

TIMMINCO

TIMMINCO LIMITED

NOTICE OF MEETING

AND

**MANAGEMENT INFORMATION CIRCULAR
FOR THE YEAR ENDED DECEMBER 31, 2008**

April 14, 2009

TIMMINCO LIMITED

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the "Meeting") of common shareholders of TIMMINCO LIMITED (the "Corporation") will be held on Friday, May 15, 2009 at the Fairmont Royal York Hotel, Imperial Room, 100 Front Street West, Toronto Ontario, Canada, M5J 1E3 at 10:00 a.m. (Toronto time) for the following purposes:

- (1) to receive the consolidated financial statements of the Corporation as at and for the year ended December 31, 2008, together with the auditors' report thereon;
- (2) to elect directors of the Corporation;
- (3) to appoint auditors of the Corporation and to authorize the directors to fix their remuneration;
- (4) to consider and, if thought fit, pass a resolution to approve and ratify the Corporation's 2008 Share Option Plan dated November 11, 2008, as amended; and
- (5) to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The Management Information Circular accompanying this Notice of Annual General and Special Meeting of Shareholders contains more information on these matters. In addition, the 2008 Annual Report of the Corporation (which includes the audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2008, together with the auditors' report thereon) and the Annual Information Form of the Corporation for the year ended December 31, 2008 may be obtained on request without charge from the Corporate Secretary of the Corporation at Sun Life Financial Tower, 150 King St. West, Suite 2401, Toronto, ON, M5H 1J9 (telephone 416-364-5171) and are also available electronically under the Corporation's profile at www.sedar.com.

Shareholders are entitled to vote at the Meeting either in person or by proxy. **Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy to Computershare Investor Services Inc. at the address shown on the enclosed envelope by 10:00 a.m. (Toronto time) on May 13, 2009 or at least 48 hours, excluding Saturdays and holidays, prior to any adjournment of the Meeting.**

DATED at Toronto, Ontario, this 14th day of April, 2009.

BY ORDER OF THE BOARD OF DIRECTORS



Peter A.M. Kalins
Corporate Secretary

TABLE OF CONTENTS

PROXY INFORMATION 1	STATEMENT OF CORPORATE GOVERNANCE PRACTICES 34
Solicitation of Proxies 1	Board of Directors 35
Appointment and Revocation of Proxies 1	Position Descriptions 37
Voting and Discretion of Proxies 2	Orientation and Continuing Education 37
Voting Shares and Principal Shareholders..... 2	Ethical Business Conduct 37
MATTERS FOR CONSIDERATION AT THE MEETING..... 2	Governance Committee; Nomination of Directors 38
Presentation of Financial Statements 2	Compensation Committee; Director and Executive Compensation 39
Election of Directors..... 3	Audit Committee 39
APPOINTMENT OF AUDITORS..... 8	Assessments..... 39
2008 SHARE OPTION PLAN..... 8	Share Ownership Guidelines 40
2008 Option Plan 8	Expectations of Management..... 40
Previously Granted Options	SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING 40
Under the 2008 Option Plan 10	AUDIT COMMITTEE CHARTER..... 40
2008 Option Plan Resolution..... 10	ADDITIONAL INFORMATION..... 40
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS 11	CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION 41
STATEMENT OF EXECUTIVE COMPENSATION 11	APPROVAL OF THE BOARD OF DIRECTORS..... 41
Compensation Discussion and Analysis 11	
Executive Compensation Plans –	
Annual Incentive Plans 14	
Executive Compensation Plans –	
Share Option Plans 14	
Executive Compensation Plans –	
Pension and Retirement Savings Plans 18	
Performance Graph..... 20	
Summary Compensation Table..... 21	
Employment Agreements 23	
Incentive Plan Awards 25	
Pension Plan Benefits 26	
Termination and Change of Control Benefits..... 27	
DIRECTOR COMPENSATION..... 29	
Director Compensation Table..... 29	
Director Compensation Plans 30	
Share-based Awards, Option-based Awards and	
Non-equity Incentive Plan Compensation 31	
Indebtedness of Directors and Executive Officers..... 32	
Directors and Officers Liability Insurance 32	
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS..... 33	

TIMMINCO LIMITED

MANAGEMENT INFORMATION CIRCULAR

PROXY INFORMATION

Solicitation of Proxies

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by the management of Timminco Limited (“Timminco” or the “Corporation”) of proxies to be used at the annual general and special meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares of the Corporation (the “Common Shares”) to be held on Friday, May 15, 2009 at 10:00 a.m. (Toronto time) at the Fairmont Royal York Hotel, Imperial Room, 100 Front Street West, Toronto Ontario, Canada, M5J 1E3, and any adjournment thereof, for the purposes set forth in the Notice of Annual General and Special Meeting of Shareholders accompanying this Circular (the “Notice”). While it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation. The cost of this solicitation will be borne by the Corporation. The information in this Circular is as of April 14, 2009 unless otherwise indicated.

