executive officers are not aware of any person or entity who beneficially owns or exercises direction or control over, directly or indirectly, more than 10% of our total shares outstanding.

The Board and management are soliciting your proxy for the meeting.
Solicitation is mostly by mail, but you may also be contacted by a Sherritt director, officer or employee to encourage you to vote. We have also engaged Kingsdale Advisors to provide strategic shareholder advisory services and act as proxy solicitation agent for the meeting. We are paying Kingsdale approximately $40,000 (plus certain out-of-pocket expenses) for their services as solicitation agent. We may also reimburse brokers and others for the costs of sending our proxy materials to the beneficial holders of Sherritt shares.

How to vote prior to the meeting

Registered shareholders

You are a registered shareholder if your name appears on your share certificate. Your package includes a proxy form.

Vote by proxy

Voting by proxy is the easiest way to vote. It means you appoint another person (your proxyholder) to attend the meeting for you and vote your shares according to your instructions.

You can appoint the Sherritt representatives named in the proxy form to act as your proxyholder, or you can appoint someone else. If you appoint the Sherritt representatives, you can simply vote using the methods below. If you appoint someone else you must follow the additional step as described below. Your proxy does not need to be a Sherritt shareholder. If you would like to appoint another person, print that person or entity's name in the space provided in the form. Make sure they know that you have appointed them as your proxyholder and that they must attend the meeting on your behalf and vote your shares according to your instructions. If you appoint a proxyholder, your shares represented by the proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and, if you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly.

Counting the votes
Votes will be counted and tabulated by our transfer agent, AST Trust Company (Canada) (AST), to keep individual shareholder votes confidential. Proxies are kept confidential unless it is clear that a shareholder has a message for management, the validity of the proxy is in question or it is required by law.

You must complete the additional step of registering such proxyholder with AST at 1-866-751-6315, or outside Canada and United States, at 1(212) 235-5754 after submitting your form of proxy by no later than 10:00 a.m. (Eastern Time) on December 11, 2020. Failure to register the proxyholder with AST will result in the proxyholder not receiving a control number to vote at the meeting and such proxyholder would only be able to attend the meeting as a guest.

How to submit your voting instructions
Vote by internet or phone:

Internet	Go to www.astvotemyproxy.com and follow the on-screen instructions
Phone	Call 1-888-489-7352 from a touch-tone phone and following the voice instructions. You will need the 13-digit control number on your proxy form for identification purposes Note that you can give us your voting instructions by phone only if you have appointed the Sherritt representatives to be your proxyholder

Or complete your form, sign and date it and send it by:

Email	Scan your form and email it to proxyvote@astfinancial.com
Fax	Fax both sides of your form to 1-866-781-3111 (toll free in North America) or (416) 368 2502
Mail	Mail your form to AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1

AST must receive your voting instructions by 10:00 a.m. (Eastern Time) on December 11, 2020 and, if the meeting is adjourned or postponed, no later than 10:00 a.m. on the date (excluded Saturdays, Sundays and holidays) preceding the date of an adjourned or postponed meeting.

The Chairman of the meeting can accept or reject late proxies, and waive or extend the deadline for receiving proxies at his discretion and without notice.

If you appointed the Sherritt representatives named in the proxy form to be your proxyholder and do not specify your voting instructions, your shares will be voted:

- FOR the reappointment of Deloitte LLP as our auditor and to authorize the directors to set their compensation
- FOR our approach to say on executive pay
- FOR each of the nominated directors.
- FOR the resolution to approve a proposed share consolidation

Only registered shareholders or duly appointed proxyholders are permitted to vote at the meeting.

Non-registered shareholders

You are a non-registered shareholder if your shares are registered under the name of an intermediary (your securities dealer, brokerage firm, bank, trust company, administrator of a registered plan (like an RRSP, RRIF or RESP) or other financial institution, or held in the name of a clearing agency (such as CDS) that your intermediary deals with.) You are the beneficial owner of the shares and you have the right to instruct your intermediary how to vote your shares. Your package includes a voting instruction form (or proxy form provided by your intermediary, if you have requested your intermediary to appoint you as a proxyholder (the *voting document*).

Vote by proxy

Voting by proxy is the easiest way to vote. It means you appoint another person (your proxyholder) to attend the meeting for you and vote your shares according to your instructions.

You can appoint the Sherritt representatives named in the proxy form to act as your proxyholder, or you can appoint someone else. If you appoint the Sherritt representatives, you can simply vote using the methods below. If you appoint someone else you must follow the additional step as described below. Your proxyholder does not need to be a Sherritt shareholder. If you would like to appoint another person, print that person or entity's name in the space provided in the Voting Instruction Form. Make sure they know that you have appointed them as your proxyholder and that they must attend the meeting on your behalf and vote your shares according to your instructions. If you appoint a proxyholder, your shares represented by the proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and, if you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly.

You must complete the additional step of registering such proxyholder with AST at 1-866-751-6315, or outside of Canada and the United States, at 1(212) 235-5754 after submitting your Voting Instruction Form of proxy by no later than 10:00 a.m. (Eastern Time) on December 11, 2020. Failure to register the proxyholder with AST will result in the proxyholder not receiving a control number to vote at the meeting and such proxyholder would only be able to attend the meeting as a guest.

How to submit your voting instructions

Internet	Go to www.astvotemyproxy.com and follow the on-screen instructions	
Phone	**Canadian shareholders:** Call 1-800 474 7493 (English) or 1 800 474 7501 (French)	**US shareholders:** Call 1 800 454 8683
Mail	Complete your form, sign and date it and send it to the address provided by your intermediary and before the deadline provided	

We also use the Broadridge QuickVote™ service to help non-registered shareholders vote their shares over the phone. Non-registered shareholders may be contacted by Kingsdale to help them with this service. Broadridge tabulates the results of all the voting instructions received and provides the appropriate instructions for those shares at the meeting.

Submit your voting instructions right away to allow enough time for your intermediary to process your voting instructions. AST must receive your voting instructions by 10:00 a.m. (Eastern Time) on December 11, 2020 and, if the meeting is adjourned or postponed, no later than 10:00 a.m. on the date (excluding Saturdays, Sundays and holidays) preceding the date of an adjourned or postponed meeting.

Questions about voting?
Contact our proxy solicitation agent, Kingsdale Advisors:

By telephone
- 1 800 749 9197 (toll-free in North America)
- 416 867 2272 (call collect outside North America)

By email
contactus@kingsdalesadvisors.com

Shares will be voted or withheld from voting according to shareholder's instructions on any ballot that may be called for.

The Chairman of the meeting can waive or extend the deadline for receiving proxies at his discretion and without notice.

If you appointed the Sherritt representatives named in the Voting Document to be your proxyholder and do not specify your voting instructions, your shares will be voted:
- FOR the reappointment of Deloitte LLP as our auditor and to authorize the directors to set their compensation
- FOR our approach to say on executive pay
- FOR each of the nominated directors.
- FOR the resolution to approve a proposed share consolidation

Changing your vote

You can revoke your voting instructions if you change your mind:

Registered shareholders

- Go online and submit new voting instructions
- Submit another proxy form and send it by mail or fax to AST. A properly completed proxy form with a later date automatically revokes a previously submitted proxy
- Send a written statement to AST indicating your wish to have your proxy revoked.

Send your new proxy form or written statement to AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721 Agincourt, Ontario M1S 0A1. They must receive it before 10:00 a.m. (Eastern Time) on the last business day before the meeting (or reconvened meeting if the meeting is postponed or adjourned).

Non-registered shareholders

- Go online and submit new voting instructions
- Complete another Voting Document and follow the instructions for returning the form provided by your intermediary. A properly completed Voting Document with a later date automatically revokes a previously submitted form
- Send a written statement to your intermediary indicating that you wish to have your Voting Document revoked.

Send your new form or written statement to your intermediary right away because they must forward it to AST. AST must receive the new form or statement before 10:00 a.m. (Eastern Time) on the last business day before the meeting (or reconvened meeting if the meeting is postponed or adjourned).

Regardless of whether you are a registered or non-registered shareholder, you can also give your notice to the Chairman of the meeting before the start of the meeting (or reconvened meeting if the meeting is postponed or adjourned), or send new instructions in any other manner permitted by law.

How to vote at the virtual-only meeting

In order to mitigate the health risks to our shareholders, employees, and other stakeholders during the COVID-19 pandemic, Sherritt has decided to hold a virtual-only meeting this year, which will be conducted via live audio webcast at https://web.lumiagm.com/453719906.

Attending the annual and special shareholder meeting online enables registered and non-registered shareholders to participate at, submit questions in writing and vote at the meeting, all in real time. Any voting member attending the meeting is eligible to ask questions. If you would like to ask a question, select the messaging icon found on the webcast display screen.

If you attend the meeting online, it is important that you are connected to the internet at all times during the meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the meeting. It is recommended that you log in online at least 15 minutes before the meeting starts to allow ample time for online check-in procedures.

Voting instructions

Registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholders) that attend the meeting online will be able to vote by completing an online ballot during the meeting through the live webcast platform.

Registered shareholders and duly appointed proxyholders who want to attend the meeting and vote online during the meeting should follow the instructions below:

> **Step 1**: Log in online at https://web.lumiagm.com/453719906 at least 15 minutes before the meeting starts. You will need the latest versions of Chrome, Safari, Edge or Firefox. *Please do not use Internet Explorer*.
>
> **Step 2**: Click "I have a control number" and then enter your control number and password "sherritt2020" (case sensitive) and complete an online ballot during the meeting. The control number is located on the proxy form or in the email notification you received from AST Trust Company (Canada).

BUSINESS OF THE MEETING

We must have quorum for the shareholder meeting to proceed and to transact business. Quorum is two or more persons present in person or by proxy, representing at least 25% of the votes entitled to be cast at the meeting.

There are six items of business to be covered at the meeting. We require a simple majority of votes cast for an item to be approved by shareholders, except for the election of directors and the share consolidation. See below to read about our majority voting policy for election of directors, and the proposed share consolidation. Voting results for our 2020 annual and special meeting will be posted on our website (www.sherritt.com) and filed on SEDAR (www.sedar.com).

We are not aware of any director or executive officer at any time in 2019, or a director nominee or an associate or affiliate, having a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any item of business.

1. Receiving our 2019 financial statements

If you asked us to send you our annual financial statements for the year ended December 31, 2019, you should have already received a copy in a separate mailing. If you haven't received it, you can find a copy of our Management's Discussion and Analysis (MD&A) and Audited Consolidated Financial Statements in our 2019 Annual Report, which is available on our website (www.sherritt.com) and on SEDAR (www.sedar.com).

2. Re-appointing our auditor and approving their compensation

You will vote on re-appointing Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants (*Deloitte LLP*) as our external auditor for the 2020 financial year and authorize the directors to set the auditor's compensation. Deloitte LLP has served as our auditor since November 1995.

Deloitte LLP is independent of Sherritt and our subsidiaries within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The Board recommends that shareholders vote FOR the reappointment of Deloitte LLP to serve as external auditor of Sherritt for 2020 and to authorize the Board to set the auditor's compensation.

The table below shows the fees paid to the external auditor for 2018 and 2019.

	2018	2019
Audit fees For the audit of our annual consolidated financial statements and review of our quarterly consolidated financial statements and services normally provided for statutory and regulatory filings or engagements such as research of accounting and audit-related issues and assurance audits	$2,600,000	$2,670,000
Audit-related fees For assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported as audit fees	$0	0
Tax-related fees For assistance and advice relating to the preparation of corporate income tax returns and expatriate services, other tax compliance and advisory services	$273,000	$165,000
Other fees Relating to training and development, and strategic consulting services.	$125,000	$0
Total	$2,998,000	$2,835,000

3. Voting on our approach to executive compensation

> The Board recommends that shareholders vote FOR our approach to executive compensation.
>
> Please take some time to read about our executive compensation program and 2019 pay decisions starting on page 35 before you vote your shares.

Our executive compensation program is designed to pay for performance and align the interests of our executive team with the long-term interests of our shareholders.

We hold an annual advisory vote on “say on pay” to support good governance and to give shareholders the opportunity to approve our approach to executive compensation as described in this circular. Last year 53.99% of the votes cast were *for* our approach to executive compensation. We believe this result was negatively affected by a practice known as *empty voting*, where shareholders vote the shares they own on the record date, but sell them shortly after – a practice that the Canadian Coalition for Good Governance rejects. Without this empty voting, the result would have been over 70%.

In 2019, we reached out to 20 of our largest shareholders representing 36% of our issued and outstanding shares. Over the course of the 12-month period of 2019, the Board Chair and Human Resources Committee Chair met with 7 shareholders (some multiple times) representing 11% of our issued and outstanding shares. Insights from these meetings provide valuable input to the Human Resources Committee and the Board when reviewing our compensation policies and practices. In response, we made several changes to the executive compensation program, which you can read about on page 38.

This year you will vote on the following resolution:

RESOLVED THAT:
on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in Sherritt’s management information circular delivered in connection with the 2020 annual and special meeting of shareholders.

While this vote is non-binding on the Board, the Board will review the results and feedback it receives when reviewing executive compensation in the future.

If a significant number of shares are voted against the resolution, the Board will review our executive compensation program and any concerns expressed by shareholders and discuss the steps it took following the outcome and any changes being implemented as a result in next year’s circular.

4. Electing our directors

> The Board recommends that shareholders vote FOR each of the nominated directors.
>
> You can read about the nominated directors beginning on page 13.

The Board has decided that seven directors will be elected to the Board this year to serve a term of one year until the end of our 2021 annual meeting, unless a director resigns or otherwise leaves office.

You will be asked to elect the following nominees as directors. Each of them currently serves on our Board, is qualified and experienced, and has expressed his or her willingness to serve another term.

You can vote for all, vote for some and withhold your vote for others, or withhold your vote for all of the nominees:

1. Timothy Baker
2. Maryse Bélanger
3. Sir Richard Lapthorne
4. Adrian Loader
5. Lisa Pankratz
6. David Pathe
7. John Warwick

Management does not contemplate that any of the nominees will be unable, or for any reason become unwilling, to serve as a director. If for any reason this happens before the meeting, the persons named in your proxy form or voting instruction form have the right to vote for another nominee, at their discretion, unless you have specified in your proxy form or voting instruction form that your shares are to be withheld from voting in the election of any of the directors.

Majority voting policy
Shareholders can vote FOR or WITHHOLD from voting separately for each director nominee.

Our majority voting policy, which was adopted in 2009 and amended in 2016, requires that a nominee who receives more "withhold" votes than "for" votes at a shareholder meeting must submit his or her resignation to the Board immediately after the meeting. The Nominating and Corporate Governance Committee will review the matter and accept the resignation unless there are exceptional circumstances that would warrant the director to continue serving on the Board.

The Board will announce its decision in a press release within 90 days, including the reasons for accepting or rejecting the resignation, and also provide a copy to the Toronto Stock Exchange (TSX). The resignation will take effect when it is accepted by the Board. The director does not participate in any discussions or vote on the matter.

The policy only applies in an uncontested meeting where the number of director nominees matches the number of board seats available.

5. Voting on a resolution to approve a proposed share consolidation

The Board recommends that shareholders vote FOR the proposed share consolidation.

The corporation is asking shareholders to authorize the Board to effect a share consolidation of the issued and outstanding common shares (the *share consolidation*) at a share consolidation ratio to be determined by the Board but within the range of **one-post consolidation share for every 10 to 20 pre-consolidation shares** by filing articles of amendment to the corporation's Articles of Arrangement. The full text of the resolution (the *consolidation resolution*) to be considered by shareholders is set forth below. In order to be effective, the consolidation resolution must be approved by not less than two-thirds of the votes cast by shareholders present at the meeting.

The Board believes that shareholder approval of a range of potential share consolidation ratios (rather than a single share consolidation ratio) would provide the Board with appropriate flexibility to react to prevailing market conditions at the time and pursue the desired results of the share consolidation. If the consolidation resolution is approved, the share consolidation would be implemented, if at all, only upon a determination by the Board that it is in the best interests of the corporation and its shareholders at that time. In connection with any determination to implement the share consolidation, the Board will set the timing for such share consolidation and select the specific consolidation ratio from within the range of ratios set forth in the consolidation resolution, subject to receipt of all necessary regulatory approvals, including the approval of the TSX. The Board's selection of the specific ratio would be based primarily on the price level of the common shares at that time and the expected stability of that price level. No further action on the part of shareholders would be required in order for the Board to implement the share consolidation.

At the close of business on November 10, 2020, the closing price of the common shares on the TSX was $0.27 and there were 397,284,652 common shares issued and outstanding. Based on the number of common shares issued and outstanding on November 10, 2020 and the range of potential share consolidation ratios, immediately following the completion of the share consolidation, the corporation would have approximately 19,864,232 to 39,728,465 common shares issued and outstanding.

The Board will retain the authority, notwithstanding approval of the share consolidation by shareholders, to determine in its discretion not to proceed with the share consolidation, without further approval or action by or prior notice to shareholders. The Board would exercise this right if it determined that the share consolidation was no longer in the best interests of the corporation and its shareholders. If the share consolidation is not implemented prior to **December 15, 2021**, the shareholder approval granted in respect of the share consolidation will be deemed to have been revoked and the Board will be required to obtain new shareholder approval if it wishes to implement a share consolidation.

Reasons for the share consolidation

The Board is seeking authority to implement the share consolidation for the following reasons.

Increased and more attractive share prices

The Board believes that the share consolidation will result in an increase in the trading price of the common shares and that the post-consolidation share price will be more in line with expectations of investors for a company with the Corporation's profile. The increased share price could enhance investor interest in the corporation and potentially broaden the pool of capital available to invest in the common shares.

Improved trading liquidity

The Board believes the share consolidation will maintain a large enough float to allow for an appropriate market for trading of the common shares and that the potential increased interest from a broader range of investors could ultimately improve the trading liquidity of the common shares.

Certain risk factors associated with the share consolidation

No guarantee of an increased share price

Reducing the number of issued and outstanding common shares through the share consolidation is intended to increase the per share market price of the common shares; however the market price of the common shares will also be based on the corporation's financial and operational results, available capital and liquidity resources, the state of the market for the common shares at the time, general economic, geopolitical, market and industry conditions, which are unrelated to the number of common shares outstanding. As a result, there can be no assurance that the market price of the common shares will in fact increase following the share consolidation or will not decrease in the future.

No guarantee of improved trading liquidity

Although the Board believes that establishing a higher market price for the common shares could enhance investor interest and broaden the pool of capital available to invest in the common shares, there is no assurance that implementing the share consolidation will achieve this result. As a result, the trading liquidity of the common shares may not improve.

Potential decline of market capitalization

There is a risk that the total market capitalization of the common shares after the implementation of the share consolidation may be lower than the total market capitalization of the common shares prior to the implementation of the share consolidation. If the share consolidation is effected and the market price of the common shares declines, the percentage decline, as an absolute number and as a percentage of the corporation's overall market capitalization, may be greater than would occur in the absence of the share consolidation.

Shareholders may hold odd lots following the share consolidation

The share consolidation may result in some shareholders owning "odd lots" of less than a "board lot" (as defined in the TSX Company Manual). Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in board lots. However, the Board believes that these potential effects are outweighed by the anticipated benefits of the share consolidation.

Effects of the share consolidation

If the share consolidation is approved and implemented, the principal effect will be to proportionately decrease the number of issued and outstanding common shares, based on the share consolidation ratio chosen by the Board of Directors. The share consolidation will not affect the listing of the shares on the TSX. Following the share consolidation, except as described herein, the shares will continue to be listed on the TSX under the symbol "S", although the post-consolidation shares will be considered a substitutional listing with new CUSIP and ISN numbers. Since the share consolidation would apply to all of the issued and outstanding common shares, the proportionate voting and equity interests in the corporation and other rights of the holders of the common shares will not be affected by the share consolidation other than as a result of the treatment of fractional shares as described below.

No fractional shares to be issued

No fractional common shares will be issued in connection with the share consolidation and, in the event that a shareholder would otherwise be entitled to receive a fractional common share upon the share consolidation, such fraction will be rounded down to the nearest whole number.

Effect on convertible securities, stock options and other arrangements

Upon the share consolidation becoming effective, the exercise or conversion price and/or the number of shares issuable under any of the corporation's outstanding convertible securities, stock options, restricted stock units, rights and any other similar securities will be automatically adjusted based on the consolidation ratio to reflect the share consolidation.

Mechanics of the share consolidation

Book-entry shares (beneficial)

If the share consolidation is effected, the holders of shares who hold uncertificated shares (i.e., shares held in book-entry form and not represented by a physical share certificate), beneficial owners, will have their existing book-entry account(s) electronically adjusted by the corporation's transfer agent or, for beneficial shareholders, by their brokerage firms, banks, trust or other nominees. Such holders do not need to take any additional actions to exchange their pre-consolidation book-entry shares, if any, for post-consolidation shares.

Beneficial shareholders

Beneficial shareholders holding their shares through a bank, broker or other nominee should note that such entities may have different procedures for processing the share consolidation than those that will be put in place by the corporation for registered shareholders. If you hold your shares with the aforementioned entities, and if you have questions in this regard, you are encouraged to contact your nominee.

Registered shareholders holding share certificates – exchange of share certificates

If the proposed share consolidation is approved by shareholders and implemented, registered shareholders will be required to exchange their share certificates representing pre-consolidation common shares for new share certificates representing post-consolidation common shares. Registered shareholders will be provided with a letter of transmittal by the corporation's transfer agent which will contain instructions on how to surrender to the transfer agent share certificates. Registered shareholders should neither destroy nor submit any share certificates until requested to do so. The corporation reserves the right to permit the procedure for the exchange of shares pursuant to the share consolidation to be completed other than that as set out above.

No dissent rights

Under the *Canada Business Corporations Act* (*CBCA*), shareholders do not have dissent rights with respect to the proposed share consolidation.

Recommendation of the Board of Directors

The Board believes that the proposed share consolidation is in the best interests of the corporation and recommends that the shareholders vote FOR the consolidation resolution to approve the share consolidation.

Consolidation resolution

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. *Sherritt International Corporation (the "Corporation") be and it is hereby authorized to apply for a certificate of amendment under Section 173 of the Canada Business Corporations Act to amend its Articles of Arrangement, to change the number of issued and outstanding common shares of the Corporation (the "Common Shares") by consolidating the issued and outstanding Common Shares on the basis of no more than (A) one new post-consolidation Common Share for every 10 pre-consolidation Common Shares, and no less than (B) one new post-consolidation Common Share for every 20 pre-consolidation Common Shares (the "Share Consolidation"), and in the event that the Share Consolidation would otherwise result in the issuance of a fractional share, no fractional share shall be issued and such fraction shall be rounded down to the nearest whole number, such amendment to become effective at a date in the future to be determined by the Board of Directors when the Board of Directors considers it to be in the best interests of the Corporation to implement such a Share Consolidation, but in any event not later than* ***December 15, 2021****, subject to approval of the Toronto Stock Exchange.*

2. *Notwithstanding that this Special Resolution has been duly adopted by the shareholders of the Corporation, the Board of Directors of the Corporation be and it is hereby authorized, in its sole discretion, to revoke this Special Resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the shareholders of the Corporation.*

3. Any director or any officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name and on behalf of the Corporation, to execute and deliver such notices and documents, including, without limitation, the articles of amendment to the Director under the Canada Business Corporations Act, and to do such acts and things as in the opinion of that person, may be necessary or desirable to give effect to this Special Resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.

6. Considering any other business properly brought before the meeting

As of the date of this circular, the directors and management are not aware of any amendments, variations or other matters that may be brought before the meeting (or any adjournment or postponement).

If this happens, your proxyholder has discretionary authority to vote on the matters as they see fit.

Shareholder proposals for next year's annual meeting
The CBCA allows eligible shareholders to submit shareholder proposals to us. We must receive shareholder proposals for our 2021 annual meeting by **January 9, 2021** to consider including them in next year's management information circular.

ABOUT THE NOMINATED DIRECTORS

We have a strong, independent Board. Six of the seven nominated directors (86%) are independent, including our Board Chair. David Pathe is not independent because he also serves as our President and Chief Executive Officer.

All seven nominated directors currently serve on our Board and have committed to serving on the Board for another one-year term. Each is qualified and experienced and brings a strong mix of skills and experience across disciplines and industry sectors.

INDEPENDENCE

86% are independant

GENDER DIVERSITY

29% are women

GEOGRAPHIC DIVERSITY

71% Canada

29% International

AVERAGE AGE

64 years

AVERAGE TENURE

5 years

2019 attendance

The table below is a summary of the Board and committee meetings held in 2019 (including the annual shareholder meeting) and the attendance of the nominated directors. You can read about each director's attendance record on page 27.

	Number of meetings	Overall meeting attendance
Board of directors	15	95%
Audit Committee	5	100%
Environment, Health, Safety and Sustainability Committee	4	100%
Human Resources Committee	7	100%
Nominating and Corporate Governance Committee	6	100%
Resources, Operations and Capital Committee	6	98%

You can read more about the nominated directors in the profiles that follow, including their background and experience, 2019 meeting attendance, compensation and voting results as well as their equity ownership and other directorships.

Information about the Sherritt equity each nominee owns beneficially or exercises control or direction over has been provided by each nominee. Non-executive directors receive an equity retainer in deferred share units (DSUs), which are notional units that track the value of Sherritt common shares and earn dividend equivalents at the same rate as dividends paid on our common shares. The value shown in each director profile is calculated by multiplying the number of units/shares held by the director by the higher of the grant/purchase price or the closing price of our common shares on the TSX on December 31, 2019 ($0.19).