Appointment and Revocation of Proxies

The persons named in the accompanying form of proxy are the Chairman of the Board and Chief Executive Officer and the Executive Vice President – Finance and Chief Financial Officer of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons named in the accompanying form of proxy to represent the Shareholder at the Meeting. The Shareholder may exercise this right either by inserting such person’s name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy.** A form of proxy will not be valid unless it is deposited with Computershare Investor Services Inc. at the address shown on the enclosed envelope by 10:00 a.m. (Toronto time) on May 13, 2009 or at least 48 hours, excluding Saturdays and holidays, prior to any adjournment of the Meeting.

Non-registered Shareholders or Shareholders that hold their shares in the name of a “nominee” (such as a bank, trust company, securities broker or other financial institution) (collectively, “Non-Registered Shareholders”) must seek instructions as to how to complete their form of proxy and vote their common shares from their nominee. Non-Registered Shareholders will have received this Circular in a mailing from their nominee, together with a form of proxy or voting instruction form. It is important that Non-Registered Shareholders adhere to the voting instructions provided to them by their nominee. Since the Corporation’s registrar and transfer agent, Computershare Investor Services Inc., does not have a record of the names of the Non-Registered Shareholders, Computershare Investor Services Inc. will have no knowledge of a Non-Registered Shareholder’s right to vote, unless the nominee has appointed the Non-Registered Shareholder as proxyholder. Non-Registered Shareholders that wish to vote in person at the Meeting must insert their name in the space provided on the form of proxy or voting instruction form, and adhere to the signing and return instructions provided by their nominee. By doing so, Non-Registered Shareholders are instructing their nominee to appoint them as proxyholder.

Proxies given by Shareholders for use at the Meeting may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Shareholder or his or her attorney authorized in writing, or, where the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, at the registered office of the Corporation, Sun Life Financial Tower, 150 King Street West, Suite 2401, Toronto, Ontario, Canada, M5H 1J9, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

Voting and Discretion of Proxies

On any ballot that may be called for, the common shares represented by the proxies which are hereby solicited will be voted for or against, or voted for or withheld from voting on, the matters identified in the form of proxy, in each case in accordance with the instructions of the Shareholder. **Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the common shares represented by proxies FOR the matters to be acted on at the Meeting. The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters set out in the Notice and with respect to other matters that may properly come before the Meeting or any adjournment thereof.** As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters that may properly come before the Meeting other than the matters referred to in the Notice, but if any such amendments, variations or other matters are properly brought before the Meeting, the officers of the Corporation named in the accompanying form of proxy will vote thereon in accordance with their best judgement.

Voting Shares and Principal Shareholders

The record date for the determination of Shareholders entitled to receive the Notice and to vote at the Meeting has been fixed at March 31, 2009. As at the date of this Circular, the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 111,455,588 are issued and outstanding, and an unlimited number of Class A and Class B Preference Shares, none of which are issued and outstanding. Each Common Share will carry one vote per share at the Meeting.

As of the date of this Circular, to the knowledge of the directors and officers of the Corporation, the only persons who beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the votes attached to the issued and outstanding Common Shares are as follows:

Shareholder	Number of Common Shares	Percentage of Common Shares
AMG Advanced Metallurgical Group N.V. ⁽¹⁾	56,497,933	50.7%
Sprott Asset Management Inc. ⁽²⁾	18,812,300	16.9%
Fidelity Management & Research Company / FIL Limited ⁽²⁾	15,619,438	14.0%

(1) AMG Advanced Metallurgical Group N.V. (“AMG”) also has an option to acquire additional Common Shares that are issuable upon the conversion of outstanding promissory notes issued by a subsidiary of the Corporation. See below under the heading “Interest of Informed Persons in Material Transactions”.

(2) Amounts represent Common Shares over which the named shareholder exercises control or direction on behalf of fully managed accounts.

MATTERS FOR CONSIDERATION AT THE MEETING

Presentation of Financial Statements

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2008, together with the auditors’ report thereon, which are included in the 2008 Annual Report, will be placed before the Meeting.

Election of Directors

The articles of the Corporation provide that the number of directors shall consist of a minimum of three and a maximum of sixteen, to be elected annually. At the present time, the Board of Directors consists of seven directors. It is currently proposed that seven directors be nominated for election as directors at the Meeting. The individuals nominated for election as directors are set out below. If elected, each individual will serve until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed.

In order to be elected, each director must be approved by a majority of the votes cast in respect of the ordinary resolution to approve the election of the director. However, the Board of Directors has adopted a majority voting policy, which requires that any nominee for director who receives a greater number of votes withheld than for his election shall tender his resignation of the Board of Directors following the Company's annual meeting of Shareholders. This policy applies only to uncontested elections, meaning elections where the number of nominees for director is equal to the number of directors to be elected. The Corporate Governance and Nominating Committee and the Board of Directors shall consider the resignation and whether or not it should be accepted. It is expected that resignations will be accepted except in situations where extenuating circumstances would warrant the applicable director to continue to serve as a board member. The Board of Directors shall disclose their election decision, via news release, within 90 days of the annual meeting. If a resignation is accepted, the Board of Directors may appoint a new director to fill any vacancy created by resignation.

The nominees for election as directors of the Corporation are set out below. If elected, each will serve until the earlier of our next annual meeting or until his or her successor is elected or appointed. The form of proxy permits Shareholders to either vote in favour of, or to withhold the vote for, each of the nominees. **Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the Common Shares represented by proxies FOR the election of each of the nominees whose names are set out below. If, prior to the Meeting, any of these nominees become unavailable to serve as a director for any reason, the persons named in the accompanying form of proxy shall be entitled to vote for any other individual as a director in their discretion.** As at the date of this Circular, management of the Corporation is not aware that any of the proposed nominees will be unavailable to serve as a director.

The following tables set forth the following information for each individual proposed to be nominated for election as a director: (i) name, positions held with the Corporation, municipality of residence and age; (ii) period of service as a director of the Corporation, if any; whether such individual has been determined by the Board of Directors to be independent (see below under the heading "Statement on Corporate Governance Practices"); (iii) the principal occupation, and other biographical information indicating the experience and qualifications to serve as director of the Corporation; (iv) membership on committees of the Board of Directors and attendance at meetings of the Board of Directors and such committees during the year ended December 31, 2008, as applicable; and (v) the number of Common Shares that are beneficially owned or controlled as of the date of this Circular and the number of deferred share units ("DSUs") awarded under the Corporation's Directors' Deferred Share Unit Plan dated as of November 11, 2008 (see the description of such plan below under the heading "Director Compensation Plans") as of March 31, 2009, as well as the total accumulated value of such Common Shares and DSUs (based on the closing price per Common Share on the date of this Circular, namely \$3.41), and the number of Common Shares that are subject to unexercised options granted under the Corporation's Share Option Plan dated as of March 26, 2004 (see the description of such plan below under the heading "Executive Compensation Plans – Share Option Plans") and beneficially owned or controlled as of the date of this Circular. Each individual proposed to be nominated for election as a director of the Corporation has held the principal occupations identified above, or another executive position with the same company or firm, for not less than five years.

<p>Heinz C. Schimmelbusch Chairman of the Board and Chief Executive Officer</p> <p>Paoli, Pennsylvania, United States Age: 64 Director since: April 1, 2003</p> <p>Not Independent</p>		<p>Dr. Schimmelbusch has been Chairman of the Board since he first became a director. He also was Chief Executive Officer of the Corporation from April 2003 to September 2005 and was re-appointed as Chief Executive Officer in August 2007. He has also been Chairman of the Management Board of AMG Advanced Metallurgical Group N.V., a specialty metals and metallurgical vacuum furnace systems producer, since 2006. Dr. Schimmelbusch has more than 30 years of experience in the metals industry. He serves as non-executive Chairman of the Board of a number of companies, including Allied Resource Corporation and PFW Aerospace and is Chairman of the Board for Graphit Kropfmühl AG. Dr. Schimmelbusch is also a Managing Director and a founder of Safeguard International Fund, L.P. In the past, Dr. Schimmelbusch served as Chairman of the Management Board of Metallgesellschaft AG from 1989 to 1993. His directorships have included Allianz Versicherung AG, Mobil Oil AG, Teck Cominco Limited, Methanex Corporation and Norilsk Nickel. Dr. Schimmelbusch received his graduate degree (with distinction) and his doctorate (magna cum laude) from the University of Tübingen, Germany.</p>		
Board and Committee Membership		Meeting Attendance		
Board of Directors		8 of 8	100%	
Common Shares	DSUs	Total Common Shares and DSUs	Value of Common Shares and DSUs	Common Shares subject to Options
211,000 ⁽¹⁾	41,273	252,273	\$860,251	1,300,000