Qualified and experienced nominees

100%

Experience in mining/ resource industry, international business or capital projects

100%

Experience in risk management and evaluation

71%

Financially literate or have experience in financial reporting, finance or mergers and acquisitions

86%

Experience in human resources or executive compensation

DAVID PATHE

President and
Chief Executive Officer,
Sherritt International
Not independent

Residence: Ontario, Canada
Age: 50
Director since: January 1, 2012
2019 attendance: 100%
2019 vote: 54.42% *for*

Areas of expertise

- Mining/Resource industry
- International business
- Capital projects
- Enterprise management
- Financial literacy and reporting
- Corporate governance
- Risk management and evaluation
- Finance/M&A
- Government relations
- Board leadership

Business experience

David Pathe was appointed President and Chief Executive Officer on January 1, 2012, and was Chairman of the Board from June 13, 2017 to June 26, 2019. He joined Sherritt in 2007 and held a number of progressively senior positions prior to his current position:

- Senior Vice President, Finance and Chief Financial Officer (March 2011-January 2012)
- Senior Vice President, General Counsel and Corporate Secretary (July 2009-February 2011)
- Vice President, General Counsel and Corporate Secretary (October 2008-June 2009)
- Assistant General Counsel and Assistant Corporate Secretary (June 2007-September 2008)

Other public company boards in the past five years

None

Other boards

30% Club (Co-chair, Canada)
Catalyst Canada's Advisory Board (member)

Public board interlocks

None

Education

B.A. (Queen's University)
L.L.B. (University of British Columbia)

Equity ownership

Shares: 434,193
Performance share units: 3,389,882
Restricted share units: 2,675,298
Total value: $5,943,818

Meets his equity ownership requirement as President and CEO (see page 45).

TIMOTHY BAKER

Corporate Director
Independent

Residence: Ontario, Canada
Age: 68
Director since: May 6, 2014
2019 attendance: 87%
2019 vote: 83.77% *for*

Areas of expertise

- Mining/Resource industry
- International business
- Capital projects
- Reserve evaluation
- Operations
- Human resources/ Executive compensation
- Environment, health, safety and sustainability
- Risk management/evaluation
- Board leadership

Business experience

Timothy Baker is the former Executive Vice President and Chief Operating Officer of Kinross Gold Corporation, a position he held from June 2006 to October 2010 when he retired from the company. Prior to joining Kinross in 2006, he was with Placer Dome, where he held several key roles including Executive General Manager of Placer Dome Chile, Executive General Manager of Placer Dome Tanzania and Senior Vice President of the copper producing Compañia Minera Zaldivar. He is currently the Chairman of Golden Star Resources Ltd.

Other public company boards in the past five years

Antofagasta PLC (member, Compensation Committee) (2011 to 2020)
Alio Gold Inc. (formerly Rye Patch Gold Corp.) (member, Compensation Committee) (2018 to 2019)

Other boards

None

Public board interlocks

None

Education

B.Sc. (Geology) (Edinburgh University, Scotland)
Executive Program (Queen's University)
ICD.D (Institute of Corporate Directors)

Equity ownership

Shares: 72,100
Deferred share units: 560,278
Total value: $584,549

Meets his equity ownership requirement (see page 32).

MARYSE BÉLANGER

Corporate Director.
Independent

Residence: British Columbia, Canada
Age: 59
Director since: February 7, 2018
2019 attendance: 93%
2019 vote: 82.94% *for*

Areas of expertise

- Mining/Resource industry
- International business
- Government relations
- Capital projects
- Reserve evaluation
- Enterprise management
- Operations
- Human resources/Executive compensation
- Environment, health, safety and sustainability
- Risk management/evaluation
- Board leadership

Business experience

Maryse Bélanger has more than 30 years of experience in the global mining sector, with proven strengths in operational excellence, technical services and efficiency. She is President & CEO of Bullfrog Gold Corp. From July 2016 to July 2019, Ms. Belanger was President, Chief Operating Officer and Director of Atlantic Gold Corp., where she was responsible for the overall operational and technical management of the company. Prior to joining Atlantic Gold, she served as the Chief Executive Officer and Managing Director of Mirabela Nickel Ltd., where she led the restructuring of the Santa Rita open pit nickel operations in Brazil.

Other public company boards in the past five years

Equinox Gold
Plateau Energy Metals (member, Compensation Committee)
Pure Gold Mining
Kirkland Lake Gold Inc. (2016 - 17)
Newmarket Gold (acquired by Kirkland Lake Ltd. in 2016) (2016)
Mirabela Nickel (2014 to 2016)
True Gold (acquired by Endeavor in 2016) (2015 to 2016)

Other boards

None

Public board interlocks

None

Education

Bachelor of Science (Geology) (Université du Québec à Chicoutimi)
Graduate certificate in Geostatistics (MINES ParisTech)

Equity ownership

Shares: 0
Deferred share units: 351,780
Total value: $131,378

On October 6, 2020, Ms. Bélanger purchased 300,000 common shares for an aggregate purchase cost of $60,000, and she has until February 7, 2023 to meet her share ownership requirement (five years from her appointment to the Board) (see page 32).

SIR RICHARD LAPTHORNE

Chair
Corporate Director
Independent

Residence: Buckinghamshire, UK
Age: 77
Director since: September 14, 2011
2019 attendance: 100%
2019 vote: 83.55% *for*

Areas of expertise

- International business
- Government relations
- Capital projects
- Enterprise management
- Financial literacy and reporting
- Corporate governance
- Operations
- Human resources/Executive compensation
- Risk management/evaluation
- Finance and M&A
- Board leadership

Business experience

Sir Richard Lapthorne has served as a Finance Director or as Chairman of various FTSE 100 and non-quoted companies in the United Kingdom since 1986. He is currently the Chairman of CPP Group plc. global financial assistance product provider listed on the London Stock Exchange. He was Finance Director of Courtaulds plc from 1986 until 1992. He was Finance Director of British Aerospace plc from July 1992 and Vice Chairman from April 1998 until his retirement in 1999. From 1996 to May 2003 he was Chairman of Amersham International plc (now GE Healthcare), joining the board as a non-executive director in 1989. He was Chairman of Cable Wireless from 2003 until 2016. His non-quoted appointments included Chairman of PWC's UK Public Advisory Board, McLaren and New Look, and positions with Flemings Bank and JP Morgan. A keen gardener he was a trustee of the Royal Botanic Gardens, Kew from 1998 until 2004, of which from 2004 until 2009 he served as the nominee of Her Majesty the Queen.

Other public company boards in the past five years

CPP Group plc.
Cable & Wireless Communications plc (Chairman) (2003 to 2016)
Cable & Wireless plc. (Chairman) (2003 to 2016)

Other boards

None

Public board interlocks

None

Education and distinctions

Fellow, Chartered Institute of Management Accountants (UK)
Fellow, Chartered Association of Certificated Accountants (UK)
Bachelor of Commerce, Liverpool University, England

Knighthood for services to the telecommunications industry

Equity ownership

Shares: 90,500
Deferred share units: 593,450
Total value: $929,446

Meets his equity ownership requirement (see page 32).

ADRIAN LOADER

Corporate Director
Independent

Residence: London, England
Age: 72
Director since: July 29, 2013
2019 attendance: 100%
2019 vote: 83.81% *for*

Areas of expertise

- Mining/Resource industry
- International business
- Government relations
- Capital projects
- Reserve evaluation
- Enterprise management
- Corporate governance
- Operations
- Human resources/Executive compensation
- Environment, health, safety and sustainability
- Risk management/evaluation
- Finance and M&A
- Board leadership

Business experience

Adrian Loader has extensive international experience working for Royal Dutch Shell in energy management, projects, strategy, business development and new market entry. He held regional responsibility for operations in Latin America/Africa, Middle East/ Far East and Europe and was the Royal Dutch Shell Director responsible for Strategy and Business Development, Scenarios, Group Planning, Health, Safety & Environment, and External Affairs Before retiring at the end of 2007, he was President and Chief Executive Officer of Shell Canada, where he was responsible for, among other things, Shell Canada's oil sands open pit mining activities and their expansion. He has served on the board of directors of Alliance-Unichem, Shell Canada Ltd., Alliance-Boots, Candax Energy Inc. and Compton Petroleum. He joined the board of Candax Energy Inc. in January 2008 and was Chairman until June 2010, and then Chairman of Compton Petroleum until August 2012

Other public company boards in the past five years

LafargeHolcim Ltd. (Swiss global supplier of cement and aggregate
Oracle Coalfields PLC (international coal developer in Pakistan) (Chairman from 2011 to 2016)

Alderon Iron Ore Corp. (a Canadian iron ore project developer) (2014-2020)

Other boards

Resero Gas Limited (a private UK company developing LNG to power projects) (Chairman)

Public board interlocks

None

Education and distinctions

Fellow, Chartered Institute of Personnel and Development
MA (History) (Cambridge University, England)

Equity ownership

Shares: 19,000
Deferred share units: 577,370
Total value: $610,594

Meets his equity ownership requirement (see page 32).

LISA PANKRATZ

Corporate Director
Independent

Residence: British Columbia, Canada
Age: 59
Director since: November 13, 2013
2019 attendance: 93%
2019 vote: 83.92% *for*

Areas of expertise

- International business
- Capital projects
- Enterprise management
- Financial literacy and reporting
- Corporate governance
- Operations
- Human resources/Executive compensation
- Risk management/evaluation
- Finance and M&A
- Board leadership

Business experience

Lisa Pankratz has over 30 years of experience in the investment industry and capital markets in both executive and advisory capacities, working with multinational and international companies. For over 19 years, she has served as a board member of corporations in the financial services and global media industries. She previously served on the boards of IA Clarington Investments, the Canadian Museum for Human Rights, Canwest Media, Inc., The Insurance Corporation of British Columbia , and was a member of the Accounting Policy and Advisory Committee advising the Ministry of Finance for the Province of British Columbia. From 2006 to 2010, she was the President of Mackenzie Cundill Investment Management Ltd., and from 2002 to 2006 was the President, Chief Compliance Officer and Director of Cundill Investment Research Ltd. and the Chief Compliance Officer of The Cundill Group.

Other public company boards in the past five years

None

Other boards

UBC Investment Management Trust Inc.
HSBC Independent Review Committee, HSBC Global Asset Management (Canada) Limited
Friends of the Museum for Human Rights
Vancouver Foundation (member of Investment Committee and Audit and Finance Committee)

Public board interlocks

None

Education and distinctions

Fellow, Institute of Chartered Professional Accountants of British Columbia, Chartered Financial Analyst
Honours Bachelor of Arts in Business Administration, Richard Ivey School of Business, University of Western Ontario

Equity ownership

Shares: 29,300
Deferred share units: 571,243
Total value: $588,397

Meets her equity ownership requirement (see page 32).

JOHN WARWICK

Corporate Director
Independent

Residence: Ontario, Canada
Age: 66
Director since: June 13, 2017
2019 attendance: 100%
2019 vote: 84.65% *for*

Areas of expertise

- Mining/Resource industry
- International business
- Capital projects
- Enterprise management
- Financial literacy and reporting
- Human resources/Executive compensation
- Risk management/evaluation
- Finance and M&A
- Board leadership

Business experience

John Warwick is a special advisor to Paradigm Capital Inc. He was previously the Managing Director, Investment Banking, founding partner and Head of Corporate Finance of Paradigm Capital Inc. where he advised and assisted companies on financing and capital structure matters. Prior to 1999, he was Executive Vice President and Vice Chairman of Gordon Capital Corporation and previously a mining analyst at Gardner Watson, and at Burns Fry, where he was a top-ranked base metals analyst.

Other public company boards in the past five years

NorZinc Ltd. (previously Canadian Zinc Corporation) (Board Chair, member, Nominating and Governance Committee and Compensation Committee and Health, Safety, Social and Environment Committee)

Other boards

None

Public board interlocks

None

Education

MBA, University of Toronto
Chartered Financial Analyst

Equity ownership

Shares: 100,000
Deferred share units: 397,208
Total value: $346,331

Has until June 13, 2022 to meet his share ownership requirement (five years from his appointment to the board) (see page 32).

Other information about the directors

June 2014 to June 2016, Maryse Bélanger was the Chief Executive Officer and a member of the board of directors of Mirabela Nickel Limited (Mirabela). In September 2015, Mirabela filed for voluntary administration in Australia. Under the rules of the Australian Stock Exchange, there is a requirement for the directors of a listed company to confirm the entity will be a going concern for at least 18 months looking forward. The significant decline in nickel prices and Mirabela's inability to secure third-party financing that it had been discussing with potential financiers made it economically impossible for Mirabela to continue trading. As a result, the board of directors of Mirabela decided to enter into voluntary administration.

GOVERNANCE

At Sherritt, we believe that sound corporate governance is critical to earning and retaining the trust of our shareholders.

Our governance practices reflect the vision and priorities that we promote as a company and support ethical behaviour and high performance standards throughout the organization – all critical elements for improving overall company performance.

Where to find it

ABOUT THE BOARD

Board structure

Shareholders	Elect the Board for a term of one year. See page 8 for our majority voting policy.
Board of directors	Responsible for governance and stewardship of the company, and accountable to Sherritt shareholders. You can find a copy of the Board's mandate in Appendix A and on our website (www.sherritt.com).
Board Committees	Established by the Board to help carry out its responsibilities: • Audit Committee • Environment, Health, Safety and Sustainability Committee • Human Resources Committee • Nominating and Corporate Governance Committee • Reserves, Operations and Capital Committee The Committees provide expertise and resources in specific areas, enhance the quality of discussion at board meetings and facilitate decision-making. All five Committees are made up of independent directors. The Board and its committees each meet in camera (without management present) at every in-person meeting. In 2019, there were seven in-camera meetings of the Board, seven of the Human Resources Committee, six of the Nominating and Corporate Governance Committee, five of the Audit Committee, four of the Environment, Health, Safety & Sustainability Committee and six of the Reserves, Operations and Capital Committee in 2019. Each committee meets and operates independently of management. Membership is reviewed annually and members are selected by the Board on the recommendation of the Nominating and Corporate Governance Committee. You can read about each committee beginning on page 20. Committee mandates are reviewed annually and approved by the Board, and are posted on our website (www.sherritt.com).

The Board is responsible for overseeing the management of the business and our affairs. Our articles stipulate that our Board must have three to 15 directors. The Board is authorized to set the number of directors from time to time in accordance with our by-laws and a special resolution of shareholders.

This year the Board will consist of seven members and each director is qualified and experienced in business and sound corporate governance practices. The Board has a written mandate that sets out its purpose, responsibilities and composition. A copy of the mandate is in Appendix A starting on page 75.

The Board has delegated certain responsibilities to its five standing committees to help it fulfill its responsibilities. The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board about our approach to corporate governance including the annual review of our governance policy.

Independence

The majority of our Board is independent – all of our directors are independent except David Pathe, because he also serves as our President and Chief Executive Officer.

We determine independence of our directors using the definition set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (*NI 58-101*). A material relationship exists if the Board believes that a relationship could be reasonably expected to interfere with the director's independent judgment and is deemed to exist under certain prescribed circumstances set out in NI 58-101.

About conflicts of interest
A director who has a real or perceived conflict of interest about a matter under consideration is required to recuse him or herself from all Board deliberations or discussions on the matter.

Meeting in camera

The independent directors meet in camera without management present at every in-person meeting of the Board and at other times as necessary. The Board Chair chairs these meetings.

Our board committees consist of independent directors and they also meet in camera at each in-person committee meeting and as often as necessary. Committees operate independently of management in fulfilling their mandates and making recommendations to the Board.

The Audit Committee meets separately with the external auditor at least once every quarter without management present to discuss our financial affairs.

Committee Chairs update management on the substance of the in camera meetings if action is required.

Position descriptions

We have formal position descriptions for key leadership roles including the Board Chair, committee Chairs and the President and Chief Executive Officer.

Where to find the position descriptions
You can find a copy of the position description for the Board Chair in Appendix B on page 84. The position descriptions for the Chairs of each of the Board's five standing committees and the President and Chief Executive Officer are available on our website (www.sherritt.com).

Board Chair

The Board Chair provides leadership to the Board and is responsible for effectively managing the affairs of the Board and ensuring that it functions efficiently. The Board Chair, if independent, also advises the President and Chief Executive Officer on all matters concerning the interests of Sherritt, the Board and the relationships between management and the Board.

Committee Chairs

The Chair of each Board Committee is responsible for leading their Committee in fulfilling its duties and responsibilities as set out in the Committee's mandate. The Committee Chair reports to the Board at its next meeting, updating the Board on any decisions or recommendations reached by the Committee and its considerations in the process.

President and Chief Executive Officer

The President and Chief Executive Officer has primary responsibility for the management of the business and our affairs in accordance with our corporate strategy and objectives approved by the Board and within the limitations of authority determined by the Board.

THE ROLE OF THE BOARD

The Board is responsible for overseeing the management of our business and our affairs.

Corporate governance

Sound corporate governance practices are essential to the well-being of Sherritt and the promotion and protection of our shareholders' interests. The Board oversees our governance framework, in part, through the work of the Nominating and Corporate Governance Committee.

The Board promotes fair reporting, including financial reporting, to shareholders and other stakeholders as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that Sherritt is best served by a board that is informed and engaged and functions independently of management.

We comply with the rules and regulations that apply to us as a Canadian public company including National Instrument 58-101 – Disclosure of Corporate Governance Practices and National Policy 58-201 – Corporate Governance Guidelines.

Strategic direction

The Board, with the assistance of its committees, is responsible for assessing and approving our strategic plan and the annual business plans developed and proposed by management. The Board provides input and advice about strategic opportunities, as well as issues and concerns relating to risk.

The Board is also responsible for approving our business and operational policies which govern our approach to capital expenditures, acquisitions and dispositions, disclosure and communications, finance and investment, risk management and human resources. It also reviews our processes to assess and manage risk and discusses this with management. Management updates the Board on our principal risks at each regularly scheduled board meeting.

Risk oversight

The Board is responsible for overseeing how management assesses and manages risk, including identification of principal risks and appropriate systems to manage them. The Audit Committee ensures that management adequately identifies, manages, monitors and discloses risks that could impact our financial results and reporting. The Environment, Health, Safety and Sustainability Committee reviews and oversees the management of environment, health and safety, security and sustainability risks on behalf of the Board. The Human Resources Committee assists the Board in fulfilling its oversight responsibilities in relation for compensation risk. The Reserves, Operations and Capital Committee assists the Board in oversight of operating and capital expenditures.

Managing compensation risk
See page 44 for information about how the Human Resources Committee manages compensation risk.

Our principal risks range from market conditions, liquidity and access to capital, to operating, jurisdictional and political risks, including without limitation operations in Cuba and related U.S. Government policy towards Cuba, risks associated with our joint venture, depletion of reserves, commodity risk, climate change and greenhouse gas emissions, labour relations and environment, health and safety, among other things, together with risks associated with Covid-19. You can read more about our risk factors in our 2019 Annual Information Form our 2019 MD&A and our MD&A for the nine month period ended September 30, 2020 on our website (www.sherritt.com) and on SEDAR (www.sedar.com).

Sherritt's divisions each compile a risk register based on a common matrix, which is reviewed by the Senior Management of the division. The risk registers form the basis of the Enterprise Risk Management (*ERM*) report which is presented quarterly to the senior executive team by Finance. Finance also reviews external publications on risks and emerging risks related to the mining industry.

The ERM report contains information about the *top known risks* (those that could have an impact on our financial strength, strategic position or reputation) and *other risks being monitored*, as identified in the risk register and by Finance. The final ERM report is presented twice a year to the Board and includes a description of each top known risk, a discussion of the context of the risk, an action plan to manage the risk, board accountability and an update on the steps management has taken to address the risk. The significant known risks are listed for the purpose of discussion. As part of its annual risk assessment, Finance also reviews the top known risks and significant known risks against the Internal Audit plan.

Management succession planning

The Human Resources Committee is responsible for succession planning and uses a multi-year, talent management framework managed by human resources.

The Human Resources Committee reviews the succession plan for the CEO position annually and discusses its review and recommendations with the Board without Mr. Pathe present. The Human Resources Committee meets annually with the Senior Vice President, Human Resources to review other key management positions and the development of our leadership talent.

The succession process includes reviewing our talent pool by several criteria including the hiring, selection and de-selection process, analysis of average age and years of service, gender representation, time in the role and performance. The review includes all key positions including our divisions and as well as finance, legal, human resources and other functional areas reporting to the Executive Vice President and Chief Operating Officer. Mr. Pathe provides input and feedback to the Human Resources Committee on the positions that report directly to the CEO role.

Leadership diversity

Our diversity and inclusion policy also makes diversity one of the criteria that senior management considers in evaluating the suitability of candidates for all positions.

In 2016, we established diversity and inclusion as a strategic priority, and in 2019, we launched a five-year diversity and inclusion global framework, setting out our multi-year plan to achieve stated goals. Although the initial focus of our diversity and inclusion initiative strategy was gender, recent events with respect to racism have highlighted the need for us to re-evaluate our strategy to ensure we are acknowledging and addressing any systemic issues that impede our desire to be an inclusive and respectful workplace. Sherritt's divisions finalized site-level diversity and inclusion plans in support of the global framework and established divisional implementation committees in 2019. In addition, Sherritt announced that it will target doubling the percentage of women in our organization from 18% to 36% over the next 10 years. The Board will be assessing how the diversity policy and its objectives will be assessed by the Board.

David Pathe, our President and Chief Executive Officer, is Co-chair of the 30% Club in Canada, a global campaign aimed at promoting women to senior business roles. We are also a member of Catalyst, an organization working to help accelerate progress for women in the workplace, and David is a member of Catalyst Canada's Advisory Board.

We currently have one female executive officer representing 16.7% of the executive team, and two female employees at the Vice President level representing 16.7% of employees at that level. None of our executive officers self-identify as Aboriginal peoples, persons with disabilities, or visible minorities.

The Board has not set targets for the number of women, visible minorities, persons with disabilities, or persons with Aboriginal status in senior management positions. The United States' embargo on Cuba has made it difficult for us to attract and retain highly qualified individuals to serve in senior management positions, so we must maintain the greatest flexibility in our recruitment process. However, we will continue to monitor the level of diversity in senior management and consider whether it would be appropriate to include formal targets for the representation of these groups in the future.

Disclosure and communications

We are committed to communicating with shareholders and the public openly and in a timely way and complying with legal and regulatory requirements including our continuous disclosure obligations under securities laws.

Disclosure policy

We have enterprise-wide policies that safeguard confidential information, protect material information about the company and guide our disclosure practices, among other things.

Our timely disclosure and confidentiality policy ensures that material information about Sherritt is disclosed in a timely, consistent, fair and factually accurate manner and applies to all methods and forms of communication.

Disclosure Committee

Our Disclosure Committee (or in certain cases, one of its members) reviews and approves all news releases and public filings with securities regulators and stock exchanges before being released, as well as all written, electronic and oral statements for public dissemination that may or may not include material information.

The Human Resources Committee is chaired by the Senior Vice President, General Counsel & Corporate Secretary and includes the Senior Vice President and Chief Financial Officer, Executive Vice President and Chief Operating Officer and the Director, Investor Relations and External Communications as members.

Each board committee reviews the public disclosure relevant to its mandate, before it is reviewed and approved by the Board. For example, all press releases and public filings disclosing financial information are reviewed by the Audit Committee, including the annual and interim financial statements and MD&A.

We also have mechanisms in place to evaluate the design and effectiveness of our disclosure controls.

Shareholder engagement

We communicate with shareholders in various ways, including through our website, disclosure documents and management's quarterly conference calls with analysts, which shareholders and the public can access. Specific shareholder inquiries are handled by our Investor Relations group.

We also have a shareholder outreach program where the Chair of the Board and the Chair of the Human Resources Committee meet with our shareholders to discuss governance and compensation matters. We started the program in 2016 and have received good response every year. In 2019, we reached out to 20 of our largest shareholders representing 36% of our issued and outstanding shares. Over the course of the 12-month period of 2019, the Chair of the Board and Committee Chair met with seven shareholders (some several times), representing approximately 11% of our issued and outstanding shares, as well as two proxy advisory firms, Institutional Shareholder Services and Glass Lewis. Discussions were engaging and ranged from questions and comments on Sherritt's strategy and performance, pending debt maturities and liquidity position, to our philosophy on executive compensation and incentive plan metrics, all of which provided important context for our work in preparing this year's circular. The insights from the meetings also provide valuable input to the Human Resources Committee and the Board when reviewing our policies and practices.

Communicating with the Board

The Board welcomes input from shareholders at any time. If you wish to contact the Board or any of the committees, please send your note to the Senior Vice President, General Counsel & Corporate Secretary:

Board of Directors of Sherritt International Corporation
c/o Senior Vice President, General Counsel & Corporate Secretary
Sherritt International Corporation
Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 4220
Toronto, ON M5H 4E3

BOARD COMMITTEES

The Board has five standing committees and each is made up of independent directors. The committees operate independently of management and have their own mandates which set out their duties and responsibilities. The committee Chairs are responsible for leading their committee and ensuring that they fulfill the committee's mandate. Committee mandates are posted on our website (www.sherritt.com). Board committees can retain special counsel or consultants up to $150,000. Fees exceeding this amount must be approved by the Board.

Audit Committee

Independent: 100%	Members:
Meetings in 2019: 5	Lisa Pankratz, FCPA, FCA, CFA (Chair since June 13, 2017)
	Sir Richard Lapthorne, John Warwick

The Audit Committee is responsible for ensuring the integrity and accuracy of Sherritt's financial reporting and disclosure controls and procedures. This includes reviewing our financial and related disclosure and overseeing compliance with legal and regulatory requirements relating to financial reporting, the external auditor's qualifications and independence, and the performance of the internal and external auditors.

The Audit Committee also oversees management of our principal financial and business risks, our internal controls, our tax status, the adequacy of our insurance coverage, among other things. It also approves the external audit plan and the nature and fees of non-audit services and recommends the external auditors to the Board.

Each member is financially literate within the meaning of National Instrument 52-110 – *Audit Committees*.

Some members of the Audit Committee are also members of the Human Resources Committee, the Reserves, Operations and Capital Committee and the Environment, Health, Safety and Sustainability Committee to ensure alignment of discussions and decisions.

You can find more information about the Audit Committee in our 2019 Annual Information Form on our website (www.sherritt.com) and on SEDAR (www.sedar.com).

Environment, Health, Safety and Sustainability Committee

Independent: 100%	Members:
Meetings in 2019: 4	Timothy Baker (Chair since May 12, 2015)
	Maryse Bélanger, John Warwick

The Environment, Health, Safety and Sustainability Committee oversees our environment, health and safety, security and other sustainability management systems, policies, programs and targets.

The Committee makes recommendations to the Board about the scope of environment, health and safety, security and sustainability risks to our operations and future growth, voluntary commitments we have made in this area, and compliance with legal and regulatory requirements. It also monitors legislative trends, domestic and international norms, stakeholder expectations and industry best practices and reviews sustainability information and performance data, corporate-level audits and management response and plans, our crisis management plan and our annual sustainability report.

The Committee ensures its assessment of controls to manage environment, health and safety, security and sustainability risks aligns with the Audit Committee's oversight of internal controls. It also consults with the Reserves, Operations and Capital Committee about the environment, health, safety and sustainability risks relating to our current and future capital projects. It visits at least one site of our major operations once a year.
Some members of the Environment, Health, Safety and Sustainability Committee are also members of the Audit Committee and the Human Resources Committee to ensure alignment of discussions and decisions.

Human Resources Committee

Independent: 100%	Members:
Meetings in 2019: 7	Adrian Loader (Chair since June 13, 2017)
	Timothy Baker, Lisa Pankratz

The Human Resources Committee oversees our director and executive compensation, in addition to the human resources strategic plan, incentive compensation plans, performance assessment, retirement benefits and succession planning. It also establishes our human resources and compensation policies and oversees compensation risk.

The Committee reviews director compensation to ensure that is continues to be appropriate for the duties, responsibilities and risks of being a director and stays competitive with the market and makes recommendations to the Board as appropriate.

The Committee also makes recommendations to the Board about executive compensation including the program structure, balance of fixed and variable elements of compensation, terms and conditions of employment, incentive plan design, performance evaluations for our senior executive officers, compensation decisions and management succession planning. It oversees our retirement plans through the work of the Management Retirement Committee.

The Human Resources Committee meets with its independent advisor without management present and the external advisor attends all regular committee meetings to provide advice and counsel. Management is invited to attend committee meetings to present recommendations and updates.

Some of the members of the Human Resources Committee are also members of the Audit Committee, the Environment, Health, Safety and Sustainability Committee and the Reserves, Operations and Capital Committee to ensure alignment of discussions and decisions.

Nominating and Corporate Governance Committee

Independent: 100%	Members:
Meetings in 2019: 6	Sir Richard Lapthorne (Chair since May 23, 2013)
	Timothy Baker, Maryse Bélanger, Adrian Loader,
	Lisa Pankratz, John Warwick

The Nominating and Corporate Governance Committee oversees all governance matters and establishes our corporate governance policies and practices. It is also responsible for identifying new candidates for nomination or appointment to the Board.

The Nominating and Corporate Governance Committee makes recommendations to the Board about the size, composition and mandates of the Board and committees, the qualifications of director candidates and nominees, board succession, the board assessment process and position descriptions or terms of reference for the President and Chief Executive Officer, Board Chair and Chair of each Board committee.

The Nominating and Corporate Governance Committee also oversees director orientation and continuing education, all proposed related party transactions and situations for potential conflicts of interest, and it reviews our code of business conduct and ethics.

Reserves, Operations and Capital Committee

Independent: 100%	Members:
Meetings in 2019: 6	Adrian Loader (Chair since May 12, 2015)
	Timothy Baker, Maryse Bélanger, Lisa Pankratz

The Reserves, Operations and Capital Committee is responsible for reviewing our mineral reserves (including oil and gas reserves) and those of affiliated and related entities. It also oversees the availability, maintenance, growth and integrity of our reported reserve base, including any additional potential reserves.

The Reserves, Operations and Capital Committee reviews the selection criteria and appointment of our designated qualified persons, the report of the qualified persons and the disclosure of our annual reserves and resources information, the annual reconciliation of reserves to mine production, our internal controls and disclosure controls and procedures relating to reserves and resources estimation.

The Reserves, Operations and Capital Committee receives reports from management on all material matters related to reserves and resources estimation, industry standards and regulations about the estimation and publication of reserves and resources and developments and monitors steps by management to manage our risk exposures. It also reviews our procedures relating to the disclosure of information on oil and gas activities, the selection of the qualified reserves evaluators or auditors selected to report to the Board on our oil and gas reserves and resource data, and our annual reserves and resource estimates prior to disclosing publicly.

With respect to its responsibility for overseeing production and related activities, the Committee reviews, monitors and oversees our ongoing production and related operations to enhance alignment with Sherritt's strategic objectives and initiatives.

The Committee is also responsible for reviewing, monitoring and overseeing our major capital projects and expenditures on a world-wide basis which either have or may have a material impact on Sherritt. This includes the prioritization of capital projects and expenditures.

Some of the members of the Reserves, Operations and Capital Committee are also members of the Audit Committee, the Environment, Health, Safety and Sustainability Committee and the Human Resources Committee to ensure alignment of discussions and decisions.

BOARD COMPOSITION

Our goal is to assemble a high performing board with a diversity of skills, background and experience to ensure that the Board can carry out its responsibilities effectively. Our directors are strong leaders in their field (ideally from an industrial background with experience in mining, energy, operations or large capital-intensive industry) have strong experience in either corporate strategy and/or operations, can engender trust and respect in the boardroom and bring diversity to the Board.

The individual skills, knowledge and experience of individual directors complement those of their colleagues on the Board. This provides diversity, balance of views and perspectives, ensures well informed oversight and thoughtful exchange with management.

Diversity

We recognize the value of diversity and inclusion and believe that we benefit from the insight, innovation and good judgment that comes from including a variety of perspectives in the decision-making and strategic planning process. Our diversity and inclusion policy makes diversity of the Board one of the criteria that the Nominating and Corporate Governance Committee considers in recruiting and selecting director candidates.

We recently revised our diversity and inclusion policy to formally acknowledge the designated groups specifically identified under recent amendments to the *Canada Business Corporations Act*, including women, Aboriginal peoples, persons with disabilities and members of visible minorities. The amended and expanded diversity and inclusion policy reflects our commitment to promoting a diverse and inclusive work environment. The Nominating and Corporate Governance Committee audits compliance with the diversity and inclusion policy as it relates to the recruitment and selection of potential directors, tracks the progress the company has made in achieving the objectives of the policy, and periodically provides reports to the Board. The Nominating and Corporate Governance Committee also recommends amendments to the diversity and inclusion policy when necessary.

The Nominating & Corporate Governance Committee is aware of the work that needs to be done to create a more diverse leadership team for companies in Canada. As part of its recruitment and selection process, the Nominating and Corporate Governance Committee considers the level of representation of designated groups on the Board. It has set a goal of having at least 30% female independent directors by the 2022 annual meeting. There are currently two female independent directors who represent 29% of the Board and 33% of the independent directors. In addition, the CEO of the Corporation has signed the BlackNorth Initiative Pledge of the Canadian Council of Business Leaders Against Anti-Black Systemic Racism (the "BlackNorth Initiative Pledge") committing the Corporation to specific actions and targets designed to end anti-Black systemic racism, including the goal of, at a minimum, 3.5% of executive and board roles based in Canada being held by Black leaders by 2025. A copy of the BlackNorth Initiative Pledge can be found at https://www.blacknorth.ca/The-Pledge.

The Board has not otherwise adopted targets for representation on the board of Aboriginal peoples, visible minorities, or persons with disabilities, and none of our directors currently self-identify as a member of any of these groups. The United States' embargo on Cuba has made it difficult for us to attract and retain highly qualified individuals to serve on the Board, so we must maintain flexibility in our recruitment process. However, we will continue to monitor the level of board diversity and consider whether it would be appropriate to include formal targets for the representation of these groups in the future.

Skills matrix

The Board maintains a skills matrix to evaluate the competencies and skills of the Board based on the background and experience of each director.

The skills matrix is updated every year using a self-assessment completed by each director, and used to identify gaps or areas for strengthening the Board when recruiting new director candidates to fill board vacancies. It is also taken into account when determining the composition of our board committees and choosing committee chairs.

The skills matrix below shows the skill set of the current Board.

	Timothy Baker	Maryse Bélanger	Sir Richard Lapthorne	Adrian Loader	Lisa Pankratz	David Pathe	John Warwick	Total
Appointed	May 2014	February 2018	September 2011	July 2013	November 2013	January 2012	June 2017	
Mining/Resource industry	✓	✓		✓		✓	✓	6
International business	✓	✓	✓	✓	✓	✓	✓	8
Government relations		✓	✓	✓		✓		4
Capital projects	✓	✓	✓	✓	✓	✓	✓	8
Reserve evaluation	✓	✓		✓				3
Enterprise management		✓	✓	✓	✓	✓	✓	7
Financial literacy and reporting			✓		✓	✓	✓	5
Corporate governance			✓	✓	✓	✓		4
Operations	✓	✓	✓	✓	✓			6
Human resources/Executive compensation	✓	✓	✓	✓	✓		✓	7
Environment, health, safety and sustainability	✓	✓		✓				3
Risk management/Evaluation	✓	✓	✓	✓	✓	✓	✓	8
Finance and M&A			✓	✓	✓	✓	✓	6
Board leadership	✓	✓	✓	✓	✓	✓	✓	7
Language skills	Spanish	French Spanish	French	French Spanish Italian		French		

Our working language across the organization is English, but the official language of Cuba, the main jurisdiction of our foreign operations, is Spanish (Cuba). Three directors are fluent in Spanish. Foreign language skills allow directors to interact more effectively with local stakeholders, including government officials and employees.

Orientation

The Nominating and Corporate Governance Committee is responsible for making sure new directors receive a proper orientation to Sherritt and their duties and responsibilities as directors.

The orientation program focuses on new directors having a clear understanding of their responsibilities, developing a good working relationship with the other members of the Board, and becoming familiar with our operations and management team so they can actively participate in meetings from the outset.

The program has several components and covers the director's first year on the Board:

- Site visits – new directors have an opportunity to visit our business units and major projects
- Interaction with management – new directors meet with key members of the management team
- Legal obligations – new directors attend a session with our outside counsel so they have a full understanding of their legal obligations as a director; and
- Committee orientation – committee Chairs, together with appropriate management representatives, provide orientation on the committees the new director will be joining. They also attend meetings of other committees as an observer.

New directors also receive a package of reference materials including a handbook with relevant corporate and business information (articles, by-laws, organization and corporate charts, board mandate, committee mandates, etc.), current continuous disclosure documents, and board presentations from the previous year.

Continuing education

We expect directors to keep abreast of issues affecting our business.

We organize continuing education sessions that include meetings with management, and outside experts as appropriate, to discuss regulatory changes, corporate governance developments, developments in the mining and oil and gas industries and market conditions, among other things.

Directors complete continuing education sessions and attend briefings on various topics relating to the jurisdictions where our subsidiaries and joint venture operate, including the various political, regulatory and economic environments.

We provide directors with quarterly updates on our foreign operations, which includes updates on political, economic and social developments in Cuba. We also retain the services of consultants with knowledge of the political and economic situation in those countries to advise on current developments from time to time. Directors also participate in scheduled trips to our operations in Canada and Cuba, where they meet with the senior executives responsible for local operations, participate in site visits, meet with government officials, local leaders and stakeholders, and learn about the local business culture and practices.

The table below is a summary of the continuing education sessions directors attended in 2019. We reimburse directors for any out-of-pocket expenses.

Site visits		Presented/hosted by	Attendees
April	Moa	Sherritt	Tim Baker Maryse Bélanger John Warwick Lisa Pankratz
Mining industry			
March	Prospectors & Developers Association of Canada (PDAC) Convention	PDAC	John Warwick
October	CIM Rocks and Stocks: Mining's Pressing Issues	Canadian Institute of Mining, Metallurgy and Petroleum (CIM)	John Warwick
Accounting/audit/finance			
June	Mergers and Acquisitions Academy Series	Norton Rose Fulbright	John Warwick
October	Managing Crises	Deloitte	John Warwick
February	Update on Public Sector Accounting Standards	KPMG	Lisa Pankratz
September	2019 Canadian Investment Conference	MFS Investment Management Canada	Lisa Pankratz
April	Designed to Disrupt	PWC	Lisa Pankratz
December	Introduction to Anti-Money Laundering, Counter-Terrorist Financing and Proceeds of Crime for Accountants	CPA British Columbia	Lisa Pankratz
Economic and technology			
October	Now, Next, Beyond	EY	Lisa Pankratz
November	Security Awareness Training	K. Mitnick (KnowBe4)	Lisa Pankratz
Executive compensation and corporate governance			
April	Board Shareholder Engagement Course	ICD	Tim Baker
November	Practical Strategies and Investment Opportunities in the New Normal	Canadian Alternative Investments for Pensions	Lisa Pankratz
June	ICD National Conference	ICD	Tim Baker
October	Trends in Executive Compensation	Meridian	Tim Baker
December	ICD Global Director Dialogue on Governing the Future of Work	ICD	Tim Baker

Institutional investors		Presented/hosted by	Attendees
March	Investment Perspectives for Institutional Investors	PH&N	Lisa Pankratz
February	Responsible Investing Survey – Key Findings	PH&N	Lisa Pankratz
June	Institutional Investor Forum	Leith Wheeler	Lisa Pankratz

Assessment

Our Board assessment process includes an annual director self-assessment and peer evaluation and, at the discretion of the Nominating and Corporate Governance Committee, a periodic Board assessment conducted by an independent third party.

The evaluation process considers the skills and expertise of each director as well as their individual contributions to the Board and committees and also assesses overall Board and committee effectiveness.

The Board Chair, or a director acting on his or her behalf, is responsible for administering the annual Board assessment process. The Board Chair or his nominee solicits feedback from each of the director's peers on the particular director's performance over the course of the past year, on overall Board and committee effectiveness and on potential opportunities to enhance Board effectiveness, while the Chair of the Nominating and Corporate Governance Committee (or designate) solicits feedback on the Board Chair. The Board Chair or Chair of the Nominating and Corporate Governance Committee discusses the feedback with each director as part of their annual performance review.

Board succession and renewal

We monitor board renewal to ensure a reasonable turnover and orderly succession of directors. We achieve board renewal through a skills gap assessment by the Nominating and Corporate Governance Committee, the board assessment process and ordinary attrition as directors decide not to stand for re-election. If there is not sufficient renewal through our normal process, the Nominating and Corporate Governance Committee will take appropriate incremental steps to ensure reasonable renewal. There is no expectation that a director will remain on the Board for any particular "term" or period of time, and renewal processes apply equally to newer and longer serving directors.

The Nominating and Corporate Governance Committee is responsible for recommending desirable competencies to the Board and for identifying new candidates for nomination or appointment to the Board. The Nominating and Corporate Governance Committee is comprised solely of independent directors.

The Nominating and Corporate Governance Committee considers several factors in the search process including the necessary competencies and skills for serving on our Board, the existing skillset of the Board and any desirable skills and competencies. The Nominating and Corporate Governance Committee also considers the candidate's background and experience, personal attributes and their ability to devote sufficient time and resources to serving as a member of our Board.

Candidates meet with the Chair, Chair of the Nominating and Corporate Governance Committee (or designate) and the President and Chief Executive Officer to discuss their background and experience in more detail and our expectations of directors. Candidates also receive an overview of the business in these meetings.

Two new independent directors have joined the Board in the past five years – one in 2018 and one in 2017. Our average Board tenure is 6 years.

Retirement and term limits

We do not have a mandatory retirement policy or term limit for directors. The Board believes that mandatory retirement and term limits may result in the loss of effective directors with deep knowledge of Sherritt. The Board also believes these limits are too restrictive – our directors face increased potential personal liability arising from Title III, as well as the risk of being listed under Title IV of the Helms-Burton Act and being denied entry to the United States, which makes it more difficult for us to recruit additional highly qualified candidates. Instead, we follow our director assessment process every year to make sure director effectiveness and board renewal are considered together.

WHAT WE EXPECT OF DIRECTORS

We expect our directors to demonstrate sound judgment and to act in our best interests.

Integrity and ethical conduct

Our business ethics policy sets out the rules and guidelines for ethical behaviour at Sherritt and is based on our values and the laws, regulations and rules that apply to our business. The policy applies to Sherritt directors, officers and employees and all new directors and employees must read the policy when hired and acknowledge that they will abide by the policy. The Board has never waived any aspect of the business ethics policy.

Our whistleblower policy allows employees and others to report any violations or concerns regarding the policy confidentially and without fear of reprisal for anyone acting in good faith. Concerns can be reported anonymously to the internal auditor, who will bring the reports to the attention of the Audit Committee for investigation and response, or through our independent whistleblower hotline (online or by phone) which is managed by a third party and forwards any reports to the internal auditor for follow-up.

Our commitment to integrity and ethical conduct extends to all aspects of our business. We have separate policies and procedures that address specific areas of business ethics including anti-corruption, timely disclosure and confidentiality, reportable concerns and insider trading, among others. You can read more about our corporate governance practices on our website (www.sherritt.com). If you would like a copy of any of the policies mentioned above, please contact us at info@sherritt.com.

Anti-corruption policy

Our anti-corruption policy, adopted in 2012 and amended in 2014,2016, and 2019, sets out standards of conduct and practices which must be followed by Sherritt employees and representatives in dealing with public officials in order to comply with Canada's Corruption of Foreign Public Officials Act and other applicable anti-corruption laws.

The policy applies to our directors, officers, employees and agents and we have conducted training sessions across the organization to make sure our people, particularly those who have significant interactions with governments and third parties, understand the policy and how it

Meeting attendance

Regular Board and committee meetings are set at least a year in advance, with special meetings scheduled as required. Directors are expected to attend all board meetings and all of their committee meetings unless there are exceptional circumstances that preclude attendance and to come fully prepared and remain in attendance for the duration of the meetings. Directors are invited to all committee meetings regardless of whether they are a member of that committee.

The table below shows the 2019 director attendance record for meetings of committees they were a member of.

	Board		Audit		Human Resources		Nominating and Corporate Governance		Reserves, Operations and Capital		Environment, Health, Safety and Sustainability	
Timothy Baker	13 of 15	87%			7 of 7	100%	6 of 6	100%	5 of 6	83%	4 of 4	100%
Maryse Bélanger	14 of 15	93%					6 of 6	100%	6 of 6	100%	4 of 4	100%
Sir Richard Lapthorne	15 of 15	100%	5 of 5	100%			6 of 6	100%				
Adrian Loader	15 of 15	100%			7 of 7	100%	6 of 6	100%	6 of 6	100%		
Lisa Pankratz	14 of 15	93%	5 of 5	100%	7 of 7	100%	6 of 6	100%	6 of 6	100%		
David Pathe	15 of 15	100%										
John Warwick	15 of 15	100%	5 of 5	100%			6 of 6	100%			4 of 4	100%

Equity ownership

We require directors to own Sherritt equity to align their interests with those of our shareholders. Directors are required to hold five times their annual cash retainer in shares and/or DSUs, and they have five years from the date they joined the Board to meet the requirement.

We calculate the value of each director's Sherritt equity by multiplying the number of their units/shares by the grant/purchase price or the closing price of our shares on the TSX on December 31 ($0.19 for 2019) (whichever is higher).

The table below shows director share ownership as at December 31, 2019[1].

	Required equity ownership			Actual value of equity ownership as of December 31, 2019			Status	
	Retainer	Multiple of annual cash retainer	Amount	Shares	DSUs	Total		
Timothy Baker	$90,000	5.0x	$450,000	$118,844	$465,705	$584,549	5.7x	meets requirement
Maryse Bélanger	$90,000	5.0x	$450,000	$0[2]	$131,378	$131,378	1.5x	has until February 2023
Peter Gillin	$90,000	5.0x	$450,000	$126,197	$729,298	$855,495	9.5x	meets requirement
Sir Richard Lapthorne	$90,000	5.0x	$450,000	$286,263	$643,183	$929,446	10.3x	meets requirement
Adrian Loader	$90,000	5.0x	$450,000	$76,580	$534,014	$610,594	6.8x	meets requirement
Lisa Pankratz	$90,000	5.0x	$450,000	$76,944	$511,453	$588,397	6.5x	meets requirement
John Warwick	$90,000	5.0x	$450,000	$140,000	$206,331	$346,331	3.8x	has until June 2022

1 David Pathe does not appear in this table because he is an executive director and a named executive officer, and does not receive any compensation for serving as a director of the Board. Please see page 52 for information about his compensation and page 45 for information about his share ownership requirements.

2 On October 6, 2020, Ms. Belanger purchased 300,000 common shares for an aggregate purchase cost of $60,000.

Serving together on other boards

As of the date of this circular, none of the nominated directors serve together on the board of another public company.

DIRECTOR COMPENSATION

Director compensation is reviewed regularly so we can continue to attract and retain qualified directors to the Board. Compensation is benchmarked against the same comparator group used to benchmark executive compensation so we stay competitive with the market.

Directors receive an annual retainer that is split 50/50 between cash and equity to align with shareholder interests and recognize directors for their time and commitment to carrying out their Board and committee duties and responsibilities. While the capital restructuring of the company was being contemplated and various alternatives were being considered in 2019, directors who had met their share ownership requirements were paid the equity value of their annual retainer in cash from July 2019 up to December 31, 2020. This practice was designed to address the possible perception by bond holders that a Board whose members held shares and deferred share units (DSUs) exceeding the share ownership requirements could bias a decision. In November of 2020, following the closing of the balance sheet transaction, the Board reverted to paying 50% of the annual retainer in DSUs.

The equity component is paid in DSUs, DSUs are phantom share units that track the value of Sherritt common shares. These must be retained until the director retires or otherwise leaves the Board. DSUs vest immediately upon grant, earn dividend equivalents as additional units at the same rate as dividends paid on our common shares (if any), and are redeemed for cash based on the value of a share when a director leaves the Board. We use the volume-weighted average trading price of our shares on the TSX for the five days immediately before the redemption date to value the DSU payout. The Board can amend the DSU plan at any time as long as the changes do not materially affect the right of the director participating in the plan. The Board can also approve any variations to the terms of DSUs that have been granted, with the consent of the participant.

2019 Director fee schedule

The table shows the 2019 director annual fee schedule. Compensation is paid in equal instalments following the end of each quarter. The Board approves our director compensation based on the recommendations of the Human Resources Committee.

The schedule for 2019 includes the following changes that were introduced on July 1, 2019: committee chair fees were standardized, a fee for the Board Chair was introduced, and a Helms-Burton allowance was introduced for directors who certify that they will voluntarily refrain from travelling to the United States.

	Cash	Equity
Annual retainer		
Director	$90,000	$90,000[1]
Additional retainers		
Board Chair	$130,000	
Lead Director[2]	$45,000	
All Committee Chairs[3]	$15,000	
Helms-Burton allowance	$150,000	

1. Directors who had met their share ownership requirements were paid the equity value of their annual retainer in cash from July 2019 up to December 31, 2019
2. Peter Gillin was in the role of Lead Director until June 24, 2019, when an independent Board Chair was appointed.
3. The Board Chair does not receive Committee Chair fees.

In 2021, director compensation will be revisited in the context of a revised peer group to ensure compensation continues to be appropriate (see page 46).

In 2019 the United States government allowed Title III under the Cuban Liberty and Solidarity (LIBERTAD) Act, more generally known as the Helms-Burton Act, to become effective, giving U.S. nationals the right to sue those who traffic in confiscated Cuban property. Directors and officers could potentially have personal liability, separate from any liability of the company, and that potential liability is heightened if directors travel to the U.S. In light of the increased potential personal liability to directors arising from Title III and that can extend up to two years from retirement from the Board, the Board determined that those directors who voluntarily refrain from travelling to the United States and certify the same, will be eligible for an annual Helms-Burton Allowance in the amount set forth in the table above and for the period of incremental risk. No other member of Sherritt's peer group is subject to this exposure. The Helms-Burton allowance is paid quarterly in arrears. It is not considered compensation, is fully taxable and not grossed-up for tax purposes.

Director compensation table

The table below shows the total aggregate compensation paid to all directors for 2019 was $1,570,164.