- (1) In addition to these amounts, Dr. Schimmelbusch is a member of the Management Board of AMG which, as at the date of this Circular, holds the number of Common Shares, and an option to acquire Common Shares, as set out above under the heading “Voting Shares and Principal Shareholders”.

<p>John C. Fox Director</p> <p>Falls Church, Virginia, United States Age: 61 Director since: April 28, 2008</p> <p>Independent</p>		<p>Mr. Fox is a Senior Managing Director of Perseus LLC, a private equity fund management company headquartered in Washington, D.C. Prior to joining Perseus in 2000, Mr. Fox was Chief Operating Officer of Ontario Power Generation Inc. (formerly Ontario Hydro), where he was responsible for generation, transmission and other matters for one of the largest electric utilities in North America. He served as Executive Vice President of the Canyon Group, a Los Angeles-based marketing and management consultancy during 1992 and 1993. From 1981 to 1992, Mr. Fox held various management positions with Pacific Gas and Electric Company (PG&E) in San Francisco, California, including Manager, Energy Efficiency Services. He serves as a board member for the Alliance to Save Energy, as well as a board member for Haverfield Aviation and Bright Automotive. During 1992, he served as the Head of the Energy Efficiency Task Force, President Bush’s Commission on Environmental Quality. Mr. Fox is a board member for the following Perseus portfolio companies: NxtPhase T&D Corporation, BPL Global Corporation, Puralube, Inc. and Soft Switching Technologies Corporation. Mr. Fox holds a BS degree in Civil Engineering from the University of Toronto and an MBA degree from McMaster University.</p>		
Board and Committee Membership		Meeting Attendance		
Board of Directors		8 of 8	100%	
Audit Committee ⁽¹⁾		3 of 3	100%	
Corporate Governance and Nominating Committee ⁽¹⁾		1 of 1	100%	
Human Resources, Compensation and Pension Committee ⁽¹⁾		2 of 2	100%	
Common Shares	DSUs	Total Common Shares and DSUs	Value of Common Shares and DSUs	Common Shares subject to Options
Nil	14,231	14,231	\$48,528	Nil

- (1) Mr. Fox was appointed a member of each of the Audit Committee, the Corporate Governance and Nominating Committee, and the Human Resources, Compensation and Pension Committee on May 29, 2008, and continues to be a member of such committee as of the date of this Circular.

John W.W. Hick Director Toronto, Ontario, Canada Age: 59 Director since: n/a Independent		Mr. Hick is President of John W.W. Hick Consultants Inc. He has over 25 years of executive management experience, mainly in the mining industry and, most recently, was the Chief Executive Officer and then Vice Chairman of Rio Narcea Gold Mines, Ltd. from December 2004 to June 2006. From December 2001, he was President and Chief Executive Officer of Defiance Mining Corp. and its predecessor company, Geomaque Explorations Ltd., until it was acquired by Rio Narcea in 2004. Mr. Hick is an independent director of each of the following public companies: Aeroquest International Ltd., First Uranium Corporation, Carpathian Gold Inc., Hudson Resources Inc., Marengo Mining Ltd., Revett Minerals Inc. (where he is Lead Director) and Silver Eagle Mines Inc. (where he is non-executive Chairman of the Board and its independent committee). He received his Bachelor of Laws degree from the University of Ottawa in 1976 and was called to the Bar of Ontario in 1978.		
Board and Committee Membership		Meeting Attendance		
n/a		n/a		n/a
Common Shares	DSUs	Total Common Shares and DSUs	Value of Common Shares and DSUs	Common Shares subject to Options
nil	Nil ⁽¹⁾	nil	nil	nil

- (1) Subject to his election as a director at the Meeting, Mr. Hick will be entitled receive an award of 6,767 DSUs, representing his initial award upon becoming a member of the Board of Directors. See below under the heading “Director Compensation Plans”.