	Total fees								
	Cash retainer	Committee chair fees	Cash in lieu of DSUs	Total fees earned	**DSU awards**	**Option-based awards**	**Non-equity incentive compensation**	**All other compensation**	**Total compensation**
Timothy Baker	$90,000	$10,000	$45,000	$145,000	$45,000	–	–	-	$190,000
Maryse Bélanger	$90,000	–	–	$90,000	$90,001	–	–	$37,500	$217,501
Peter Gillin	$65,275	–	–	$65,275	$43,517	–	–	-	$108,792
Sir Richard Lapthorne	$155,120	$3,750	$45,000	$203,870	$45,000	–	–	$75,000	$323,870
Adrian Loader	$90,000	$25,000	$45,000	$160,000	$45,000	–	–	$75,000	$280,000
Lisa Pankratz	$90,000	$15,000	$45,000	$150,000	$45,000	–	–	$75,000	$270,000
John Warwick	$90,000	–	–	$90,000	$90,001	–	–	-	$180,001

Committee chair fees
Actual fees paid to the directors. Reflects the change to committee chair fees that was introduced on July 1, 2019.

DSU awards
Director compensation is awarded following the end of each quarter. We calculated the number of DSUs granted to each director by dividing the dollar amount of the award by the volume-weighted average trading price of our common shares on the TSX for the five trading days immediately before each grant date: $0.41 (April 15, 2019), $0.21 (July 15, 2019), $0.28 (October 15, 2019) and $0.20 (January 15, 2020). The number of units granted has been rounded up to the nearest whole unit.

All other compensation
All other compensation consists of the Helms-Burton allowance, effective July 1, 2019, for directors who have certified that they will voluntarily refrain from traveling to the United States. These allowances are not considered compensation, but have been included in the table in the interest of providing full disclosure. Helms-Burton allowances are fully taxable and not grossed-up for tax purposes.

Outstanding DSU awards

The table shows the market or payout value of vested DSUs not paid out or distributed as of December 31, 2019. Directors do not receive other share-based awards or option grants. The value is based on the number of DSUs held by the director at year-end, multiplied by the closing price of our shares on the TSX on December 31, 2019 ($0.19).

	Market or payout value of vested DSUs not paid out or distributed
Timothy Baker	$106,453
Maryse Bélanger	$66,838
Peter Gillin	$95,239
Sir Richard Lapthorne	$112,756
Adrian Loader	$109,700
Lisa Pankratz	$108,536
John Warwick	$75,470

Value of DSU awards vested or earned during the year

The table shows the total dollar value that would have been realized by each director if the DSUs that vested in 2019 had been paid out on the vesting date.

The value vested during the year is calculated by multiplying the number of DSUs granted to each director in the calendar year by the volume-weighted average trading price of our common shares on the TSX for the five trading days immediately before the grant date: $0.47 (January 15, 2019), $0.41 (April 15, 2019), $0.21 (July 15, 2019) and $0.28 (October 15, 2019).

	DSU awards
Timothy Baker	$67,501
Maryse Bélanger	$90,001
Peter Gillin	$66,017
Sir Richard Lapthorne	$67,501
Adrian Loader	$67,501
Lisa Pankratz	$67,501
John Warwick	$90,001

HOW WE PAY OUR EXECUTIVES

Executive pay at Sherritt is designed to support our strategy, motivate our executives to achieve our strategic objectives without encouraging them to take undue risks, and align their interests with the long-term interests of our shareholders. It is an important tool to attract and retain a strong, focused and resilient executive team to lead the company through all phases of the commodity cycle.

This section of our circular describes how we compensated our 2019 named executive officers:

- David Pathe, President and Chief Executive Officer (CEO)
- Andrew Snowden, Senior Vice President and Chief Financial Officer (SVP & CFO)
- Steve Wood, Executive Vice President and Chief Operating Officer (EVP & COO)
- Tim Dobson, Senior Vice President, Metals (SVP, Metals)
- Karen Trenton, Senior Vice President, Human Resources (SVP, HR)

Where to find it

Letter from the Chair of the Human Resources Committee

These have been unusual and challenging times at Sherritt. Due to the Covid-19 pandemic and our balance sheet restructuring transaction, our annual general meeting for the 2019 financial year is being held six months later than usual. Much of the disclosure in this circular addresses matters of 2019 compensation, as required by applicable regulation. But given that we are now nearing the end of 2020, I feel it is also important to provide some context around the circumstances in which the Human Resources Committee has been making compensation decisions.

As you will have read in the letter from the Chair of the Board at the front of this circular, the past 18 months have been the most difficult in Sherritt's history. The management and board have had to take dramatic actions to protect Sherritt from the existential threats presented by Sherritt's historical investment in Ambatovy. Addressing these issues has been further complicated by the near exhaustion of Sherritt's liquidity through our Ambatovy funding commitments, and exacerbated by extreme volatility in nickel and cobalt pricing and increasingly aggressive US policy towards Cuba. For the past six years, management and the board have worked diligently and relentlessly to address these threats through a series of production achievements, transactions and restructurings. This process culminated with the closing of our most recent debt restructuring at the end of August 2020. Our efforts in this regard, and to improve our operations, are described in more detail in the Chair's letter. Sherritt's shareholders have witnessed a decline in our price through this period, but it is clear that Sherritt would not have survived in its current form had these actions not been taken.

The Human Resources Committee is responsible for all aspects of executive compensation at Sherritt, including incentive compensation plans, organizational and individual performance assessment and succession planning. We are responsible for ensuring that executive compensation enables Sherritt to attract and retain the talent required to run our business and achieve our objectives, is closely aligned with performance and the interests of our shareholders in a transparent way, and is easily understood by all stakeholders. The Committee also establishes human resources and compensation policies and oversees compensation risk. We are 100% independent, and our members have experience in executive management, human resources, executive compensation, corporate governance and risk. Some of the members of the Committee also sit on the Audit Committee, the Environment, Health, Safety and Sustainability Committee and the Reserves, Operations and Capital Committee, to ensure alignment of discussions and decisions.

We make sure executive compensation supports the company's future in the following ways:

- benchmarking to provide market context and make sure the design of our incentive plans, mix of components and target compensation are competitive with the market (see page 46)
- offering a competitive total rewards program: fixed pay, incentive pay based on performance, and benefits including retirement, health and well-being and other benefits. The mix of components is well balanced, rewarding short-, mid- and long-term performance through a mix of cash and equity (see page 51)
- supporting compensation decisions with a strategic, vertically aligned goal setting and performance management process (see page 49).
- integrating risk management into our culture, our compensation policies (including clawbacks, hedging prohibition and equity ownership requirements), and the design of our compensation program (see page 44).

Adapting to change

Throughout 2019, the leadership team continued to focus on reducing the financial risks to Sherritt. Planning began for the restructuring of our debt and our exit from Ambatovy, which was achieved in August 2020. US policy towards Cuba became progressively more severe. As a consequence, potential personal liability for directors and officers heightened and our Cuban cashflow declined as overdue receivables in our Cuban businesses increased. Efforts to address overdue receivables led to agreements with our Cuban partners in June 2019 and January 2020. Those agreements continue as we work with our Cuban partners to secure cash flow as Cuba works to address the impact of the Covid-19 pandemic.

Through this significant uncertainty, it was crucial to retain the executive leadership team to ensure that the best possible alternatives were considered thoroughly and without bias, to ensure that business operations were not compromised, and to ensure continuity as these challenges were addressed. Accordingly, we updated the employment agreements for the named executives and implemented a formal retention plan, which you can read about below and on page 60. Consistency among the leadership team was considered by the Board to be of particular importance, given the need to maintain Cuban relationships through a restructuring.

Responding to shareholders

An effective compensation program must be responsive to the interests and concerns of shareholders. In 2019, we continued our practice of soliciting feedback from our shareholders to guide us in making refinements to our compensation structure and to ensure that our compensation programs aligned with shareholder interests. In 2019, we reached out to 20 of our top shareholders (representing 36% of the issued and outstanding shares at that time) offering to discuss compensation, strategy and governance. We incorporated the valuable feedback from these sessions in our ongoing reviews of our compensation program.

Last year, our shareholders voted 53.95% FOR our approach to executive compensation. We believe this result was negatively impacted by a practice known as *empty voting*, where shareholders exercise their legal right to vote after they sell their positions – a practice the Canadian Coalition for Good Governance categorically rejects because it undermines the tenets of majority voting. Without this, shareholders would have voted 70% FOR our approach to executive compensation. And while this is still a disappointing result, we have worked to respond to your concerns with changes to our compensation program and this year's compensation decisions.

The Committee is tasked with designing an executive compensation program that is:

- **Strategic**: strategically aligned with performance, does not encourage undue risk-taking, aligns the interests of executives with those of our shareholders and takes into account the interests of our other stakeholders
- **Appropriate**: aligned with our organizational structure and the scope of the role
- **Fair**: internally equitable and benchmarked to the market
- **Competitive**: attracts and retains a strong, focused and resilient executive team to lead us through all phases of the commodity cycle

The table on the next page describes how the compensation program has evolved over the last four years, demonstrating our resolve to continually improve executive compensation and respond to feedback, while remaining true to our principles of retaining an engaged and resilient executive team.

Key changes in 2017

Increased the proportion of performance-based pay

- Increased the amount allocated to performance share units (PSUs) from 10% to 50% of equity incentives.
- Added a second performance condition. PSU performance is now measured against a unit cost of production measure and our relative total shareholder return (TSR).

Reduced the use of options

- Reduced the use of options from 50% to 25% of equity incentives.

Key changes in 2018

Continued to reduce the use of stock options

- Did not award options to the CEO (allocated PSUs instead), and reduced option awards to the other named executives by 20%.
- Continued to review how best to align equity incentives with our strategy and our shareholders.

Enhanced risk management policies

- Extended the CEO's share ownership requirements for one year post-retirement.
- Changed our recoupment policy to allow us to claw back compensation if there is a restatement of the financials, whether or not there was misconduct.

Simplified retirement savings for executives

- Closed the executive supplemental pension plan to future contributions.

Key changes in 2019

Simplified the short-term incentive plan, and tied the measures more closely to our 2019 strategic objectives

- Narrowed the performance score range – threshold now 20% below target; maximum 20% above target.
- Improved safety measures in the scorecard by capturing both leading and lagging measures.
- Based divisional measures on specific divisional strategic priorities and re-weighted the measures.
- Added specific measures for the Technologies Division as a key component of our strategy.
- Reweighted the corporate, operational and individual components to improve alignment with the annual time frame for short-term incentives.
- Introduced an individual performance component for the CEO to better align with competitive practice and to support the Board's ability to align his annual cash with his performance.

Assessed the use of options

- Replaced option awards with share units.

Key changes in 2020

Made changes to the long-term incentive awards to better reflect the business mix of the company

- Adjusted the performance criteria for payouts of PSUs awarded in 2020, to increase the weighting on the metals and mining index and reduce the energy index.
- Changed the ratio to consolidate the STI performance scores for Oil & Gas and Power from 3:1 to 2:1 (respectively), to reflect the shift in the business mix.
- Increased the weighting of Technologies' STI strategic goals to focus on projects with commercialization potential.
- Updated each division's strategic goals to capture key 2020 actions emanating from the strategic plan.
- Replaced Ambatovy's 2020 performance measure for the 2018 PSUs with Technologies, to reflect Sherritt's exit from Ambatovy.

Plans for 2021

Reviewing our executive compensation program based on the impact of the balance sheet initiative on company size and operations:

- Redesigning our comparator group for compensation benchmarking, to align with our size, business and strategy.
- Determining the appropriate executive compensation design for the corporation.

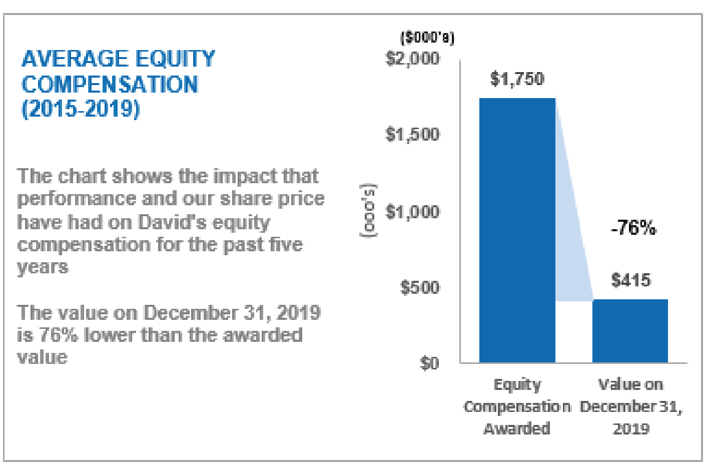
Since the information in this circular focuses on 2019 compensation, let me highlight a few compensation matters from 2019.

Snapshot of 2019 compensation decisions

Salaries (see page 52)	• Management salaries did not change except for the CFO and SVP HR, where the Board recognized their increased capabilities and demonstrated leadership.
Short-term incentives (see page 53)	• Awarded at between 84% and 94% of target, based on corporate, operational and individual performance. • The corporate financial score was calculated at 0. We did not meet threshold performance for either adjusted EBITDA or free cash flow, because realized prices for our products were lower than target, and Cuban entities did not meet their payment obligations. • Operational scores ranged from 66% for Oil & Gas and Power, reflecting the geological challenges of Block 10, to 112% for Moa/Fort Site, reflecting the strong low-cost production of the Metals division. Performance is based on production, unit cost of production, safety, environment, and strategic goals. See page 54 for details for each of the operations. • The Committee did not make any discretionary adjustments to the calculated short-term incentive awards.
Equity incentives (see page 57)	• Awarded at target, and allocated 50% to RSUs and 50% to PSUs for all named executives.
Payout of 2016 RSU awards (see page 59)	• Paid out at 56% of the grant value. Twenty percent of the units were performance-based and did not vest because our TSR compared to the combined weighted index was below threshold. This, combined with executive participation in the reduction in share price, strongly aligned the payouts with the shareholder experience. • The Committee did not make any discretionary adjustments to the calculated awards.
Executive retention plan (see page 60)	• On July 1, 2019, the Board approved a key employee retention plan for select executive officers, including the named executives. • The Human Resources Committee and the board determined the key employee retention plan was necessary to ensure the Company could retain the expertise and experience necessary to achieve our balance sheet imperatives and maintain vital relationships with our Cuban partners. The amount of each award was determined based on independent, professional advice and market practice. Awards vest in three tranches tied to the completion of the three key phases of the balance sheet transaction. The first tranche vested on December 15, 2019.

CEO: pay for performance look-back

We link a significant portion of what the named executives earn to our shares to align the executive team and shareholders. The result is that actual payouts to the management team differ greatly from reported compensation values, particularly in a volatile share price environment. The graph below shows the impact that performance and our share price have had on the value of the CEO's average equity compensation over the past five years, illustrating the direct link between equity compensation, company performance, and shareholder experience. You can read more about the CEOs' compensation on page 61.



Average equity compensation awarded includes the average equity incentives awarded from 2014 to 2019, valued at the grant date as reported in the summary compensation table.

Value on December 31, 2019 includes the average of the realized and realizable value of the compensation awarded each year, as at December 31, 2019:

- *realized value*: payouts of RSUs and PSUs that had vested, and gains realized from options that had been exercised as of December 31, 2019
- *realizable value*: the value of RSUs and PSUs that had not vested as of December 31, 2019 (assuming all units vest at target performance), and outstanding stock options that were in-the-money, using $0.19, the closing price of our shares on the TSX on December 31, 2019.

Looking forward

With the completion of our restructuring transaction and our successful exit from Ambatovy, the work of the Committee continues. For 2021, we will be revisiting our peer group to ensure our selected peers are appropriate for a business of the size and complexity of Sherritt's today. We will then revisit both executive and director compensation in the context of that peer group to ensure compensation continues to be appropriate. As our focus shifts and we move forward from balance sheet preservation and survival, we will look to sustain and build upon our operational excellence initiatives to continue to improve our core operations, and to bring a greater focus to commercializing the innovation taking place in our Technologies Group. Accordingly, we will also be reevaluating targets for short and medium term compensation to ensure the targets are creating the right incentives towards our strategic objectives.

We welcome your feedback

The Human Resources Committee and the Board invite you to have a say on pay at the upcoming annual meeting. As you decide how to vote, we ask that you consider the achievements and progress in 2019, and the many changes made to improve the compensation system to bring it into line with key goals and expectations. We thank you for your continuing confidence.

Sincerely,

Adrian Loader
Chair of the Human Resources Committee

OVERVIEW

Executive pay at Sherritt is designed to support our strategy, motivate our executives to achieve our strategic objectives without encouraging them to take undue risks, and align their interests with the long-term interests of our shareholders. It is an important tool to attract and retain a strong, focused and resilient executive team, to lead the company through all phases of the commodity cycle.

Compensation approach

We approach executive compensation keeping four principles in mind:

Strategic	Appropriate	Fair	Competitive
Pay is strategically aligned with performance	Pay is aligned with our organizational structure and the scope of the role	Internally equitable and benchmarked to the market	Pay is externally competitive
Most of what our executives earn is variable and based on performance. Performance metrics, goals and weightings are defined every year based on our strategic plan and annual business plan.	The pay mix for more senior executives is more heavily weighted to pay tied to performance, because they have more influence on organizational performance over the long term.	Significant effort was made to improve alignment and accountabilities at all levels in 2019. Job evaluation is used to determine the scope of each position. Compensation targets and awards are fair and in line with what others in the company are earning.	We benchmark executive compensation to provide market context and make sure the design of our incentive plans, mix of components and target compensation are competitive with the market.

How we link executive pay to our corporate strategy

Sherritt's goal is to be a leader in the low-cost production of finished nickel and cobalt that creates sustainable prosperity for our investors, employees and communities. Protecting the health and safety of our employees, contractors and communities is an equal priority. The table below (and continued on the next page) shows you our 2019 strategic priorities, and how they are linked to our 2019 compensation program.

New for 2019
We introduced a separate performance scorecard for the Technologies Division that aligns with our strategy. The Technologies Division is Sherritt's innovation hub, focused on discovering new technologies and new uses for existing technologies that are critical to driving our strategy of low cost nickel production.

2019 Strategic priorities	How they are linked to our 2019 compensation program
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH • Continue to emphasize de-leveraging of the balance sheet • Optimize working capital and receivables collection • Operate the Metals businesses to maintain a leadership position as a low cost producer of finished nickel and cobalt while maximizing free cash flow	Financial metrics make up 100% of the corporate score for the short-term incentive plan: • Adjusted EBITDA and combined free cash flow are equally weighted to support our goal of preserving liquidity, building balance sheet strength and maximizing free cash flow

2019 Strategic priorities	How they are linked to our 2019 compensation program
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION • Further reduce net direct cash costs towards the goal of being consistently in the lowest cost quartile • Maximize production of finished nickel and cobalt and improve predictability over 2018 results • Achieve peer leading performance in environment, health, safety and sustainability	Safety and environment in our Metals business are included as performance metrics in the short-term incentive: • 25% of the operational score for executives who manage the Metals division Production and cost of production in our Metals business are key performance metrics in the short-term incentive plan: • 45% of the operational score for executives who manage the Metals division Strategic goals focused on organizational effectiveness are included as performance metrics in the short-term incentive plan: • 30% of the operational score for executives who manage the Metals division Unit cost of production (normalized for fluctuations in market price of input commodities and by-product credits) makes up 50% of the performance score for the 2019 PSU awards, with Metals weighted at 65**%**. Technologies is focused, in part, on the research and development of innovative technologies to support our Metals business being a low cost, safe and sustainable nickel producer.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS • Successfully execute Block 10 drilling program • Review opportunities to leverage Oil and Gas experience and relationships	Safety and environment in our Cuban energy business are included as performance metrics in the short-term incentive: • 25% of the operational score for executives who manage the Cuban energy business Production and cost of production in our Cuban energy business are key performance metrics in the short-term incentive plan: • 34% of the operational score for executives who manage the Cuban energy business division Unit cost of production makes up 50% of the performance score for the 2019 PSU awards, with Oil & Gas and Power (*OGP*) weighted at 20%.
	For our corporate executives, the weighted average of the divisional scores is used to linked their compensation to the annual goals of the businesses. For 2019 the weighting was: Metals 65%, Technologies 20% and OGP 15%.

Context for the execution of Sherritt's strategic priorities

U.S. foreign policy has a unique impact on our business because of our operations in Cuba.

After a brief period of progress and improved economic relations with Cuba, the U.S. reinforced a policy of sanctions and economic isolation related to its Cuba dealings. Among other things, in May 2019 the United States for the first time ever decided to cease the suspension of Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (commonly known as the *Helms-Burton Act*), which authorizes United States nationals to commence actions in U.S. courts against individuals or entities that traffic in Cuban property confiscated by the Cuban government and for which the United States nationals own the claim to such property. Since the current U.S. administration has taken office, it has also implemented successive rollbacks of the previous administration's relaxation of sanctions against Cuba and its trading partners, such as impeding international financial transactions, restricting cruise ships from going to Cuba, restricting U.S. persons from sending cash to relatives in Cuba, limiting air travel to Cuba, sanctioning ships (including those carrying fuel) travelling to Cuba and banning a number of executives of companies doing business in Cuba from travelling to the United States.

This is in addition to Title IV, which restricts Sherritt's officers, their spouses and dependent children, from travelling to the U.S. These measures have a significant personal impact on our directors and officers and our ability to attract and retain a strong and resilient leadership team.

American sanctions against Cuba and its trading partners also have an impact on Cuban liquidity, and that has affected our ability to get paid, the processing of payments, accessing suppliers of products and technology, and the cost of those goods. It also limits banking relationships, increases the cost of capital and restricts our access to capital.

COMPENSATION GOVERNANCE

The Human Resources Committee assists the Board in fulfilling its governance responsibilities for all matters relating to executive compensation. This includes the human resources strategic plan, incentive compensation plans, performance assessment, retirement benefits and succession planning. It also establishes our human resources and compensation policies and oversees compensation risk.

The Human Resources Committee is 100% independent and has three qualified members who have experience in executive management, human resources, executive compensation, corporate governance and risk. It makes recommendations to the Board about executive compensation, including the program structure, and the balance of fixed and variable elements of compensation. It also recommends terms and conditions of employment, incentive plan design, performance evaluations for our senior executive officers, compensation decisions and management succession planning. The Committee also oversees our retirement plans through the work of the Management Retirement Committee.

The Human Resources Committee establishes an annual work plan at the beginning of every year, which typically includes:

- recommending
- performance goals, salaries, target incentive awards for the senior executives
- the total inventory of share-based compensation awards available for grant
- reviewing
  - say on pay results
  - management training and development and succession plans
  - relative corporate performance
  - governance trends
  - director compensation.

Regularly scheduled meetings include a review of the year-to-date organizational performance, equity-compensation report, human resources strategic initiatives report and the Management Retirement Committee report. Some of the members of the Human Resources Committee are also members of the Audit Committee, the Environment, Health, Safety and Sustainability Committee and the Reserves, Operations and Capital Committee to ensure alignment of discussions and decisions.

Independent advice

The Human Resources Committee meets with its independent advisor without management present and the independent advisor attends all regular committee meetings to provide advice and counsel. The Human Resources Committee has retained Meridian Compensation Partners as its independent advisor since 2011. Meridian does not provide services to management.

Meridian attends all regularly scheduled Human Resources Committee meetings and provides the following services:

- advising on the compensation comparator group
- benchmarking executive and director compensation
- reviewing incentive plan design and performance measures
- assessing compensation risk and compensation governance
- providing reports on trends and regulatory updates.

The Committee also retained Hugessen Consulting in 2018 and 2019 to support the committee in its direct engagement with shareholders to review the compensation disclosure in the circular and to advise on alternatives to stock options. Hugessen does not provide services to management.

Fees paid to Meridian	2018	2019
Executive compensation-related fees	$75,041	$94,595
All other fees	–	–
Total	$75,041	$94,595

Fees paid to Hugessen	2018	2019
Executive compensation-related fees	$14,859	$10,547
All other fees	–	–
Total	$14,859	$10,547

Management is invited to attend Committee meetings to present recommendations and updates. You can read more about the Human Resources Committee on page 25.

MANAGING COMPENSATION RISK

The Human Resources Committee is responsible for evaluating compensation risk. It reviews the relationship between risk management policies, corporate strategy and executive compensation every year, and ensures that our executive compensation program is aligned with the risk assessment approved by the Board. See page 21 for more information about the Board's oversight of risk.

Based on its review of enterprise risks, incentive plans and the total reward program, the Committee, supported by its independent advisor, has concluded that Sherritt's compensation programs and policies are aligned with the company's risk appetite and risk management objectives, and do not encourage inappropriate risk-taking.

Risk management is integrated into three aspects of compensation at Sherritt:

Culture and process

- Our strong governance culture ensures effective oversight of compensation design, risk and rewards
- The Board has final decision-making authority on all executive compensation matters including recommendations by the Human Resources Committee

Policies

- Equity ownership – directors and executives are required to meet equity ownership requirements to align their interests with those of our shareholders. The CEO has to maintain his equity ownership requirements for at least one year after he retires
- Anti-hedging – our insider trading policy prohibits directors, officers and other employees from buying financial instruments designed to hedge or offset a decrease in the market value of our shares, and restricts the pledging of shares
- Clawbacks – our recoupment policy allows us to claw back short-term and equity incentive awards if there is a material restatement of our financials that results in an overpayment of incentive compensation whether or not there was any misconduct.