Jack L. Messman Director Weston, Massachusetts, United States Age: 69 Director since: April 1, 2003 Independent ⁽¹⁾		Mr. Messman currently serves as a corporate director. He has also acted as Deputy Chairman of the Supervisory Board of AMG Advanced Metallurgical Group N.V., a specialty metals and metallurgical vacuum furnace systems producer, since 2007. He was Chairman, President and Chief Executive Officer, of Novell, Inc., a publicly traded software company, from 1999 to 2006. Prior to joining Novell, Inc., Mr. Messman served as president and chief executive officer of Cambridge Technology Partners. From 1991 until 1999, Mr. Messman was Chairman and CEO of Union Pacific Resources Company, an independent oil and gas exploration company. He has held numerous other directorships and executive positions, including directorships with the Union Pacific Corporation, Warner Amex Cable Communications, Inc., and MTV Networks, Inc. He is currently a member of the board of directors of Safeguard Scientifics Inc., a NYSE-listed venture capital firm, and Radio Shack Corporation. Mr. Messman received a BS degree in chemical engineering from the University of Delaware, and received his MBA (<i>cum laude</i>) in 1968 from the Harvard School of Business Administration.		
Board and Committee Membership		Meeting Attendance		
Board of Directors		8 of 8		100%
Corporate Governance and Nominating Committee ⁽²⁾		3 of 3		100%
Human Resources, Compensation and Pension Committee		5 of 5		100%
Common Shares	DSUs	Total Common Shares and DSUs	Value of Common Shares and DSUs	Common Shares subject to Options
165,000	15,974	180,974	\$617,121	75,000

- (1) Mr. Messman is deemed to be not independent for the purposes of the Audit Committee, as a result of Mr. Messman’s position as Deputy Chairman of the Supervisory Board of AMG. See below under the heading “Statement of Corporate Governance Practices”.
- (2) Mr. Messman is Chair of the Corporate Governance and Nominating Committee. As such, he also acts as the Lead Director. See the description of this position below under the heading “Statement of Corporate Governance Practices”.

Arthur R. Spector Director Bryn Mawr, Pennsylvania, United States Age: 68 Director since: April 1, 2003 Not Independent		Mr. Spector has been Vice-Chair of the Corporation since March 2004. He was appointed Interim Chief Financial Officer for the period October 2004 to April 2005. He has also been Deputy Chairman of the Management Board of AMG Advanced Metallurgical Group N.V., a specialty metals and metallurgical vacuum furnace systems producer, since 2006. Mr. Spector is also a Managing Director and a founder of Safeguard International Fund, L.P. He has more than 35 years experience in finance and the metals industry, and significant experience as a director, having served as Chairman and Chief Executive Officer for a number of public companies, including State National Bank of Maryland and Neoware, Inc. Mr. Spector received a BS degree (with honours) in economics from the Wharton School at the University of Pennsylvania and a JD degree (magna cum laude) from the University of Pennsylvania Law School.		
Board and Committee Membership		Meeting Attendance		
Board of Directors		8 of 8		100%
Common Shares	DSUs	Total Common Shares and DSUs	Value of Common Shares and DSUs	Common Shares subject to Options
nil ⁽¹⁾	9,821	9,821	\$33,490	930,000

- (1) In addition to these amounts, Mr. Spector is a member of the Management Board of AMG which, as at the date of this Circular, holds the number of Common Shares, and an option to acquire Common Shares, as set out above under the heading "Voting Shares and Principal Shareholders".

Michael D. Winfield Director Long Grove, Illinois, United States Age: 70 Director since: May 26, 2005 Independent		Mr. Winfield currently serves as a corporate director. He retired from the position of President and Chief Executive Officer of UOP LLC (a technology and products supplier to the oil and gas industries) in 2001. He continued to serve as a member of its Board of Managers until 2004. He is a director of the Landauer Corp. (an analytical services company) where he also served as Chairman. He was a director of Metallurg Inc. (a metals company and a subsidiary of AMG Advanced Metallurgical Group N.V.) from 2001 to 2007. He also served as a director of Chicago Bridge and Iron Company (an engineering, procurement and construction company) from 2001 to 2004, and was a member of its Audit Committee. Mr. Winfield earned a Bachelor of Science in Chemical Engineering from Ohio State University, where he is a distinguished alumnus and a member of the College of Engineering Advisory Board. He also has a Master of Business Administration degree from the Executive Program at the University of Chicago.		
Board and Committee Membership		Meeting Attendance		
Board of Directors		8 of 8		100%
Audit Committee		6 of 7		86%
Corporate Governance and Nominating Committee ⁽¹⁾		2 of 3		67%
Human Resources, Compensation and Pension Committee ⁽¹⁾		4 of 5		80%
Common Shares	DSUs	Total Common Shares and DSUs	Value of Common Shares and DSUs	Common Shares subject to Options
nil	13,175	13,175	\$44,927	50,000