Plan design

- We use a balanced set of qualitative and quantitative measures to determine short-term incentive awards, based on executive level and line-of-sight and functional accountabilities
- Equity incentives vest over time, to keep management exposed to the long-term consequences of their decisions
- Equity incentives incorporate both time and performance vesting
- The Board can use its discretion to adjust the calculated awards up or down based on its overall assessment and any extenuating circumstances or factors outside of management's control, guided by a set of core principles. See page 49 for more about our decision-making process.

EQUITY OWNERSHIP

We introduced equity ownership requirements for executives in 2009. The requirement varies by level.

Executives have five years from the day the policy was introduced or amended, or from the day they are appointed to a position with a new equity ownership level, to meet the requirement. PSUs, RSUs and shares, including shares acquired through the employee share ownership plan are counted towards the equity ownership requirement. The CEO has to maintain his equity ownership requirement for at least one year after he retires.

The table below shows each executive's equity holdings as of December 31, 2019. All of the named executives meet their equity ownership requirement. The named executives have purchased their shares either through our employee share ownership plan (see below), or through their own broker using their own after-tax money**.**

		Required equity ownership		Actual value of equity ownership as of December 31, 2019			
	Salary	Multiple	Amount	Shares	RSUs/PSUs	Total	Status
David Pathe	$825,000	3.0x	$2,475,000	$1,131,317	$4,812,501	$5,943,818	7.2x meets requirement
Andrew Snowden	$400,000	1.0x	$400,000	$78,179	$1,045,001	$1,123,180	2.8x meets requirement
Steve Wood	$450,000	2.0x	$900,000	$142,158	$1,440,750	$1,582,908	3.5x meets requirement
Tim Dobson	$400,000	1.0x	$400,000	$0	$1,358,000	$1,358,000	3.4x meets requirement
Karen Trenton	$375,000	1.0x	$375,000	$204,923	$1,158,751	$1,363,674	3.6x meets requirement

The value of shares is calculated using either the acquisition price or the closing price of our shares on the TSX on December 31, 2019 ($0.19) (whichever is higher).

The value of RSUs and PSUs is calculated by multiplying our assumption for the number of units that vest by the grant price or by $0.19 (whichever is higher). Vesting assumptions are as follows:
- RSUs granted in 2017, 2018 and 2019: assumes 100% of the units vest.
- PSUs granted in 2017, 2018 and 2019: assumes a performance factor of 100 (target) and that all of the units vest.

Employee share ownership plan

To encourage employee share ownership, we introduced a voluntary employee share ownership plan in 2014 with the following key features:
- Employees, including the named executives, can direct up to 10% of their base salary to purchase shares by payroll deduction.
- We match 50% of employee contributions, up to $2,500 per year.
- Shares are bought on the open market at the time the contribution is made.
- Employees must hold shares purchased with employer contributions until they have participated in the plan for at least 24 consecutive months.

COMPENSATION BENCHMARKING

We benchmark executive compensation to provide market context and make sure the design of our incentive plans, mix of components and target compensation are competitive with the market.

The Human Resources Committee uses two sources of data for benchmarking:

- proxy data from the comparator group below
- the Korn Ferry Mining Compensation Review, Global Executive Report, which provides a broader view of the market and more specific analysis for certain executive roles. The report includes pay data by function, size of role and geographical location, covering 75 global mining organizations.

The Committee considers the median as a point of reference, but does not set pay at a specific percentile. Senior executive compensation is determined based on several factors including market data, the scope of the role, the executive's experience in the role, sustained executive performance, internal equity and retention risk. The independent advisor also provides market insights on senior executive compensation and market context to the Committee.

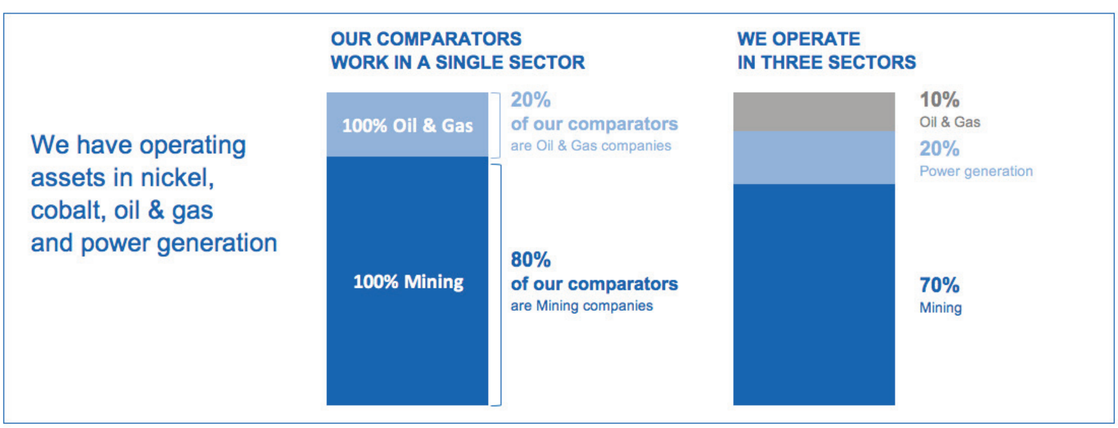
How we choose a comparator group

It is difficult to find companies that are similar to Sherritt because of the diverse nature and the complexity of our business:

- we have operating assets in nickel, cobalt, oil & gas and power generation
- we have operations, projects and investments in Canada and Cuba
- a significant portion of our business is conducted through complex joint ventures.

There are very few public nickel companies, and we compete with mining companies of other commodities for talent. We also have a unique combination of challenges not faced by any other company:

- our high legacy debt levels from Ambatovy and the relative underperformance of nickel compared to other metals have significantly impeded our share price and market capitalization
- companies with similar levels of market capitalization are not as complex because they do not have multiple assets, producing multiple products, in multiple jurisdictions
- Sherritt is Cuba's largest foreign investor and no other public company has such exposure to Cuba and the challenges in the United States from this investment
- Helms-Burton risk was amplified in 2019 with Title III under that Act becoming effective, giving U.S. nationals the right to sue those who traffic in confiscated Cuban property
- our inability to access capital markets in the U.S. or banks with significant U.S. operations limits our access to credit and makes managing liquidity more difficult.



The Committee updated the comparator group in 2017 taking these unique challenges into consideration, with the input of both Meridian and Hugessen. We applied a multi-dimensional approach, using the following principle criteria:

	What we considered	Why we included it
Financial	Total assets: $3 to $10 billion in total assets Total enterprise value: 0.5 to 2x Sherritt's total enterprise value	An asset range of $3 to $10 billion captures Sherritt's operating assets of approximately $10 billion, which represents both Moa and Ambatovy joint venture assets on a 100% basis Joint venture accounting rules, which require equity accounting, result in an understatement of revenue (see IFRS reporting requirements, below)
Industry	Nickel producers, to the extent feasible	Comparable sensitivity to nickel price in their performance results
Operational	Geographic scope Challenging jurisdictions Number of business units / metal mix	A proxy for the complexities of our business
External	Included in relevant comparator groups	"Peer of peer"
Stock listing	Publicly traded on a Canadian stock exchange	Operating in the same regulatory context provides consistency in disclosure

IFRS reporting requirements

We conduct much of our business, including all of our nickel and cobalt business, through joint ventures. International Financial Reporting Standards (IFRS) requires us to report our financial results in a way that does not fully reflect the complexity of our company and the accountabilities of management due to IFRS treatment of our nickel and cobalt joint ventures. This makes it challenging to rely on financial metrics to assess an appropriate compensation comparator group challenging.

The IFRS joint venture accounting rules requires us to understate the financial metrics we use to determine a comparator group:

- **reported revenue**: IFRS does not permit us to include all revenue generated by the Moa and Ambatovy Joint Ventures on our income statement
- **total assets**: IFRS requires us to understate our proportionate share of the assets of the Moa and Ambatovy Joint Ventures by netting out the liabilities of Moa and Ambatovy within the Investment in Joint Venture and Investment in Associate line items on our balance sheet.

Metal prices

Our revenue relative to comparators who do not produce nickel as their primary product is also affected by the poor performance of the market price for nickel relative to that of other metals. See page 68 to read about the performance of nickel prices.

2019 Comparator group

The Committee reviews the comparator group every year to make sure it reflects our size, complexity, operations, geographic scope and the companies we compete with for business and executive talent.

The Committee made two changes to the 2019 comparator group: removed Nevsun because it is no longer a publically traded company, and added First Majestic because it acquired Primero.

Comparator group review
We are reassessing our comparator group based on the impact the balance sheet initiative has had on our size and operations. The new comparator group will inform our 2021 compensation targets, executive compensation policy and compensation decisions.

The table on the next page shows the 15 companies in the 2019 comparator group, their key financial metrics and Sherritt's percentile ranking for assets, revenue and enterprise value as reported in our financial statements under IFRS.

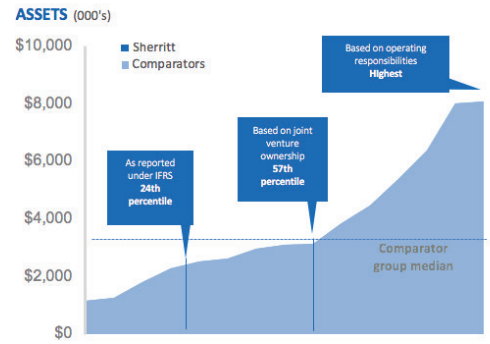
It also includes the following information that the Committee believes is relevant context for interpreting the comparator group data:

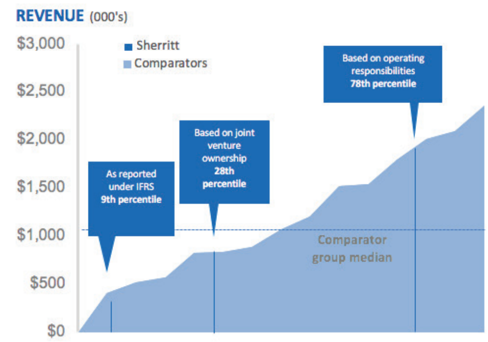
1. assets and revenue adjusted to include the revenue and assets of Moa and Ambatovy based on our 50% joint venture ownership interest in Moa and 12% joint venture ownership interest in Ambatovy
2. assets and revenue adjusted to reflect management's operating responsibilities at Moa and Ambatovy (includes the two joint ventures on a 100% basis).

A significant portion of our business is conducted through joint ventures

We look at our assets and revenue against our comparators in three ways:

1. As required by IFRS
2. Based on our joint venture ownership (50% Moa, 12% Ambatovy)
3. Based on our operating responsibilities (100% Moa, 100% Ambatovy)





All financial data is sourced from S&P Capital IQ, as reported by each company as of December 31, 2018, and is shown in Canadian dollars. Assets represent the latest quarterly disclosure, revenue is trailing twelve months, and enterprise value and market capitalization are both measured as six-month averages ending December 31, 2018.

($millions)	Assets	Revenue	Enterprise value
Alamos Gold Inc.	$4,455	$889	$1,943
Cameco Corporation	$8,019	$2,092	$6,324
Capstone Mining Corp.	$1,823	$567	$663
Centerra Gold Inc.	$3,857	$1,541	$1,792
Dundee Precious Metals Inc.	$1,173	$515	$620
Enerplus Corporation	$3,118	$1,205	$3,881
First Majestic Silver Corp.	$1,264	$411	$1,510
Frontera Energy Corporation	$3,127	$1,802	$1,513
Gran Tierra Energy Inc.	$2,288	$837	$1,908
Hudbay Minerals Inc.	$6,394	$2,009	$2,462
IAMGOLD Corporation	$5,405	$1,516	$2,101
Ivanhoe Mines Ltd.	$2,521	$0	$1,915
Lundin Mining Corporation	$8,098	$2,355	$3,837
New Gold Inc.	$2,960	$825	$1,837
Pan American Silver Corp.	$2,644	$1,070	$2,762
Peer group median	**$3,118**	**$1,070**	**$1,915**
Sherritt International Corp			
As reported under IFRS	**$2,194**	**$153**	**$783**
	24th percentile	9th percentile	13th percentile
Based on our ownership interest in the Moa and Ambatovy Joint Ventures	$3,184	$702	
	57th percentile	28rd percentile	
Based on our operating responsibilities	$10,161	$1,892	
	Highest	78th percentile	

COMPENSATION PROCESS

Compensation decisions are supported by a strategic, vertically aligned goal setting and performance management process.

1	2	3	4	5
Review compensation program	Set target compensation, and performance measures and goals	Conduct an ongoing review of the market and performance	Assess corporate, divisional and individual performance	Award compensation

1. Review compensation program

The Human Resources Committee:
- reviews the strategic plan and annual business plan
- reviews our executive compensation programs and processes, including salaries, incentive plans, benefits, retirement plan and perquisites, in the context of market competitiveness and our business goals, with input from the independent advisor
- reviews director compensation against a market compensation study (see page 33 for more about director compensation)
- reviews the comparator group and an analysis of the principle criteria used to determine the comparator group.

2. Set target compensation, and performance measures and goals

Target compensation is set relative to the market and to comparable internal positions, based on each executive position's scope and accountabilities.

Performance goals are defined from the strategic plan and the annual business plan and cascaded to the senior executive team and their teams.

Corporate performance focuses on annual goals aligned with our strategic priorities. Corporate safety and sustainability and financial targets, and divisional safety and sustainability operational targets are established at the beginning of the year. These provide a balanced view of performance and reinforce our view that financial and production goals must be achieved safely, reliably and in a sustainable way. The measures are both quantitative and qualitative and are assessed at the corporate or divisional level, as appropriate.

3. Conduct an ongoing review of market and performance

The Board and the Committee monitor corporate performance against the targets as a regular item on their quarterly meeting agendas. This includes a review of quantitative performance results that compare the quarterly results to target, any variance and management's qualitative commentary. This process provides the opportunity for feedback and to make course corrections, as required, to ensure that performance expectations remain aligned with organizational goals.

4. Assess corporate, divisional and individual performance

Corporate performance

The Committee reviews full year performance results and performance scores in the context of the overall market, the experience of shareholders during the fiscal year and global economic conditions. It looks at the company's response and risk mitigation, and considers factors beyond management's control and how they were managed.

Individual performance

CEO

At the end of the fiscal year, the CEO prepares his self-assessment of his achievements against his goals and reviews them with the Board and HR Committee chairs. The Chair discusses the CEO's individual performance with each independent director and the Board determines the CEO's performance rating. The performance rating and the qualitative feedback provide input for the Committee and Board to consider when making decisions about the CEO's compensation.

Other senior executive officers, including the named executives

At the end of the fiscal year, all senior executive officers prepare self-assessments of their achievements measured against their individual goals for review with their immediate managing executive. Individual performance is assessed by the executive's immediate leader, and a performance rating recommended to the Committee. Performance is measured against both the annual goals that are set at the beginning of the year, the day-to-day execution of the position and the consistent demonstration of leadership capabilities, including focus on safety, operational excellence, operational effectiveness, leadership and tone from the top.

5. Award compensation

The Human Resources Committee recommends to the Board the CEO's salary, short-term and equity incentives for approval based on its assessment of organizational and individual performance, and its discussions with the CEO.

The CEO, in consultation with the EVP & COO for the divisional executives, recommends salary, and short-term and equity incentive awards for the senior executive officers, taking into consideration the growth of individual capabilities, and organizational and individual performance. The CEO makes recommendations to the Committee and the Board for approval.

Compensation is approved at the February committee and board meetings, including:

- organizational performance scores for the short-term incentive plan
- achievement of individual performance goals
- short-term incentives for the previous year
- salaries for the current year
- equity incentives for the current year.

The Committee and the Board make their final determinations by applying sound business judgment considering input from management and the independent advisor. The Board has discretion to adjust awards up or down based on this qualitative overlay, and may make adjustments guided by a set of four core principles:

1. To avoid rewarding or penalizing management for unexpected events that are not within their primary area of responsibility.
2. To keep incentives aligned with Sherritt's long-term business strategy and the best interests of shareholders.
3. To provide flexibility to deal with unexpected events, so targets can be set rigorously.
4. To make sure incentive payouts make sense taking into account Sherritt's overall performance

COMPENSATION COMPONENTS

We offer a competitive total rewards program: fixed pay, incentive pay based on performance, and benefits including retirement, health and well-being and other benefits.

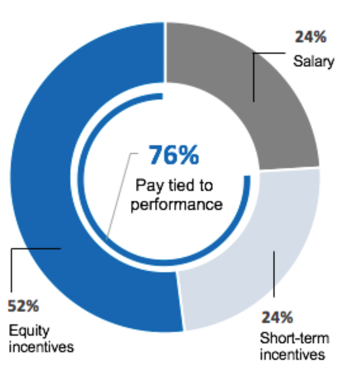
We are reassessing our executive compensation program based on the impact the balance sheet initiative has had on our size and operations, and will be revising it for 2021.

Fixed pay	**Salary** See page 52	Cash	Salary is based on the executive's role, skills and capabilities, and reviewed every year
Pay tied to performance	**Short-term Incentive** See page 53	Cash	Annual cash bonus depends on corporate, divisional and individual performance
	Equity incentives See page 57	Restricted share units (RSUs)	Three-year vesting. Payout depends on our share price at the time of vesting
		Performance share units (PSUs)	Three-year vesting. Payout depends on relative total shareholder return and company performance over the vesting period and our share price at the time of vesting
		Options (not a part of current incentives)	10-year term. Vest over three years starting on the first anniversary of the grant. Payout depends on the exercise price and our share price at the time of vesting
Benefits	**Retirement savings** See page 76	Group retirement savings plan	We contribute a fixed percentage of the executive's salary to a retirement savings program, in line with market practice
	Employee share ownership plan See page 45	Voluntary share ownership plan	Encourages employee share ownership by matching 50% of employee contributions, up to $2,500 per year
	Other benefits and perquisites See page 71	Well-being benefits	Medical and dental benefits, disability coverage, life and accident insurance, and other benefits in line with market practice
		Perquisite allowance	Determined by executive level and market practice, fully taxable

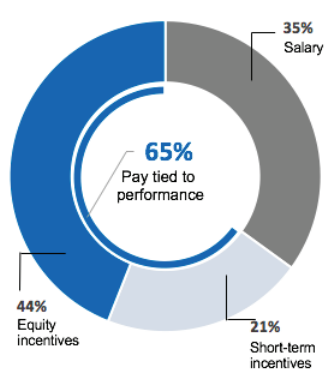
The mix of components is well balanced, rewarding short-, mid- and long-term performance through a mix of cash and equity. The more senior the executive, the more pay is tied to performance because we believe they have more influence on organizational performance over the long-term.

The graphs below show the 2019 target total direct compensation mix (based on target performance). The 2019 equity incentive is 50% PSUs and 50% RSUs for all named executives.

CEO TARGET PAY MIX



OTHER NEOs TARGET PAY MIX



2019 EXECUTIVE COMPENSATION DECISIONS

Salary

Salaries are reviewed at the beginning of every year, and are only adjusted to reflect an executive's consistent demonstration of increased capabilities, expertise and leadership in performing his or her role, or based on changes in the scope of the role or the market.

Salaries for the named executives have not increased since 2016, except for Andrew Snowden and Karen Trenton, whose salaries increased in recognition of their increased capabilities and demonstrated leadership in their respective positions and as members of the senior executive team.

	2018	2019
David Pathe	$825,000	$825,000
Andrew Snowden	$350,000	$400,000
Steve Wood	$450,000	$450,000
Tim Dobson	$400,000	$400,000
Karen Trenton	$350,000	$375,000

Short-term incentive

Form and timeframe

Cash bonus based on corporate, operational and individual performance against pre-determined goals and paid early in the following year once the year-end results are finalized. See page 49 for more about our decision-making process.

Target incentive

Each executive's target award is based on market level, internal equity, their experience in the role and their performance for the applicable year. Target awards are calculated as a percentage of salary (see the table on the next page). The CEO's target percentage has not changed since 2009. Targets for the other named executives except the CFO have not changed since 2013.

How we calculate the award

The amount of the award depends on the executive's short-term incentive score, which is calculated based on corporate, operational and individual performance against goals aligned with our strategic priorities. Goals are set at the beginning of the year and are both quantitative and qualitative.

Managing compensation risk
The short-term incentive can be clawed back if there is a material restatement of our financials that results in an overpayment of incentive compensation. See page 44 for more information about managing compensation risk.

The award is forfeited if the executive resigns or is terminated for cause (see page 77 for more information about termination).

Weightings vary by executive level and line-of-sight and functional accountabilities:

- **Corporate performance** focuses on corporate financial performance
- **Operational performance** focuses on operational safety and sustainability, production volume, unit cost of production and strategic goals at each of our operations
- **Individual performance** is measured against the annual goals set at the beginning of the year, day-to-day performance in their role and consistent demonstration of leadership capabilities, including focus on safety, operational excellence, operational effectiveness, leadership and tone from the top. The score for individual performance ranges from 80 to 120 for performance that meets expectations, and is capped at 150 for those who exceed expectations. See the profiles of our named executives beginning on page 61 for information about their individual performance this year.

The Board can use its discretion to adjust the calculated awards up or down based on its overall assessment and any extenuating circumstances or factors outside of management's control, guided by a set of four principles. See page 49 for more about our decision-making process.

2019 short-term incentive awards

The table below shows the 2019 short-term incentive award for each named executive. Payouts ranged from 84% to 92.5% of target based on each executive's short-term incentive score. Corporate, operational and individual weightings were based on the level of executive. After discussion, the Board decided there was no reason to use its discretion to adjust the awards from the calculated amounts.

	Salary		Short-term incentive target		2019 short-term incentive score (0-200%) Corporate (see below)		Operational (page 54)		Individual (page 61)				2019 short-term incentive award
David Pathe	$825,000	x	100%	x	[**0** x 30%	+	**107** x 50%	+	**150** x 20%]	=	**84%**	=	$693,000
Andrew Snowden	$400,000	x	50%	x	[**0** x 20%	+	**107** x 50%	+	**135** x 30%]	=	**94%**	=	$188,000
Steve Wood	$450,000	x	70%	x	[**0** x 20%	+	**107** x 50%	+	**120** x 30%]	=	**90%**	=	$283,500
Tim Dobson	$400,000	x	65%	x	[**0** x 20%	+	**112** x 50%	+	**110** x 30%]	=	**89%**	=	$231,400
Karen Trenton	$375,000	x	50%	x	[**0** x 20%	+	**107** x 50%	+	**130** x 30%]	=	**92.5%**	=	$173,438

2019 Corporate performance score

Corporate performance in 2019 was measured against two financial metrics linked to our strategy. Scores for performance between threshold and maximum are calculated on a straight-line basis. Performance scores are capped at 200%. Performance below threshold receives a score of zero.

Corporate performance
Target = 100
Threshold: 50
Maximum = 150

Link to strategy:
- Preserve liquidity and build balance sheet strength

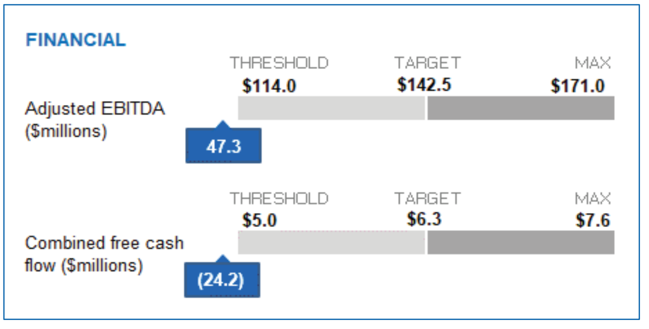
Adjusted EBITDA (50%)		Combined free cash flow (50%)		Corporate score
A proxy for cash generated by our operating activities (on an accrual basis), a standard industry metric	+	The cash generated or used by all of our business units	=	
0		**0**		**0**

Adjusted EBITDA

2019 adjusted EBITDA was $47.3 million, below the threshold of $114.0 million, resulting is a score of 0.

Combined free cash flow

2019 combined free cash flow was ($24.2) million, below the threshold of $5.0 million, resulting in a score of 0.



2019 operational performance scores

Operational performance in 2019 was measured in two categories:

1. an operational score for executives who have direct responsibility for a division – they are compensated based on safety, environment, production and cost performance and on the achievement of strategic milestones at the divisions they are accountable for
2. an operational score for corporate-level executives – the weighted average of each of the divisional scores.

Safety and sustainability	Production and costs	Strategic goals
Target = 100 Link to strategy: • Achieve peer-leading performance in environmental health, safety and sustainability	Threshold: 50 Target = 100 Maximum = 150 Link to strategy: • Optimize metals businesses to maintain a leadership position as a low-cost producer of finished nickel and cobalt while maximizing free cash flow • Further reduce net direct cash costs towards the goal of being consistently in the lowest cost quartile • Optimize opportunities in our Cuban energy business	Threshold: 80 Target = 100 Maximum = 200 Link to strategy: • Key 2019 milestones necessary for the achievement of the strategic plan

1. Operational score for executives who manage a division

The weighting of the three divisional scores varies by executive based on their accountabilities.

We calculated the 2019 operational scores for the named executives as follows:

- Tim Dobson, 100% Metals = 112

	Safety Lost-time incidents Weighting: 12.5%	+	**Environment** High severity environmental incidents Weighting: 12.5%	+	**Production** (35%) Annual production volume Weighting: Metals: 22.5% Oil & Gas: 15% Power: 22.5%	+	**Unit cost of production** (35%) Our performance in managing operating costs relative to production levels Weighting: Metals: 22.5% Oil & Gas: 15% Power: 22.5%	= +	**Strategic goals** Our performance in executing the 2019 plans aligned with our strategy Weighting: Metals: 30% Oil & Gas: 45% Power: 30%	=	**Operational score for executives who manage a division**
Metals	**100** x 12.5% = 12.5	+	**100** x 12.5% = 12.5	+	**96** x 22.5% = 21.6	+	**124** x 22.5% = 27.9	+	**125** x 30% = 37.5		**112**
Oil & Gas	**49.5** x 12.5% = 6.2	+	**100** x 12.5% = 12.5	+	**71** x 15% = 10.7	+	**0** x 15% = 0	+	**33** x 45% = 15		44
Power	**100** x 12.5% = 12.5	+	**100** x 12.5% = 12.5	+	**148** x 22.5% = 33.2	+	**200** x 22.5% = 45	+	**100** x 30% = 30		133
Oil & Gas and Power (3:1)											**66**
Technologies	**100** x 12.5% = 12.5	+	**100** x 12.5% = 12.5	+	Development pipeline: **150** x 45% = 68			+	**100** x 30% = 30		**123**

See page 55 for details about each division's performance

- Scores for performance between threshold and maximum are calculated on a straight-line basis.
- Performance scores are capped at 150%. Performance below threshold receives a score of zero.
- We combine the results from Oil & Gas and Power for compensation purposes, because the two operations are integral parts of our Cuban energy business and share a common infrastructure and leader. The performance scores of the two divisions are weighted based on their relative financial contributions, which is approximately 3:1.

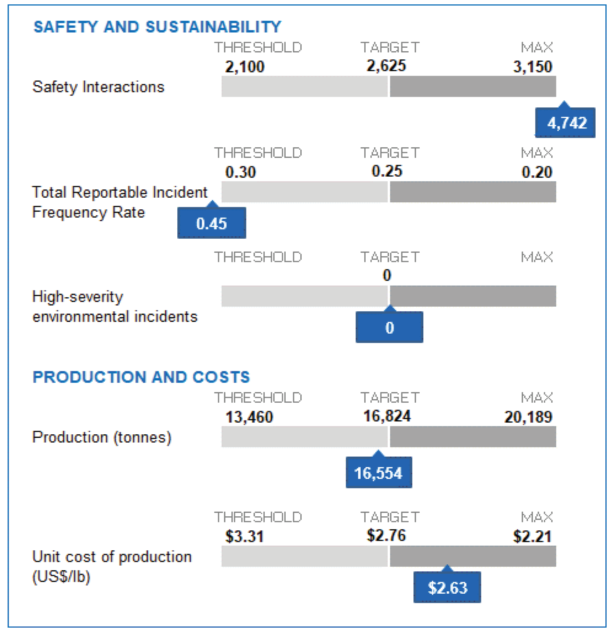
2. Operational score for corporate executives

This operational score applied to four of the 2019 named executives:

- David Pathe
- Andrew Snowden
- Steve Wood
- Karen Trenton

			Operational score for corporate executives
Metals	**112** x 65% =	73	
Oil & Gas and Power	**66** x 15% =	10	
Technologies	**123** x 20% =	24	
Combined		=	**107**

Metals



Safety is measured by leading indicators (safety interactions) and lagging indicators (total reportable incident frequency rate). Safety interactions exceeded the maximum, while the total reportable incident frequency rate was below threshold, and is being addressed by launching a campaign to bring increased focus on safe behaviours and work practices. There were no severe environmental incidents. This resulted in a score of 100 for both safety and environment.

Production levels were slightly below target, despite having to overcome several unexpected events, including a CN rail strike and diesel shortages in Moa. This resulted in a score of 96.

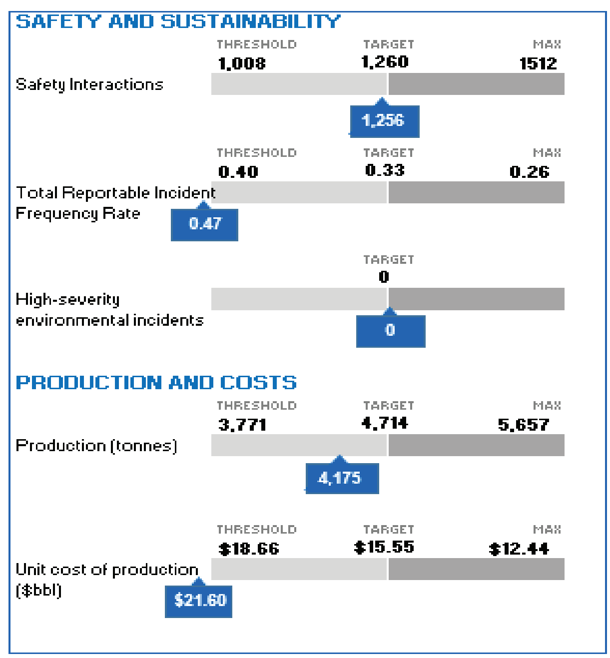
Unit cost of production[1] was better than target by approximately 5%, reflecting the investments made through our operational excellence initiatives and implementation of austerity measures across the company. This resulted in a score of 124.

There were three qualitative strategic goals for 2019, all aligned with key milestones of the strategic plan with specific focus on organizational effectiveness. These were averaged, for a combined score of 125:

- implementation of organizational redesign – did not meet the established timeline, scored 75
- design and implementation of an asset management strategy – met expectations in delivery, scored 100
- deliver operational excellence training to all employees and establish continuity – exceeded expectations by delivering ahead of plan and at lower cost, scored 200.

[1] Adjusted net direct cash cost uses budgeted commodity prices to exclude the impact of commodity price fluctuations outside of management's control, as a more accurate measure of cost efficiency.

Oil & Gas



Safety is measured by leading indicators (safety interactions) and lagging indicators (total reportable incident frequency rate). Safety interactions were on target, while the total reportable incident frequency rate was below threshold, and is being addressed by increasing safety training for employees and contractors. There were no severe environmental incidents, resulting in a safety and sustainability score of 75.

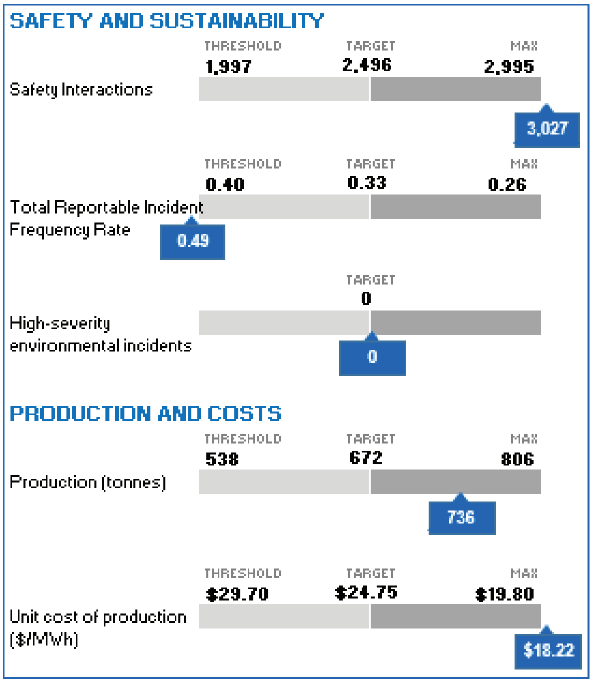
Production levels were slightly below target, as Block 10 did not come on-stream in 2019, resulting in a score of 71. Unit cost of production did not meet threshold performance, resulting in a score of 0.

There were three qualitative strategic goals for 2019, aligned with key milestones of the strategic plan with specific focus on our strategic goal of developing our Cuban energy business. These were averaged, for a combined score of 33:

- drill second appraisal well on Block 10 and declare commerciality – did not progress, scored 0
- secure an investing partner to support the capital investment in Block 10 – did not progress, scored 0
- pursue supplemental oil blocks to support Block 10 to achieve economies of scale – on track, scored 100.

Power

Safety is measured by leading (safety interactions) and lagging (total reportable incident frequency rate). Safety interaction exceeded the maximum, while the total reportable incident frequency rate was below threshold, and are being addressed by increasing safety training for employees and contractors. There were no severe environmental incidents. This resulted in a score of 100 for both safety and environment.



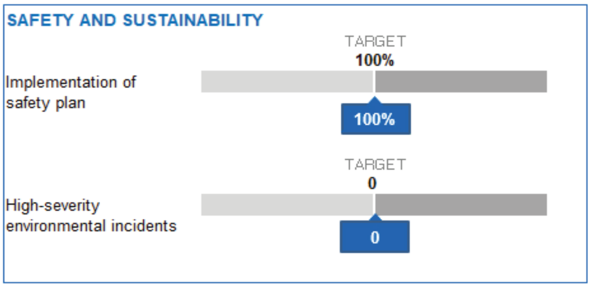
Production was higher than target, resulting in a score of 148. Unit cost of production was better than target and exceeded the maximum, resulting in a score of 200.

There were two qualitative strategic goals for 2019, aligned with key milestones of the strategic plan with specific focus on our strategic goal of developing our Cuban energy business. These were averaged, for a combined score of 100:

- develop business plan to increase utilization of Power business – progressed the plan meeting expectations, scored 100
- progress toward extending the current Energas term – progressed plan meeting expectations, scored 100.

Technologies

Safety is measured by the leading indicator of developing and implementing a site-wide safety plan. There were no severe environmental incidents. This resulted in a score of 100 for both safety and environment.



There were two qualitative development pipeline strategic goals for 2019, aligned with key milestones of the strategic plan. The generation and vetting of innovative ideas is the focal point of Technologies.

- New ideas into the pipeline (crucial to supporting a culture of innovation) – exceeded expectations, scored 200
- Progression of ideas through the pipeline – met expectations, scored 100

There were two qualitative strategic goals for 2019, aligned with key milestones of the strategic plan:

- Bitumen project – progressed as planned, scored 100
- Next generation laterite processing – progressed as planned, scored 100

Equity incentives

Why we use them

- To align with shareholder interests through equity-based awards.
- To reward for contributions by recognizing the achievement of mid- and long-term corporate and strategic goals.
- To support retention through deferred vesting and settlement.

The 2019 equity awards were allocated 50% to performance share units and 50% to restricted share units.

How we set the compensation target

Each executive's target award is based on the market, internal equity, experience in the role, performance and anticipated contributions to our future performance and growth, and set within a range for the position.

Form of the award

Awarded early in the year as an incentive for future performance. See page 49 for more about our decision-making process. Equity incentives are allocated to PSUs and RSUs, which are issued under our executive share unit plan, and to options, which are issued under our stock option plan (see page 74 for more information about the stock option plan). No amendments were made to the executive share plan in 2019. At least 50% of equity incentive awards are allocated to PSUs every year.

Managing compensation risk
Equity incentives (unvested RSUs and PSUs, issued options) can be clawed back if there is a material restatement of our financials that results in an overpayment of incentive compensation. See page 44 for more information about managing compensation risk.

RSUs, PSUs and options are forfeited if the executive resigns or is terminated for cause (see page 77 for more information about termination).

RSUs
RSUs are notional shares that vest at the end of three years and pay out in cash based on the price of our shares at the time of vesting.

RSUs also earn dividend equivalents at the same rate as dividends paid on our common shares, if any. The additional units are reinvested as additional RSUs, which vest at the same time as the initial award. RSUs cannot be assigned.

The amount the executive receives is calculated by multiplying the number of units that vest by the volume-weighted average price of our shares on the TSX for the five trading days immediately before the vesting date.

PSUs
PSUs are notional shares that vest at the end of three years and pay out in cash based on performance and on the price of our shares at the time of vesting.

PSUs earn dividend equivalents at the same rate as dividends paid on our common shares, if any. The additional units are reinvested as additional PSUs, which vest at the same time and with the same performance conditions as the initial award. PSUs cannot be assigned.

The number of PSUs that vests depends on our performance. See below for the performance conditions attached to the 2019 PSU awards.

The amount the executive receives on payout is calculated by multiplying the number of units that vest by the volume-weighted average price of our shares on the TSX for the five trading days immediately before the vesting date.

The Board can make changes to the executive share unit plan and the stock option plan subject to any required regulatory or shareholder approvals, although previously granted awards cannot be negatively affected without the participant's consent. See page 74 for more information about making changes to the stock option plan.

2019 equity incentive awards

The table below shows the 2019 equity incentive awards for each named executive, and how they were allocated.

We calculated the number of RSUs and PSUs awarded by dividing the dollar amount of the award by the volume-weighted average trading price of our shares on the TSX for the five trading days immediately before the grant date (rounded up to the nearest whole unit).

	2019 equity incentive awards	Allocation			
		RSUs (50%)		**PSUs** (50%)	
David Pathe	$1,750,000	$875,000	1,785,715 units	$875,000	1,785,715 units
Andrew Snowden	$500,000	$250,000	510,205 units	$250,000	510,205 units
Steve Wood	$565,000	$282,500	576,531 units	$282,500	576,531 units
Tim Dobson	$485,000	$242,500	494,898 units	$242,500	494,898 units
Karen Trenton	$500,000	$250,000	510,205 units	$250,000	510,205 units

Performance conditions for the 2019 PSU awards

The 2019 PSU awards are scheduled to vest in 2022. The number of units that vest will depend on the PSU performance factor, which will be calculated using two equally-weighted metrics – TSR relative to our peers, and unit cost of production compared to budget.

Relative total shareholder return (50%)		Operational measure (50%)		PSU performance factor
Link to strategy: • Align executive performance with shareholder interests	+	Link to strategy: • Optimize metals and energy businesses to maintain a leadership position as a low-cost producer while maximizing free cash flow	=	

Relative total shareholder return (50%)

Measured against a combined weighted index that reflects the relative weighting of each of our metals and energy businesses:

- S&P/TSX Metals and Mining Industry Index (Bloomberg: STMETL) (67%)
- S&P/TSX Oil & Gas, Exploration & Production Industry Index (Bloomberg: STOILP) (33%)

For PSUs awarded in 2020, the weightings of the two indices will change to reflect the 2020 business mix of the company:

- the metals and mining index will be increased to 80%
- the energy index will be reduced to 20%.

Performance will be assessed using the following performance scale. The score is capped at 100% if our TSR for the performance period is negative, strengthening the alignment with what our shareholders experience. Values between threshold and maximum will be calculated on a straight-line basis.

	Minimum	Threshold	Target	Maximum
If our relative total shareholder return is:	More than 25 percentage points below the combined weighted index	25 percentage points below the combined weighted index	The same as the combined weighted index	50 percentage points or more above the combined weighted index
The performance score will be:	0	50	100	200

Operational measure (50%)

Measured against an internal performance metric aligned with our strategic goal of being a sustainable low-cost producer. Metals and OGP will be assessed against their target unit cost of production for each fiscal year of the three-year performance period. Technologies will be assessed against its progress on our development pipeline, which is key to future development of innovative technologies to support future efficiencies. Disclosure of these targets in advance would provide competitively sensitive information. Operation results for 2019 PSUs will be weighted as follows: Metals 65%, OGP 20% and Technologies 15%.

Performance will be assessed using the following performance scale. Values between threshold and target, and target and maximum will be calculated on a straight-line basis.

	Minimum	Threshold	Target	Maximum
If our unit cost of production is:	More than 20% above budget	20% above budget	At budget	More than 80% below budget
The performance score will be:	0	50	100	200

Payout of the 2016 RSU awards

The 2016 RSUs vested on February 23, 2019, and were paid out in cash. 20% of the units were performance-based and did not vest because the performance factor was zero (see below). The remaining 80% vested because they were time-based.

The RSUs paid out at 56% of the grant value, based on the number of units vesting and our share price at the time of vesting (the volume-weighted average price of our shares on the TSX for the five trading days immediately before the redemption date).

	2016 grant	Share price on the grant date	Number of vested units	x	Share price on vesting	=	Payout	As a percentage of the grant value
David Pathe	$875,000	$0.68	1,029,412	x	$0.48	=	$494,118	56%
Andrew Snowden	$40,000	$0.68	47,060	x	$0.48	=	$22,589	56%
Steve Wood	$340,000	$0.68	400,000	x	$0.48	=	$192,000	56%
Tim Dobson	$485,000	$0.68	570,592	x	$0.48	=	$273,884	56%
Karen Trenton	$250,000	$0.68	294,120	x	$0.48	=	$141,178	56%

How we calculated the performance factor

20% of the 2016 RSUs were performance-based. Performance was assessed against a relative performance target set at the time of the award. The table below shows our TSR from February 23, 2016 to February 23, 2019, and the TSR of the combined weighted index over the same period. Performance was below the threshold, resulting in a performance factor of zero, so none of the performance-based RSUs vested.

S&P/TSX Metals and Mining Industry Index (Bloomberg: STMETL)	+	S&P/TSX Oil & Gas, Exploration & Production Industry Index (Bloomberg: STOILP)	=	Combined weighted index
24% x 67%		**5.8%** x 33%		**18%**

	Minimum (0)	Threshold (50)	Target (100)	Maximum (200)
	More than 40 percentage points below the combined weighted index	40 percentage points below the combined weighted index	The same as the combined weighted index (see above)	40 percentage points or more above the combined weighted index
Combined weighted index	< -22%	-22%	**18%**	58%
Sherritt TSR	**-29%**			

One-time retention award

On July 1, 2019, the Board approved key employee retention plans for select executive officers, including the named executives, to retain the leadership team necessary to design and oversee the balance sheet initiative. The Board considered the plan critical to ensure the best possible alternatives were considered thoroughly and without bias, and that effective business operations and continuity were not compromised. Consistency among the leadership team was considered by the Board to be of particular importance, given the need to maintain Cuban relationships through a restructuring.

The amount of each retention award was based on competitive practice. Awards vest in three equal tranches over 18 months, with one-third vesting on each of December 15, 2019, June 15, 2020 and December 15, 2020, as long as the executive continues to be employed by Sherritt on the date of vesting (unless he or she has been terminated without cause).

One-time retention award

Vesting schedule linked to the three phases of the balance sheet transaction

	Phase 1 Paid December 15, 2019	**Phase 2** Paid June 15, 2020	**Phase 3** Pending December 15, 2020
David Pathe	$704,167	$704,167	$704,167
Andrew Snowden	$251,667	$251,667	$251,667
Steve Wood	$251,667	$251,667	$251,667
Tim Dobson[1]	$210,833		
Karen Trenton	$177,083	$177,083	$177,083

1 Tim Dobson resigned on March 15, 2020, and is not eligible for the second and third tranches.

The first tranche vested on December 15, 2019 and paid out in January 2020. It is included in the summary compensation table on page 70.

DAVID PATHE

President & CEO

David Pathe is accountable for developing and implementing Sherritt's company-wide strategy, making major corporate decisions and managing our growth, operations and overall performance.

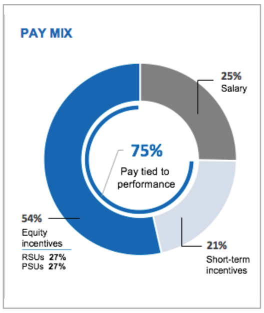
2019 Key results

- Agreement on a plan to see the overdue Cuban receivables balance paid down over 30 months
- Worked through numerous variations for restructuring of our capital structure with Board and Advisors
- Decreased YOY G&A from $41.2M to $39M (5%)
- Demonstrated commitment to Diversity and Inclusion, implemented a 5-year framework
- Organization remains engaged despite Helms-Burton and economic challenges
- Solid production and cost performance from the Joint Venture, instilling a culture of operational excellence

2019 Compensation review

The Human Resources Committee considered David's overall leadership and the progress achieved in an unprecedented market downturn, the fortitude of conceiving of and navigating a complex debt reduction transaction, and his ability to engage a resilient leadership team who are staying the course in the continuing volatile markets. This compounded with the implementation of Helms-Burton Title III, David continues to consistently demonstrate his leadership, making the right decisions and executing with tenacity. The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target with a equal weighting between RSUs and PSUs.

		2018 Actual	2019 Target	2019 Actual
Salary	Cash	$825,000	$825,000	$825,000
Short-term incentive	Cash	$585,750	$825,000	$693,000
Equity incentives	RSUs	$656,250	$875,000	$875,000
	PSUs	$1,093,750	$875,000	$875,000
	Options	$0	$0	$0
Total direct compensation		$3,160,750	$3,400,000	$3,268,000
Compared to target				-4%
Compared to 2018				+3%



The Board also approved key employee retention plans for select executive officers, including the named executives, to retain the leadership team necessary to design and oversee the balance sheet initiative. The first tranche of David's award ($704,167) vested on December 15, 2019. See page 60 for details.

Short-term incentive (see page 53)

David's 2019 short-term incentive award was approved in February 2020. It paid out at 84% of his target, based on corporate operational and individual performance.

- Corporate financial score: 0 – because we did not meet our adjusted EBITDA and free cash flow performance thresholds (see page 53).
- Operational score: 107 – a blend of results from Metals, Oil & Gas and Power and Technologies (see page 54).
- Individual score: 150 – based on his individual achievements in 2019.

Equity incentives (see page 57)

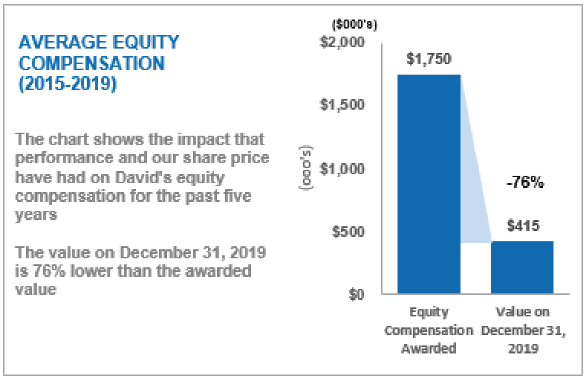
David's 2019 equity incentive award was allocated 50% to RSUs and 50% to PSUs.

Five-year lookback

Total equity compensation 2015 – 2019

The table below shows David's equity compensation for each of the past five years, and the value on December 31, 2019. The graph shows the impact that performance and our share price have had on his equity awards over the five years, and demonstrates that his earnings are in line with what our shareholders have experienced. David has also acquired 434,193 shares since 2012 with an acquisition value of over $1.1 million. At December 31, 2019, these shares were valued at $83,770, representing a loss in value of more than $1.0 million or 93%.

	Equity compensation awarded	Value on December 31, 2019	Change
2015	$1,750,006	$428,832	-75%
2016	$1,750,007	$494,117	-72%
2017	$1,750,000	$207,813	-88%
2018	$1,750,000	$266,000	-85%
2019	$1,750,000	$678,572	-61%
Average	$1,750,003	$415,067	-76%



Equity compensation awarded includes equity incentives valued at the grant date as reported in the summary compensation table.

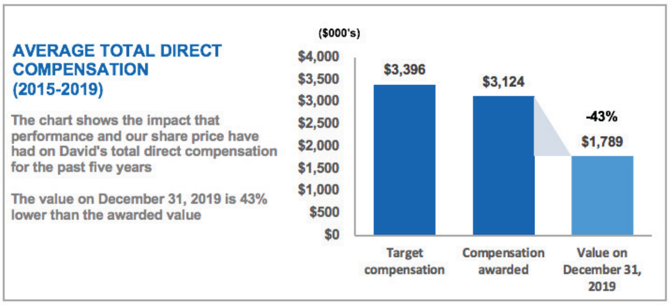
Value on December 31, 2019 includes the *realized* and *realizable* value of the equity incentives awarded each year, as at December 31, 2019:

- *realized value*: payouts of RSUs and PSUs that had vested, and gains realized from options that had been exercised as of December 31, 2019
- *realizable value*: the value of RSUs and PSUs that had not vested as of December 31, 2019 (assuming all units vest), and outstanding stock options that were in-the-money, using $0.19, the closing price of our shares on the TSX on December 31, 2019.

Total direct compensation 2015 - 2019

We also look at David's total direct compensation over time. The table below shows total direct compensation he has been awarded for each of the past five years, and the value on December 31, 2019. The graph shows the impact that performance and our share price have had on his average total direct compensation over the five years, and demonstrates that his earnings are aligned with shareholder experience.

	Target compensation	Compensation awarded	Value on December 31, 2019	Change
2015	$3,381,250	$2,968,756	$1,647,582	-45%
2016	$3,400,000	$3,111,257	$1,855,367	-40%
2017	$3,400,000	$3,111,250	$1,569,063	-50%
2018	$3,400,000	$3,160,750	$1,676,750	-47%
2019	$3,400,000	$3,268,000	$2,196,572	-33%
Average	$3,396,250	$3,124,003	$1,789,067	-43%



Compensation awarded includes salary, short-term incentive and equity incentives valued at the grant date as reported in the summary compensation table.

Value on December 31, 2019 includes the *realized* and *realizable* value of the compensation awarded each year, as at December 31, 2019:

- *realized value*: salary and short-term incentive paid for the year, payouts of RSUs and PSUs that had vested, and gains realized from options that had been exercised as of December 31, 2019
- *realizable value*: the value of RSUs and PSUs that had not vested as of December 31, 2019 (assuming all units vest), and outstanding stock options that were in-the-money, using $0.19, the closing price of our shares on the TSX on December 31, 2019.