- (1) Mr. Winfield was a member of the Corporate Governance and Nominating Committee until May 29, 2008. Mr. Winfield is Chair of the Human Resources, Compensation and Pension Committee.

Mickey M. Yaksich Director Toronto, Ontario, Canada Age: 57 Director since: June 23, 1998 Independent		Mr. Yaksich is a partner and Chief Operating Officer of McMillan LLP (law firm), and practices corporate and income tax law with an emphasis on international investments, financings, transaction structuring and transfer pricing. He is also involved in automotive trade law and policy matters pertaining to the Departments of Finance, Industry and International Trade. In addition to serving firm clients, Mr. Yaksich has acted as special counsel to major corporations in the resource, real estate, aerospace and financial sectors. Mr. Yaksich, who has been a lawyer for over 30 years, received his Bachelor of Laws degree from the University of Toronto.		
Board and Committee Membership		Meeting Attendance		
Board of Directors		8 of 8	100%	
Audit Committee ⁽¹⁾		7 of 7	100%	
Corporate Governance and Nominating Committee		3 of 3	100%	
Common Shares	DSUs	Total Common Shares and DSUs	Value of Common Shares and DSUs	Common Shares subject to Options
nil	29,977	29,977	\$102,222	75,000

(1) Mr. Yaksich is Chair of the Audit Committee.

None of the nominees for director of the Corporation is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (the “order”) while that person was acting in that capacity; or (ii) was subject to an order that was issued after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer in the company being the subject of the order; or (iii) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as follows:

- The Ontario Securities Commission issued a definitive management cease trade order on April 14, 2005, which superseded a temporary management cease trade order dated April 1, 2005, against all the directors and officers of the Corporation at that time in connection with the Corporation’s failure to file its audited financial statements for the year ended December 31, 2004. These management cease trade orders expired on May 2, 2005.
- In 2008, Mr. Hick was a director and non-executive Chairman of the Board of Tamaya Resources Limited, an Australian incorporated and Australian Stock Exchange (“ASX”) listed company, which made a Voluntary Appointment of an Administrator, Ernst & Young (Australia), as a result of becoming insolvent. The reasons for the insolvency are summarized in the Questionnaire and report to the Administrators dated November 14, 2008, as filed with the ASX. As a result of the Voluntary Administration, effective upon the appointment of the Administrators on October 26, 2008, such Administrators immediately assumed all legal power, rights and obligations of the directors of Tamaya and the directors had no legal rights with respect to the administration or management of Tamaya or its assets.

No proposed director of the Corporation has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any laws relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

The articles of the Corporation provide that the Board of Directors may appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided that the total number of directors so appointed may not exceed one third of the number of directors elected

at the previous annual meeting of shareholders. Accordingly, assuming that seven directors are elected at the Meeting, a maximum of two additional directors could be appointed by the directors after the Meeting to hold office until the close of the Corporation's 2010 annual meeting of Shareholders.

APPOINTMENT OF AUDITORS

Shareholders will be asked to approve an ordinary resolution appointing Ernst & Young LLP ("E&Y") as the auditors of the Corporation to hold office until the close of the next annual meeting of the Shareholders at a remuneration to be fixed by the Board of Directors. E&Y has been the Corporation's auditors since November 2007. In order to be effective, this ordinary resolution requires the approval of a majority of the votes cast in respect of the resolution.

Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the common shares represented by proxies FOR the reappointment of the present auditors, Ernst & Young LLP, as auditors of the Corporation until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration.

The fees paid by the Corporation to its auditors in each of the last two fiscal years can be found in the Annual Information Form of the Corporation for the year ended December 31, 2008 (the "Annual Information Form") under the heading "Audit Committee, Charter and Audit Fees - External Auditor Service Fees".

2008 SHARE OPTION PLAN

2008 Option Plan

The Board of Directors adopted the Corporation's 2008 Share Option Plan dated November 11, 2008, as amended and restated on March 12, 2009 (the "2008 Option Plan"). The purpose of the 2008 Option Plan is to enable the Corporation to attract and retain highly experienced and skilled employees, and to provide incentives to such employees to contribute to the long-term growth and success of the Corporation.

The 2008 Option Plan is, in many respects, similar to the Corporation's Share Option Plan dated March 26, 2004, as amended and restated (the "2004 Option Plan"), although different in certain key aspects. The description below highlights these similarities and differences. A summary of the 2004 Option Plan is set out below under the heading "Executive Compensation Plans – Share Option Plans". The 2008 Option Plan would supplement, and not replace, the 2004 Option Plan.

If ratified and approved by the Shareholders at the Meeting, the total number of Common Shares reserved for issuance under the 2008 Option Plan will be 10,000,000 Common Shares, representing approximately 9.0% of the outstanding Common Shares as of the date of this Circular. The current number of Common Shares available for future grants under the 2008 Option Plan is 3,000,000 Common Shares, representing 2.7% of the outstanding Common Shares as of the date of this Circular. The maximum number of Common Shares subject to outstanding options is 7,000,000 Common Shares, representing 6.3% of the outstanding Common Shares as of the date of this Circular.

If the 2008 Option Plan is ratified and approved by the Shareholder at the Meeting, the aggregate number of Common Shares reserved for issuance under all share compensation arrangements of the Corporation, including those reserved for issuance under the 2008 Option Plan and the 2004 Option Plan, is 18,313,175, representing approximately 16.6% of the total issued and outstanding number of Common Shares as of the date of this Circular.

Options are granted at the discretion of the Board of Directors or the Human Resources, Compensation and Pension Committee. Any officer or employee of the Corporation or its affiliates is eligible to participate in the 2008 Option Plan. Directors of the Corporation, in their capacity as such, are not eligible to participate in the 2008 Option Plan.

The aggregate number of Common Shares in respect of which options have been granted shall not, when taken together with all of the Corporation's security based compensation arrangements (including the 2004 Option Plan and the 2008 Option Plan), result in (i) the number of Common Shares reserved for issuance to insiders pursuant to options exceeding 10% of the issued and outstanding Common Shares; (ii) the issuance to insiders pursuant to options, within a one-year period, of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares; or (iii) the issuance to any one recipient, within a one-year period, of a number of Common Shares exceeding 5% of the number of issued and outstanding Common Shares, in each case calculated on a non-diluted basis and for the purposes of (ii) and (iii) above the number of issued and outstanding Common Shares shall exclude Common Shares issued pursuant to the Corporation's security based compensation arrangements during the preceding one-year period. The 2004 Option Plan contains these same limits. A summary of the 2004 Option Plan is set out below under the heading "Executive Compensation Plans – Share Option Plans". Notwithstanding the foregoing, these limits may be exceeded, provided that: (x) all necessary regulatory and Shareholder approvals have been obtained no later than the next following annual meeting of Shareholders; and (y) no Common Shares may be issued in respect of options granted prior to such approvals.

Options are granted under the 2008 Option Plan in the same manner, and with the same limitations and requirements in respect of the exercise price, as under the 2004 Option Plan. A summary of the 2004 Option Plan is set out below under the heading "Executive Compensation Plans – Share Option Plans".

Options are only exercisable to the extent they are vested. Unlike the 2004 Option Plan, however, the 2008 Option Plan provides for a nine-year vesting schedule for options granted thereunder, with one half of the number of Common Shares subject to the option becoming exercisable only after the fifth anniversary date of the grant, and one eighth becoming exercisable on each of the sixth, seventh, eighth and ninth anniversary dates of the date of grant. Also, options granted under the 2008 Option Plan expire no later than ten years after the date of grant. The Board of Directors believes that such longer vesting schedule and exercise period further enhances the retention of key employees and provides further incentives to contribute to the long-term growth and success of the Corporation, as compared to options granted under the 2004 Option Plan.

Unlike the 2004 Option Plan, options granted under the 2008 Option Plan become fully vested and exercisable in the event of a termination of employment due to death, permanent disability, or in the event of a termination of employment other than for cause. This difference is in recognition of the significantly longer vesting schedule for options granted under the 2008 Option Plan, relative to the 2004 Option Plan. The following table sets out the entitlements of option holders under the 2008 Option Plan upon the occurrence of these events:

Reasons for Termination	Vesting after Termination	Exercisability after Termination
Termination of employment for any reason other than as set out below	Options do not continue to vest after the date of termination.	Options that were exercisable on date of termination may be exercised for six months after the date of termination (but not longer than the original exercise period of the option).
Death; termination due to permanent disability; or termination of employment other than for "cause" or "serious reason".	Options vest in full and become immediately exercisable.	Options are exercisable for twelve months after the termination date (but not longer than the original exercise period of the option).