ANDREW SNOWDEN

SVP & CFO

Andrew Snowden is accountable for the strategic coordination of all financial matters and current and long-term effectiveness of all financial functions, as well as Corporate Development, Investor Relations and Information Technology. He contributes to Sherritt's overall success through active participation in strategic planning and other key corporate processes.

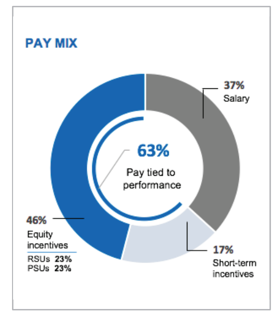
2019 Key results

- Strong leadership on potential initiatives to manage balance sheet risk
- Key contributor to Ambatovy partner relationships
- Proactively assessed various alternatives to manage cash
- Led successful company-wide austerity measures, championing cost cutting initiatives in the corporate office
- Strong personal effectiveness, maintain engaged teams in challenging times

2019 Compensation review

Andrew was appointed CFO on January 1, 2017. The Human Resources Committee considered his personal growth in the position and his achievements is 2019 and did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target.

		2018 Actual	2019 Target	2019 Actual
Salary	Cash	$350,000	$400,000	$400,000
Short-term incentive	Cash	$160,475	$200,000	$188,000
Equity incentives	RSUs	$120,000	$250,000	$250,000
	PSUs	$200,000	$250,000	$250,000
	Options	$80,000	$0	$0
Total direct compensation		$910,475	$1,100,000	$1,088,000
Compared to target				-1%
Compared to 2018				+19%



The Board also approved key employee retention plans for select executive officers, including the named executives, to retain the leadership team necessary to design and oversee the balance sheet initiative. The first tranche of Andrew's award ($251,667) vested on December 15, 2019. See page 60 for details.

Short-term incentive (see page 53)

Andrew's 2019 short-term incentive award was approved in February 2020. It paid out at 94% of his target, based on corporate, operational and individual performance.

- Corporate financial score: 0 – we did not meet our adjusted EBITDA and free cash flow performance thresholds (page 53).
- Operational score: 107 – a blend of results from Metals, Oil & Gas and Power and Technologies (page 54).
- Individual score: 135 – based on his individual achievements in 2019.

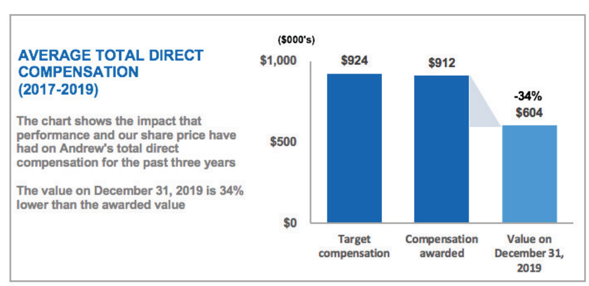
Equity incentives (see page 57)

Andrew's 2019 equity incentive award was allocated 50% to RSUs and 50% to PSUs.

Three-year lookback

The table below shows Andrew's total direct compensation for each of the past three years in the position of CFO. The graph shows the impact that performance and our share price have had on his average total direct compensation over the three years, and demonstrates that his earnings are in line with what our shareholders have experienced (see page 62) for how we calculate total direct compensation awarded and value on December 31, 2019).

	Target compensation	Compensation awarded	Value on December 31, 2019	Change
2017	$747,083	$736,999	$472,024	-36%
2018	$925,000	$910,475	$559,115	-39%
2019	$1,100,000	$1,088,000	$781,878	-28%
Average	$924,028	$911,825	$604,339	-34%



STEVE WOOD

EVP & COO

Steve Wood is accountable for our operating divisions, technologies, marketing, and for safety and sustainability. He contributes to the overall success of the company through active participation in strategic planning and other key corporate processes.

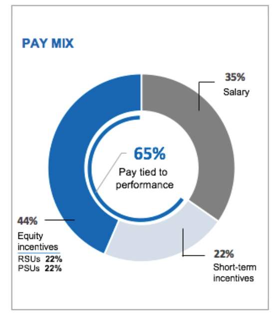
2019 Key results

- Focus on operational excellence at the Moa JV has been reflected in more consistent and predictable production
- Championed austerity across the operations in support of the company's cash flow goals
- Effectively managed the role of the operator at Ambatovy
- Provided strategic leadership to Technologies on the development of the Next Generation Laterite program and Bitumen upgrading

2019 Compensation review

Steve was successful in delivering on his goals and the compensation decisions considered his achievements in 2019. The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target.

		2018 Actual	2019 Target	2019 Actual
Salary	Cash	$450,000	$450,000	$450,000
Short-term incentive	Cash	$265,230	$315,000	$283,500
Equity incentives	RSUs	$169,500	$282,500	$282,500
	PSUs	$282,500	$282,500	$282,500
	Options	$113,000	$0	$0
Total direct compensation		$1,280,230	$1,330,000	$1,298,500
Compared to target				-2%
Compared to 2018				+1%



The Board also approved key employee retention plans for select executive officers, including the named executives, to retain the leadership team necessary to design and oversee the balance sheet initiative. The first tranche of Steve's award ($251,667) vested on December 15, 2019. See page 60 for details.

Short-term incentive (see page 53)

Steve's 2019 short-term incentive award was approved and paid in February 2020. It paid out at 90% of his target, based on corporate, operational and individual performance.

- Corporate financial score: 0 – because we did not meet our adjusted EBITDA and free cash flow performance thresholds (see page 53).
- Operational score: 107 – a blend of results from Metals, Oil & Gas and Power and Technologies (see page 54).
- Individual score: 120 – based on his individual achievements in 2019.

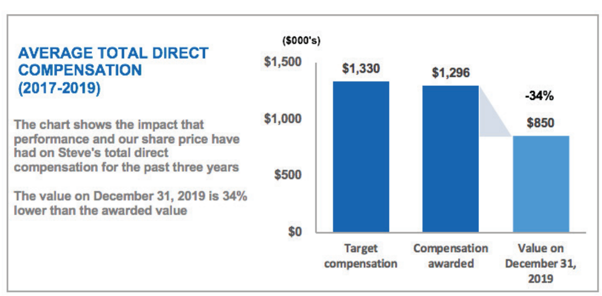
Equity incentives (see page 57)

Steve's 2019 equity incentive award was allocated 50% to RSUs and 50% to PSUs.

Three-year lookback

The table below shows Steve's total direct compensation for each of the past three years. The graph shows the impact that performance and our share price have had on his average total direct compensation over the three years, and demonstrates that his earnings are in line with what our shareholders have experienced (see page 62 for how we calculate total direct compensation awarded and value on December 31, 2019).

	Target compensation	Compensation awarded	Value on December 31, 2019	Change
2017	$1,330,000	$1,310,470	$812,564	-38%
2018	$1,330,000	$1,280,230	$783,934	-39%
2019	$1,330,000	$1,298,500	$952,582	-27%
Average	$1,330,000	$1,296,400	$849,693	-34%



TIM DOBSON

SVP, Metals

Tim Dobson is accountable for safe, sustainable, cost effective leadership of the Metals Division. He contributes to our overall success through active participation in strategic planning and other key corporate processes.

2019 Key results

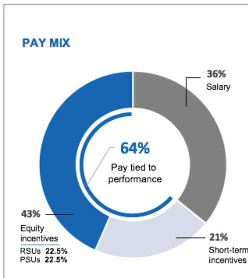
- Delivered very close to budget and at high end of Sherritt guidance, unchanged all year, despite LPG and diesel crisis in Cuba, and CN rail strike in Canada
- As nickel and cobalt prices declined, the Metals division moved rapidly and effectively into deep austerity, contributing significantly to mitigating Sherritt's liquidity decline
- Delivered on actions the year in areas of Sustainability, Operational Excellence and Organizational Effectiveness. Implemented processes that instilled discipline and rigour of execution

2019 Compensation review

Tim was successful in delivering on his goals and the compensation decisions considered his achievements in 2019.

The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target.

		2018 Actual	2019 Target	2019 Actual
Salary	Cash	$400,000	$400,000	$400,000
Short-term incentive	Cash	$242,580	$260,000	$231,400
Equity incentives	RSUs	$145,500	$242,500	$242,500
	PSUs	$242,500	$242,500	$242,500
	Options	$97,000	$0	$0
Total direct compensation		$1,127,580	$1,145,000	$1,116,400
Compared to target				-2%
Compared to 2018				-1%



The Board also approved key employee retention plans for select executive officers, including the named executives, to retain the leadership team necessary to design and oversee the balance sheet initiative. The first tranche of Tim's award ($210,833) vested on December 15, 2019. See page 60 for details.

Short-term incentive (see page 53)

Tim's 2019 short-term incentive award was approved February 2020. It paid out at 89% of his target, based on corporate, divisional and individual performance:

- Corporate financial score: 0 – because we did not meet our adjusted EBITDA and free cash flow performance thresholds (see page 53).
- Operational score: 112 – the results for the Metals Division (see page 54).
- Individual score: 110 – based on his individual achievements in 2019.

Equity incentives (see page 57)

Tim's 2019 equity incentive award was allocated 50% to RSUs and 50% to PSUs.

Three-year lookback

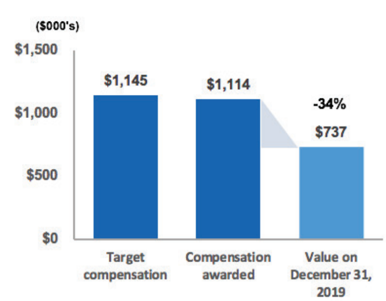
The table below shows Tim's total direct compensation for each of the past three years. The graph shows the impact that performance and our share price have had on his average total direct compensation over the three-year period, and demonstrates that his earnings are in line with what our shareholders have experienced (see page 62 for how we calculate total direct compensation awarded and value on December 31, 2019).

	Target compensation	Compensation awarded	Value on December 31, 2019	Change
2017	$1,145,000	$1,097,290	$689,082	-37%
2018	$1,145,000	$1,127,580	$701,556	-38%
2019	$1,145,000	$1,116,400	$819,461	-27%
Average	$1,145,000	$1,113,757	$736,700	-34%

AVERAGE TOTAL DIRECT COMPENSATION (2017-2019)

The chart shows the impact that performance and our share price have had on Tim's total direct compensation for the past three years

The value on December 31, 2019 is 34% lower than the awarded value



KAREN TRENTON

SVP, HR

Karen Trenton is accountable for the strategic coordination of all Human Resource matters and employee communications. She also contributes to Sherritt's overall success through active participation in strategic planning and other key corporate processes.

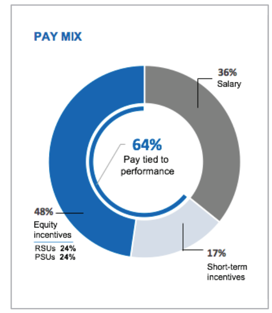
2019 Key results

- Completed organizational design, aligned with organization effectiveness goal leading to greater accountability across the company
- Maintained focus on organizational effectiveness despite aggressive U.S. policy towards Cuba and economic conditions
- Led the development and implementation of our diversity and inclusion 5-year framework
- Led a number of initiatives to raise awareness about Mental Health across the organization
- Oversaw a significant number of process improvements to reduce risk and streamline work

2019 Compensation review

Karen was successful on delivering on her goals and the compensation decisions considered her achievements in 2019. The Human Resources Committee did not make any adjustments to the calculated short-term incentive formula. Equity incentives were awarded at target.

		2018 Actual	2019 Target	2019 Actual
Salary	Cash	$350,000	$375,000	$375,000
Short-term incentive	Cash	$160,475	$187,500	$173,438
Equity incentives	RSUs	$127,500	$250,000	$250,000
	PSUs	$212,500	$250,000	$250,000
	Options	$85,000	$0	$0
Total direct compensation		$935,475	$1,062,500	$1,048,438
Compared to target				-1%
Compared to 2018				+12%



The Board also approved key employee retention plans for select executive officers, including the named executives, to retain the leadership team necessary to design and oversee the balance sheet initiative. The first tranche of Karen's award ($177,083) vested on December 15, 2019. See page 60 for details.

Short-term incentive (see page 53)

Karen's 2019 short-term incentive award was approved and paid in February 2020. It paid out at 92.5% of her target, based on corporate, divisional and individual performance:

- Corporate financial score: 0 – because we did not meet our adjusted EBITDA and free cash flow performance thresholds (see page 53).
- Operational score: 107 – a blend of results from Metals, Oil & Gas and Power and Technologies (see page 54).
- Individual score: 130 – based on her individual achievements in 2019.

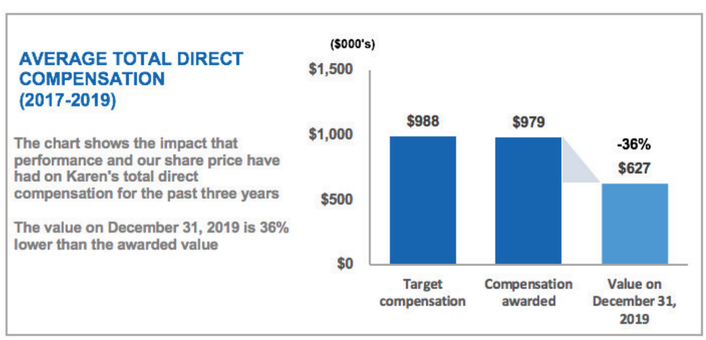
Equity incentives (see page 57)

Karen's 2019 equity incentive award was allocated 50% to RSUs and 50% to PSUs.

Three-year lookback

The table below shows Karen's total direct compensation for each of the past three years. The graph shows the impact that performance and our share price have had on her average total direct compensation over the three year period, and demonstrates that her earnings are in line with what our shareholders have experienced (see page 62 for how we calculate total direct compensation awarded and value on December 31, 2019).

	Target compensation	Compensation awarded	Value on December 31, 2019	Change
2017	$950,000	$952,275	$577,744	-39%
2018	$950,000	$935,475	$562,155	-40%
2019	$1,062,500	$1,048,438	$742,316	-29%
Average	$987,500	$978,729	$627,405	-36%



SHARE PERFORMANCE AND EXECUTIVE COMPENSATION

Share performance analysis

Consistent with a number of small-cap base metals peers, our share price performance over the past five years has fluctuated in response to a number of market and geopolitical developments that have adversely impacted the sector more broadly and Sherritt more specifically.

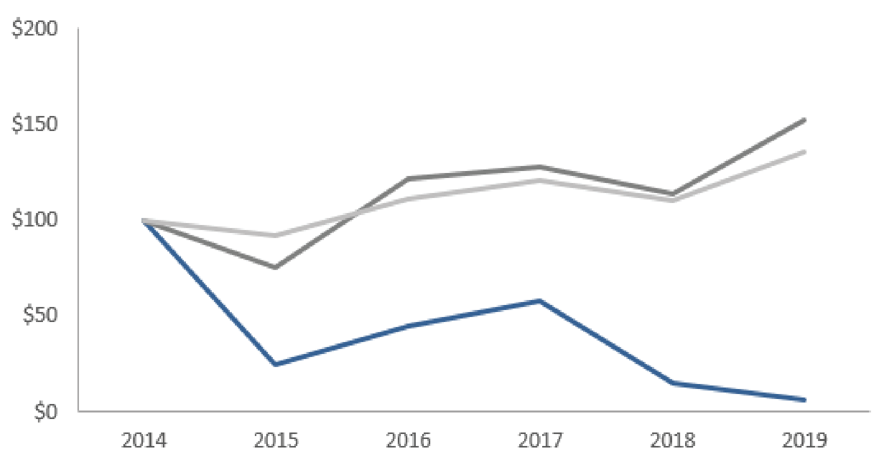
In particular, our share price has been affected by wide fluctuations in commodity prices over the past several years that have had a direct impact on our financial results and outlook. Through the five-year period from January 1, 2015 to December 31, 2019 nickel prices have ranged from a low of US$3.50/lb in February 2016 to a high of US$8.45/lb in September 2019. During the same period, cobalt prices have fluctuated more dramatically going from a low of US$9.90/lb in December 2015 to reaching a high of US$44.55/lb in April 2018.

Our share price performance in 2019 was especially impacted by two market developments: namely, the softening of cobalt prices and the increase in nickel inventories. Subsequent to reaching a high of US$44.55/lb, cobalt prices declined dramatically to $12.50 by July 2019, largely in response to reduced purchasing from consumers and increased availability of supply from the Democratic Republic of Congo. While nickel inventories on the London Metal Exchange (LME) and the Shanghai Future Exchange (SHFE) have been in decline for several years, this trend reversed itself in the fourth quarter of 2019. By December 31, 2019, combined inventory levels on the LME and SHFE had risen almost 8% from the start of the year to 190,000 tonnes.

Sherritt's share price over the years has also been impacted by risks associated with our operations and joint ventures in Cuba. In 2019, increased sanctions by the U.S. government against Cuba added to these risks. These sanctions included the implementation of Title III of the Helms-Burton Act, bans on U.S. travel to Cuba, limits on remittances that can be sent to the country, and restrictions on financial transactions. Other U.S. sanctions at times affected availability of energy which adversely affected our operations. These sanctions have adversely impacted Cuba's access to foreign currency and have negatively impacted our partners' ability to pay amounts owed to us. No other company in our peer group, the Metals and Mining Index, or the TSX Composite Index faces these issues to the extent that Sherritt does.

Declining prices for the commodities we produce and the inability of our Cuban partners to meet their obligations to us have adversely affected our liquidity in recent years. Concern over our legacy debt load from the Ambatovy project increased as our liquidity has declined.

TOTAL SHAREHOLDER RETURN



(as at December 31)						
Sherritt	$100	$24.56	$44.75	$57.87	$15.14	$6.39
S&P/TSX Metals and Mining Index	$100	$75.67	$121.83	$127.46	$113.44	$151.87
S&P/TSX Composite Index	$100	$91.67	$111.00	$121.08	$110.32	$135.52

Understanding the impact of metal prices

Every resource company's share price is directly related to the performance of the metals it produces. The graph below shows the annual average price of five base metals over the past five years (in US$/tonne indexed to $100 to provide a meaningful comparison).

These are the metals produced by the companies in our comparator group. None of the companies in our comparator group produces nickel as a primary product, and there are very few nickel companies in the S&P/TSX Metals and Mining Index. The underperformance of nickel prices to the base metals produced by the companies in our comparator group helps to put our share performance in context.

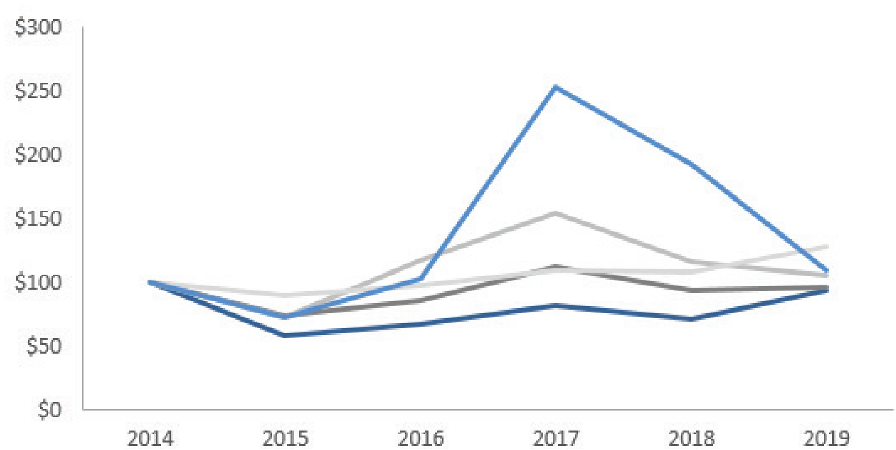
In 2019, nickel and cobalt experienced considerable volatility relative to other base metals. The average reference for cobalt, in particular, declined by 56% to US$16.57/lb in 2019 from US$37.35/lb in 2018, driven largely by reduced consumer purchasing and higher availability of supply from the Democratic Republic of Congo. While the average reference price for nickel was higher in 2019 than 2018 by 6%, nickel prices experienced significant price swings in the fourth quarter of 2019 due to a number of geopolitical and market developments, including the renewal of a trade war between China and the U.S., the implementation of a nickel ore export band in Indonesia and increasing nickel inventory at the London Market Exchange and the Shanghai Futures Exchange. As a result of these developments, the nickel reference price declined by 20% in the fourth quarter, dropping from US$7.97/lb to US$6.35/lb. The dramatic nickel price decrease in Q4 2019 signaled higher near-term uncertainty for commodity prices, triggering a decline in Sherritt's share price.

Despite the low and volatile nickel price environment over the past five years, we have focused on preserving our liquidity and building balance sheet strength. During this period, we have managed to reduce more than $2 billion of debt by:

- selling non-core assets
- extending the maturities of debentures
- using the proceeds of the equity raise to restructure debt
- restructuring Ambatovy to align with our economic interests.

In 2019, in particular, our efforts to preserve liquidity were reflected by a number of austerity measures we implemented, including the elimination of discretionary expenditures, the deferral of non-critical projects and limiting the number of new hires. These austerity measures contributed to a 5% reduction in general and administration expenses in 2019 when compared to 2018. As part of our efforts to strengthen our balance sheet, we ratified an agreement with our Cuban partners requiring them to make regular monthly payments against overdue amounts owed to us.

METAL PRICES (US$/tonne indexed to $100)
(as at December 31)



(as at December 31)						
Nickel	$100	$58	$67	$82	$71	$94
Copper	$100	$74	$87	$113	$94	$97
Zinc	$100	$74	$118	$154	$116	$105
Gold	$100	$90	$97	$110	$108	$128
Cobalt	$100	$73	$103	$254	$192	$109

CEO equity compensation and share performance

While we do not believe that executive compensation should be assessed only against our share performance, mainly because there are other important factors to consider, we do link a significant portion of what named executives earn to the price of our shares. Executives also invest in our shares through our employee share ownership plan or personally (see page 45 for more about equity ownership).

The table below shows the CEO's equity compensation for the past five years and its realized and realizable value on December 31, 2019. It also compares the actual value of $100 of equity compensation awarded to the CEO to the value earned by shareholders over the same period with the time periods aligning to the grant dates of his equity compensation and the earlier of the respective vesting date and December 31, 2019. David has also acquired 434,193 shares since 2012 with an acquisition value of over $1.1 million. At December 31, 2019, these shares were valued at $83,770, representing a loss in value of more than $1.0 million or 93%.

				Value of $100	
	Equity compensation awarded	Value on December 31, 2019 or at vesting	Period	Sherritt CEO	Sherritt shareholders
2015	$1,750,006	$428,832	March 13, 2015 to March 13, 2018	$25	$61
2016	$1,750,007	$494,117	February 23, 2016 to February 23, 2019	$28	$71
2017	$1,750,000	$207,813	February 28, 2017 to December 31, 2019	$12	$16
2018	$1,750,000	$266,000	February 22, 2018 to December 31, 2019	$15	$15
2019	$1,750,000	$678,572	February 26, 2019 to December 31, 2019	$39	$39

Compensation awarded includes equity incentives valued at the grant date as reported in the summary compensation table.

Value on December 31, 2019 includes the *realized* and *realizable* value of the equity incentives awarded each year:

- *Realized value*: payouts of RSUs and PSUs that had vested, and gains realized from options that had been exercised as of the respective vesting date.
- *Realizable value*: the value of RSUs and PSUs that had not vested as of December 31, 2019 (assuming all units vest), and outstanding stock options that were in-the-money, using $0.19, the closing price of our shares on the TSX on December 31, 2019.

Value of $100

- for Sherritt shareholders: represents the cumulative value of a $100 investment in common shares made on the first trading day of the period, assuming dividends are reinvested.
- for the Sherritt CEO: his realized and realizable compensation indexed to $100 for ease of comparison.

Compensation details

SUMMARY COMPENSATION TABLE

The table below shows the total compensation awarded to the named executives for the last three years ended December 31.

		Salary	Share-based awards	Option-based awards	Annual incentive	Pension value	All other compensation	Total compensation
David Pathe Chairman of the Board President and CEO	2019	$825,000	$1,750,000	n/a	$693,000	n/a	$1,007,236	$4,275,236
	2018	$825,000	$1,750,000	n/a	$585,750	n/a	$296,811	$3,457,561
	2017	$825,000	$1,312,500	$437,500	$536,250	$75,490	$219,715	$3,406,456
Andrew Snowden SVP & CFO	2019	$400,000	$500,000	n/a	$188,000	n/a	$448,631	$1,536,631
	2018	$350,000	$320,000	$80,000	$160,475	n/a	$176,693	$1,087,168
	2017	$308,333	$225,000	$75,000	$128,066	n/a	$120,256	$856,655
Steve Wood EVP & COO	2019	$450,000	$565,000	n/a	$283,500	n/a	$465,227	$1,763,727
	2018	$450,000	$452,000	$113,000	$265,230	n/a	$210,153	$1,490,383
	2017	$450,000	$423,750	$141,250	$295,470	$30,490	$156,019	$1,496,979
Tim Dobson SVP, Metals	2019	$400,000	$485,000	n/a	$231,400	n/a	$399,296	$1,515,697
	2018	$400,000	$388,000	$97,000	$242,580	n/a	$241,461	$1,369,042
	2017	$400,000	$485,003	n/a	$206,600	n/a	$407,542	$1,499,145
Karen Trenton SVP, Human Resources	2019	$375,000	$500,000	n/a	$173,438	n/a	$363,924	$1,412,362
	2018	$350,000	$340,000	$85,000	$160,475	n/a	$175,872	$1,111,347
	2017	$350,000	$318,750	$106,250	$177,275	$18,490	$137,251	$1,108,016

Share-based awards
The value of RSUs and PSUs awarded as equity incentives (see page 58) at grant date value. There is no discount applied for the risk associated with the PSUs We calculated the number of units awarded by dividing the dollar amount of the award by $0.48 (2019) $1.25 (2018), and $1.20 (2017), the volume-weighted average trading price of our shares on the TSX for the five trading days immediately before each grant date (rounded up to the nearest whole unit).

Option-based awards
The value of options awarded as equity incentives (see page 74). We calculate the number of options by dividing the grant date fair value of the award by the market price of our shares on the date of the grant multiplied by each year's Black Scholes value (rounded up to the nearest whole unit).

The table to the right shows the assumptions we used for calculating the Black Scholes value each year. We used the continuous method for determining the dividend yield in 2017 and 2018.

	Market price	Black Scholes value	Option term	Share price volatility	Interest rate	Dividend yield
2018	$1.25	$0.86	10 years	58.71%	2.34%	nil
2017	$1.20	$0.80	10 years	57.91%	1.61%	nil

Annual incentive
The cash bonus awarded as an annual incentive (see page 52).

Pension value
Employer contributions to the executive supplementary pension plan. The plan was closed to contributions on January 1, 2018 and is being phased out (see page 76).

All other compensation

All other benefits and compensation in 2019. These amounts are fully taxable and not grossed up for tax purposes.

	David Pathe	Andrew Snowden	Steve Wood	Tim Dobson	Karen Trenton
Retirement savings (see page 76)	$99,000	$48,000	$54,000	$48,000	$45,000
Employee share ownership plan (see page 45)	$2,500	$2,500	$2,500	$0	$2,500
Other benefits and perquisites (see page 51)	$905,736	$398,131	$408,727	$351,296	$316,424
Well-being benefits	$14,338	$12,417	$10,311	$8,463	$11,272
Perquisite allowance	$32,000	$32,000	$32,000	$32,000	$32,000
Helms-Burton allowance	$150,000	$100,000	$112,500	$100,000	$93,750
Signing or other ad hoc payments	$704,167	$251,667	$251,667	$210,833	$177,083
Other (parking and other taxable benefits)	$5,232	$2,048	$2,249	$0	$2,319
Total	$1,007,236	$448,631	$465,227	$399,296	$363,924

Helms Burton allowance

All of the named executives have been listed under Title IV of the *Helms-Burton Act,* and advised by the United States Department of State that they, their spouse and minor children are inadmissible for entry into the United States. In recognition of the hardship, loss of opportunity and emotional distress suffered by the named executives and their families, the named executives receive a Helms-Burton allowance. These allowances are not considered compensation, but have been included in the table in the interest of providing full disclosure. Helms-Burton allowances are fully taxable and not grossed-up for tax purposes.

Signing or other ad hoc payments

On July 1, 2019, the Board approved key employee retention plans for select executive officers, including the named executives, to retain the leadership team necessary to design and oversee the balance sheet initiative. The retention awards were critical to ensure the best possible alternatives were considered thoroughly and without bias, and that effective business operations and continuity were not compromised (see page 60 for details). The retention award vests in three tranches over 18 months, with one-third vesting on each of December 15, 2019, June 15, 2020 and December 15, 2020. The amount above is the first tranche, which vested December 15, 2019 and paid out in January 2020.

EQUITY COMPENSATION

Outstanding option-based and share-based awards

The table below shows all outstanding option-based awards and unvested share-based awards as of December 31, 2019. See page 57 for more information about equity incentives.

The value of unexercised in-the-money options is the difference between the option's exercise price and $0.19 (the closing price of our shares on the TSX on December 31, 2019). None of the options were in-the-money on December 31, 2019, so no value is reported.

We calculated the value of RSUs and PSUs by multiplying our assumption for the number of units that would vest by $0.19 (the closing price of our shares on the TSX on December 31, 2019). Vesting assumptions:

- RSUs granted in 2017, 2018 and 2019: assumes 100% of the units vest
- PSUs granted in 2017, 2018 and 2019: assumes a performance factor of 0 and that none of the units vest.

		Option-based awards				Share-based awards		
		Number of securities underlying unexercised options	Options exercise price	Option expiration date	Value of unexercised in-the-money options	Type of award	Number of units that have not vested	Market or payout value of unvested unit awards not paid out or distributed
David Pathe	2009	155,000	$5.16	June 16, 2019	$0	-	-	-
	2010	103,463	$8.33	March 22, 2020	$0	-	-	-
	2011	70,300	$9.10	March 4, 2021	$0	-	-	-
	2012	199,200	$6.04	March 2, 2022	$0	-	-	-
	2013	319,100	$5.14	March 11, 2023	$0	-	-	-
	2014	516,100	$3.00	March 3, 2024	$0	-	-	-
	2015	875,000	$2.11	March 13, 2025	$0	-	-	-
	2016	2,034,900	$0.68	February 23, 2026	$0	-	-	-
	2017	546,875	$1.20	February 28, 2027	$0	RSUs	$364,583	$69,271
		-	-	-	-	PSUs	$729,167	$0
	2018	-	-	-	-	RSUs	$525,000	$99,750
		-	-	-	-	PSUs	$875,000	$0
	2019	-	-	-	-	RSUs	$1,785,715	$339,286
		-	-	-	-	PSUs	$1,785,715	$0
	Total	**4,819,938**			**$0**		**$6,065,180**	**$508,307**
Andrew Snowden	2016	-	-	-	-	-	-	-
	2017	93,750	$1.20	February 28, 2027	$0	RSUs	$62,500	$11,875
		-	-	-	-	PSUs	$125,000	$0
	2018	93,023	$1.25	February 22, 2028	$0	RSUs	$96,000	$18,240
		-	-	-	-	PSUs	$160,000	$0
	2019	-	-	-	-	RSUs	$510,205	$96,939
		-	-	-	-	PSUs	$510,205	$0
	Total	**186,773**			**$0**		**$1,463,910**	**$127,054**
Steve Wood	2015	109,700	$2.98	May 11, 2025	$0	-	-	-
	2016	523,300	$0.68	February 23, 2026	$0	-	-	-
	2017	176,563	$1.20	February 28, 2027	$0	RSUs	$117,708	$22,365
		-	-	-	-	PSUs	$235,417	$0
	2018	131,395	$1.25	February 22, 2028	$0	RSUs	$135,600	$25,764
		-	-	-	-	PSUs	$226,000	$0
	2019	-	-	-	-	RSUs	$576,531	$109,541
		-	-	-	-	PSUs	$576,531	$0
	Total	**940,958**			**$0**		**$1,867,786**	**$157,669**

		Option-based awards				Share-based awards		
		Number of securities underlying unexercised options	Options exercise price	Option expiration date	Value of unexercised in-the-money options	Type of award	Number of units that have not vested	Market or payout value of unvested unit awards not paid out or distributed
Tim Dobson	2016	-	-	-	-	-	-	-
	2017	-	-	-	-	RSUs	101,042	$19,198
		-	-	-	-	PSUs	$303,125	$0
	2018	112,791	$1.25	February 22, 2028	$0	RSUs	$116,400	$22,116
		-	-	-	-	PSUs	$194,000	$0
	2019	-	-	-	-	RSUs	$494,898	$94,031
		-	-	-	-	PSUs	$494,898	$0
	Total	**112,791**			**$0**		**$1,704,363**	**$135,345**
Karen Trenton	2014	64,500	$ 3.00	March 3, 2024	$0	-	-	-
	2015	125,000	$ 2.11	March 13, 2025	$0	-	-	-
	2016	290,700	$ 0.68	February 23, 2026	$0	-	-	-
	2017	132,813	$ 1.20	February 28, 2027	$0	RSUs	88,542	$33,646
		-	-	-	-	PSUs	$177,083	$0
	2018	98,837	$ 1.25	February 22, 2028	$0	RSUs	$102,000	$32,300
		-	-	-	-	PSUs	$170,000	$0
	2019	-	-	-	-	RSUs	$510,205	$96,939
		-	-	-	-	PSUs	$510,205	$0
	Total	**711,850**			**$0**		**$1,558,035**	**$162,885**

Value vested or earned during the year

The table below shows:

- **Option-based awards**: What David Pathe, Andrew Snowden, Steve Wood and Karen Trenton would have realized from options that vested in 2019 if they had exercised them on the vesting date. One third of their 2016, 2017 and 2018 option awards vested in 2019. The value is the difference between the option's exercise price and the closing price of our shares on the TSX on the vesting date. The difference was negative in each case, so the options were not in-the-money and had no value. See page 74 for information about the stock option plan.
- **Share-based awards**: The payout value of the 2016 RSUs that vested in 2019 – see page 59 for information about how we calculated the payout value.
- **Non-equity incentive plan compensation**: The value of the 2019 short-term incentive – see page 53 for details.

	Option-based awards Value vested during the year	Share-based awards Value vested during the year	Non-equity incentive plan compensation Value earned during the year
David Pathe	$0	$494,118	$693,000
Andrew Snowden	$0	$22,589	$188,000
Steve Wood	$0	$192,000	$283,500
Tim Dobson	$0	$273,884	$231,400
Karen Trenton	$0	$141,178	$173,438

Securities authorized for issuance under equity compensation plans

The table below shows the total number of securities to be issued and available future issuance under our stock option plan (the *plan*) as at December 31, 2019. We are authorized to issue up to 17,500,000 shares (2.79% of the issued and outstanding shares as at December 31, 2019) under the plan. The number of shares available for future issuance includes shares that have not previously been reserved for an option grant and shares underlying unexercised options that have expired or were terminated.

	Securities to be issued upon exercise of outstanding options		Weighted-average exercise price of outstanding options	Securities remaining available for future issuance		Total securities issuable under option plan	
	Number	% of shares outstanding		Number	% of shares outstanding	Number	% of shares outstanding
Stock option plan approved by securityholders	9,432,219	2.37%	$2.17	1,658,985	0.42%	11,091,204	2.79%

Stock option plan

The plan was established in 1995, after the company was formed but before shares were distributed to the public. It was amended in 2005, 2007, 2010 and 2014. Under the plan, stock options can be issued to employees.

As of date of this circular:

- 9,432,219 options had been issued under the plan (2.37% of our issued and outstanding shares)
- 1,658,985 options were available for grant under the plan (approximately 0.42% of our issued and outstanding shares).

Burn rates as of December 31

Calculated as the total number of options issued each year divided by the weighted average number of shares outstanding at the end of the year:

	2017	2018	2019
Total number of options issued	1,382,814	758,139	-
Weighted average number of shares outstanding on December 31	294,201,943	396,883,368	397,282,785
Burn rate	**0.47%**	**0.19%**	**0.00%**

Limits

- Total number of shares that can be issued to one person (together with all other security based compensation arrangements): no more than 5% of our issued and outstanding securities
- Total number of shares that can be issued to insiders within a one-year period, or that can be issuable to insiders at any time under the plan (together with all other security based compensation arrangements): 10% of our issued and outstanding securities.
- The exercise price of an option cannot be lower than the market price of the shares at the date of grant.
- Exercising options is subject to our insider trading policy (see page 44).

Making changes to the plan

The Board or the Human Resources Committee can change the terms of an option in compliance with the shareholder approved Stock Option Plan. The Board can make changes to the plan with required regulatory and shareholder approval, although a participant's previously granted options cannot be negatively affected without the participant's consent.

Changes that do not require shareholder approval include (among others):

- administrative changes
- changes to the vesting provisions of the stock option plan or any option
- changes to the stock option plan to comply with tax laws
- changes to termination provisions not providing an extension beyond the original expiry date, or a date beyond a permitted automatic extension in the case of an option expiring during a blackout period
- adding, changing or removing a cashless exercise feature, payable in cash or shares and providing for a full deduction of underlying shares from the option reserve.

Changes to the plan that require shareholder approval:

- changing the number of shares issuable under the plan
- reducing the exercise price or purchase price of an option
- changing termination provisions to provide an extension beyond the original expiry date (or the permitted automatic extension for options expiring in a blackout period)
- changing eligibility requirements that could increase insider participation
- allowing options to be transferable or assignable other than for normal estate settlement purposes.

No changes were made to the plan in 2019.

RETIREMENT SAVINGS

Sherritt offers a Group retirement savings plan and an executive supplementary pension plan that is being phased out.

Group retirement savings plan (Group RSP)

Eligibility	All Canadian-based employees, including the named executives
Description	Contributions are made on behalf of the employee to the employee's individual account under a Group RSP
Contributions	An amount equal to a fixed percentage of base salary is invested, as directed by the employee, into investment funds that they select from an approved list established by Sherritt's Management Retirement Committee. We currently contribute 12% of each named executive's base salary to the group RSP. These amounts are reported under *All other* compensation in the summary compensation table (see page 70).
Withdrawal	Funds can be withdrawn at any time

Before 2018, senior executives who were subject to Canadian tax rules, and whose Group RSP contributions exceeded the limits prescribed by the *Income Tax Act* (Canada), were also able to participate in a supplementary pension plan. The plan was closed to contributions on January 1, 2018, and is being phased out.

The table below shows the value of the supplementary plans for the three executives who qualified to participate in the plan. No contributions were made to the named executives' supplementary plan accounts in 2019. The accumulated value of their accounts (less withholdings) will be paid out to them when their employment with Sherritt ends.

	Accumulated value at start of the year	Accumulated value at the end of the year
David Pathe	$597,343	$676,027
Steve Wood	$105,335	$122,704
Karen Trenton	$55,281	$64,501

TERMINATION AND CHANGE OF CONTROL BENEFITS

Employment agreements

The table below shows the termination arrangements in the employment agreements we have with David Pathe and the other named executives.

	David Pathe [1.]	All other named executives
Salary	24 months	24 months
Short-term incentive	• 2x the average of the prior two years' payment value, plus • a pro-rata annual incentive for the year of termination	• 2x the annual STI target value, plus • a pro-rata annual incentive for the year of termination
Equity incentives	According to the terms of the plans for awards previously received	According to the terms of the plans for awards previously received
Benefits and perquisites	24 months	24 months

1. In 2020 , the CEO's employment agreement was amended to conform with the short-term incentive provisions of the employment agreements of the other named executives,

Termination arrangements

The table below describes how PSUs, RSUs and options are treated under different termination scenarios.

	Death or disability	Retirement	Resignation	Termination with cause	Termination without cause
RSUs and PSUs	Vest immediately The PSU performance factor will be assumed to be at target (100%)	Vest following the normal vesting schedule	Forfeited	Forfeited	Vest following the normal vesting schedule
Options	Vest on the date of death or disability and may be exercised within 180 days or the original expiry date, whichever is earlier	Continue to vest and may be exercised within five years of the retirement date or the original expiry date, whichever is earlier	Vested options and options that vest within 90 days of the date of resignation may be exercised prior to the original expiry date Unvested options and vested options that have not been exercised after 90 days are cancelled	Vested and unvested options are cancelled	Vested options and options that vest within 90 days of the termination date may be exercised prior to the original expiry date Unvested options and vested options that have not been exercised after 90 days are cancelled

Change of control

Change of control provisions are included in the employment agreements of the named executives, except for the CEO who had a stand-alone change of control agreement as at December 31, 2019. Under the terms of these agreements, if an executive's employment is terminated without cause or if they resign for good reason (as defined in the respective agreements) within 24 months of a change of control or before a change of control at the request of an acquirer, the executive is entitled to certain benefits. The CEOs change of control agreement does not contain non-compete and non-solicit provisions, the agreements for the other named executives do.

Change of control is defined as:

(1) the acquisition (directly or indirectly) by any person or a combination of persons acting jointly or in concert (other than an entity or entities that were, immediately prior to such acquisition, affiliates of the company) of more than 50% of the voting securities of the company;

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

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

- the terms of our compensation plans for a change of control without a termination, and
- the terms of the change of control agreement for the CEO and the terms of the respective employment agreements for each of the other named executives, for change of control with a termination.

The table below describes what the named executives are entitled to if there is a change of control with and without termination.

	Change of control without termination	Double trigger change of control: change of control *and* termination without cause or resignation with good reason within 24 months	
Severance	None	Lump sum payment equal to the sum of: • 2x base salary at date of termination • 2x annual incentive at target performance • 24 months of retirement savings contributions	• 24 months of perquisite allowance • 24 months of benefit premiums.
Helms-Burton allowance	Continues	Continues until the executive is removed from the Title IV list. Named executives are expected to take necessary action to be removed from the Title IV list, and will be provided with reasonable assistance as necessary. Subject to quarterly certification that individual has not traveled to the US, payments continue for 2 years or for as long as the individual is a defendant in a lawsuit filed under Title III.	
RSUs, PSUs and options		*If Sherritt or the surviving or acquiring entity retains or assumes all of the outstanding RSUs, PSUs or options, or substitutes similar awards*	*If Sherritt or the surviving or acquiring entity does not retain, assume or substitute all of the outstanding RSUs, PSUs or options*
• RSUs and PSUs	Continue to vest following the normal vesting schedule	Outstanding RSUs and PSUs vest on termination (at target performance) if the units are not assumed or if employment is terminated without cause within 24 months of the change of control.	Outstanding RSUs and PSUs vest immediately before the change of control (at target performance). If only part of Sherritt is subject to the change of control, these provisions will apply only to executives employed in the affected part of the business.

• Options	Options granted after 2014 continue to vest and become exercisable according to the normal schedule Options granted in 2014 and earlier vest immediately	Outstanding options vest immediately and become exercisable in the 12 months following the termination date (subject to their original expiry date) if employment is terminated without cause within 24 months of the change of control.	Outstanding options vest immediately before the change of control. If only part of Sherritt is subject to the change of control, these provisions will apply only to executives employed in the affected part of the business.

Incremental payments

The incremental amounts payable to each named executive under various termination scenarios are set out in the table below. The estimated amounts in the table below include the amounts described in the table above, as well as other amounts payable based on the terms of our incentive plans. The actual amount a named executive will receive may be higher or lower than what is described below.

We made the following assumptions to calculate the incremental benefit for each named executive:

- termination date of December 31, 2019
- closing share price as at December 31, 2019 of $0.19
- for retirement, termination without cause and change of control with termination, without cause or resignation with good reason, three months of Helms-Burton allowance
- the incremental amounts for named executive officers for a termination without cause are based on the terms of their employment agreements, and, with respect to the CEO, on the terms of a stand-alone change of control agreement
- the unvested portions of the 2017 and 2018 options would have been in-the-money on December 31, 2018, and were used in calculating the incremental value associated with the double triggered change of control and termination without cause scenario.

	David Pathe	Andrew Snowden	Steve Wood	Tim Dobson	Karen Trenton
Resignation	$0	$0	$0	$0	$0
Retirement	$37,500	$25,000	$28,125	$25,000	$23,438
Termination with cause	$0	$0	$0	$0	$0
Termination without cause	$5,394,426	$2,189,833	$2,530,747	$2,179,426	$1,881,231
Change of control without termination	$0	$0	$0	$0	$0
Double trigger: change of control *and* termination without cause or resignation with good reason within 24 months of the change of control	$6,893,060	$2,467,976	$2,885,627	$2,503,255	$2,177,258

The amounts for *Termination without cause* and *Double trigger: change control* include the full amount of each named executive's one-time retention award (see page 60). The retention award vests in three tranches. The first one-third vested on December 15, 2019 and is included in the summary compensation table on page 70.

As of the date of this management information circular, all of the named executives except Tim Dobson had received the second tranche of the retention award, which vested on June 15, 2020. This will be included in our 2021 management information circular. The third tranche of the retention award vests on December 15, 2020.

Tim Dobson resigned on March 15, 2020, before the second and third tranches vested. While the full amount of the retention award is included in the table above, he did not receive the second and third tranches of the award, or any other payments or benefits as a result of his resignation.

OTHER INFORMATION

Loans to directors and executive officers

None of our current or former directors, executive officers have had any loans outstanding to Sherritt or any of our subsidiaries at any time since the beginning of 2019 other than for routine indebtedness.

Interest of informed persons in material transactions

We are not aware of an informed person, proposed director, or any of their associates or affiliates, having a material interest, direct or indirect, in any transaction since the beginning of 2019 or in any proposed transaction which has materially affected or would materially affect Sherritt or our subsidiaries.

Non-GAAP measures

Sherritt uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted operating cash flow and free cash flow to monitor our performance and the performance of our operating divisions. Management believes these measures help investors and analysts compare our financial performance with our competitors, and evaluate the results of our underlying business.

Non-GAAP measures do not have a standard definition under IFRS, should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS, and may not be comparable to similar measures provided by other companies. See our 2019 MD&A for more information and a reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

For more information

Financial information for the year ended December 31, 2019 is provided in our 2019 Audited Consolidated Financial Statements and MD&A. Please contact us at if you would like to be added to the list to receive copies in the future. Write to the Corporate Secretary, Sherritt International Corporation, Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Suite 4220, Toronto, ON M5H 4E3.

Copies of our 2019 Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference, our most recently filed comparative annual financial statements, together with the auditor’s report, and our interim financial statements that have been filed for any period after the end of our most recently completed financial year, and this circular are available free of charge, upon request, from the Corporate Secretary. Copies are also available on our website (www.sherritt.com) and on SEDAR (www.sedar.com).

APPENDIX A
SHERRITT INTERNATIONAL CORPORATION
MANDATE OF THE BOARD OF DIRECTORS

1. GENERAL

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

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

2. BOARD DUTIES AND RESPONSIBILITIES

Directors and Senior Management

- Appoint the Chair, the Lead Director (in cases where the Chair is not independent), the President and CEO and other senior officers and, as permitted by applicable law, delegate to senior management responsibility for the Corporation's day-to-day operations.
- With the assistance of the Nominating and Corporate Governance Committee, evaluate the performance of the Chair against the position description developed by the Board.
- With the assistance of the Human Resources Committee, evaluate the performance of the President and CEO against the position description developed by the Board. In cases where the role of Chair and President and CEO is combined, the Chair shall be excluded from this evaluation.
- With the assistance of the Nominating and Corporate Governance Committee, ensure that management maintains a process that adequately provides for succession planning of senior management.

Ethical Leadership

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

Strategic Direction and Risk Assessment

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

Financial Reporting and Management

- The Board will approve annual operating and capital budgets.
- With the assistance of the Audit Committee, the Board will:

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

Disclosure, Communications and Insider Trading

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

Corporate Governance

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

Independence

In cases where the Chair is not independent, a Lead Director shall be appointed annually from among the independent directors by a majority of the independent directors and shall be recommended by the Nominating and Corporate Governance Committee. The Lead Director may also be removed by a majority of independent directors.

The principal role of the Lead Director is to facilitate the functioning of the Board independent of management and the Chair and serve as an independent leadership contact for the directors and senior executives. The Lead Director shall consult with the Chair and approve the agendas, board materials and schedules for board meetings, preside over in camera sessions of independent directors, call, if necessary, the holding of special meetings of the Board or independent directors and oversee the annual Board and individual director evaluation process (including providing the Chair with an annual performance evaluation). The Lead Director shall also be available for consultation and direct communication with shareholders and other key stakeholders, from time to time.

Compensation of Senior Officers and Directors

With the assistance of the Human Resources Committee, the Board will:

- approve the compensation of the President and CEO and senior management reporting directly to the President and CEO, as well as compensation policies for the President and CEO and other senior officers;
- approve the compensation of directors, including the Chair; and
- approve any equity-based compensation plans for eligible directors, officers and other employees of the Corporation.

Environment, Health, Safety and Sustainability

- With the assistance of the Environment, Health, Safety and Sustainability Committee, the Board will:
  – monitor the scope of environment, health and safety, security and sustainability risks to the Corporation's operations and future growth and ensure the adequacy and effectiveness of the Corporation's management systems and controls to mitigate these risks and attendant liabilities;
  – ensure compliance with legal and regulatory requirements and any voluntary commitments the Corporation has made related to environment, health and safety, security and sustainability with a focus on continuous improvement and ensuring consistent practice across the Corporation and its divisions;

3. DIRECTOR DUTIES AND RESPONSIBILITIES

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

4. BOARD COMPOSITION

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

5. CHAIR OF THE BOARD

In cases where the Chair is an independent director, the Chair is responsible for ensuring that the Board operates independently of management and that directors have an independent leadership contact.

Specific Roles and Responsibilities

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

  In cases where the Chair is not an independent director, the Lead Director will chair all in-camera meetings of the independent directors and ensure that such directors have adequate opportunities to meet without management, as well as informing the Chair of the results of private discussion among the independent directors.

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

6. BOARD MEETINGS

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

APPENDIX B
CHAIR'S TERMS OF REFERENCE

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

More specifically, the Chair shall:

A. Strategy

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

B. Advisor to President and Chief Executive Officer

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

C. Board Structure and Management

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

D. Compensation Matters and Succession Planning

In conjunction with the Human Resources Committee**:**

12. Recommend compensation awards for President and Chief Executive Officer and be available to advise the Board on general compensation matters.
13. Advise the Board on performance of the President and Chief Executive Officer and succession planning of the President and Chief Executive Officer.

sherritt

Questions? Need help voting?

Please contact our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors

North America toll-free phone: 1-800-749-9197
E-mail: contactus@kingsdaleadvisors.com
Fax: 416-867-2271
Toll-free fax: 1-866-545-5580
Outside North America, banks and brokers call collect: 416-867-2272