In addition, option holders under the 2008 Option Plan have the same entitlements as option holders under the 2004 Option Plan upon the occurrence of a Change of Control. The definition of "Change of Control" is the same for each of the 2008 Option Plan and the 2004 Option Plan. See the description and definition above under the heading "Amendments to the 2004 Share Option Plan".

Similar to the 2004 Option Plan, if an option granted under the 2008 Option Plan expires during, or within five business days after, a trading blackout period, the option shall expire ten business days after the trading blackout period is lifted. Options granted under the 2008 Option Plan are also transferrable in the same manner as under the 2004 Option Plan. Shareholder approval would be required to amend the 2008 Option Plan in the same circumstances as would be required for the 2004 Option Plan. Similarly, the discretionary authorities of the Board

of Directors upon the occurrence of a “Corporate Event” under the 2004 Option Plan are the same under the 2008 Option Plan. A summary of the 2004 Option Plan is set out below under the heading “Executive Compensation Plans – Share Option Plans”.

The Corporation does not provide financial assistance to participants in connection with the exercise of options granted under the 2004 Option Plan. The 2004 Option Plan does not include any provision for stock or share appreciation rights.

The 2008 Option Plan has been conditionally approved by the Toronto Stock Exchange, subject to Shareholder approval and receipt of standard documentation.

Previously Granted Options Under the 2008 Option Plan

Concurrently with the adoption of the 2008 Option Plan, the Board of Directors granted to Mr. Boisvert, President and Chief Executive Officer of Bécancour Silicon Inc. (“BSI”) and President – Silicon of the Corporation, an option to purchase 5,000,000 Common Shares, and to Mr. Dominic Leblanc, Metallurgical Engineer, R&D of BSI, an option to purchase 2,000,000 Common Shares, in each case at an exercise price of \$7.64 per Common Share, pursuant to the 2008 Option Plan (the “Previously Granted 2008 Options”). Such grants are conditional upon receipt of all applicable regulatory approvals and ratification and approval by Shareholders at the Meeting of the 2008 Option Plan.

Mr. Boisvert is also an insider of the Corporation, for the purposes of the 2008 Option Plan and the 2004 Option Plan, and currently holds options to purchase 400,000 Common Shares granted to him under the 2004 Option Plan, the most recent of which were granted in January 2007. The number of Common Shares granted to Mr. Boisvert under the 2008 Option Plan, together with such outstanding options granted to him under the 2004 Option Plan, is 5,400,000 Common Shares in the aggregate, representing 4.8% of the outstanding Common Shares as of the date of this Circular. The aggregate number of Common Shares issuable pursuant to options granted to all other insiders of the Corporation (excluding Mr. Boisvert) pursuant to both the 2004 Option Plan and the 2008 Option Plan is 3,600,900 Common Shares, representing 3.2% of the outstanding Common Shares as of the date of this Circular. The aggregate number of Common Shares issuable pursuant to options granted to all insiders of the Corporation (including Mr. Boisvert) pursuant to both the 2004 Option Plan and the 2008 Option Plan is 9,000,900 Common Shares, representing 8.1% of the outstanding Common Shares as of the date of this Circular.

Each of the 2008 Option Plan and the 2004 Option Plan prescribe limits on the number of Common Shares that may be subject to options granted to insiders, both in respect of outstanding options and options exercised within a one-year period, and on the number of Common Shares that may be subject to options exercised to any one individual within a one-year period, as such limits are described above under the heading “2008 Option Plan”. Shareholders are being requested to ratify and approve the issuance of Common Shares pursuant to the Previously Granted 2008 Options, in conjunction with the ratification and approval of the 2008 Option Plan.

2008 Option Plan Resolution

Shareholders will be asked at the Meeting to consider and, if thought fit, to adopt the following ordinary resolution (the “2008 Option Plan Resolution”) to ratify and approve the 2008 Option Plan, as described above:

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the 2008 Option Plan as described in the management information circular of the Corporation dated April 14, 2009, be and are hereby ratified and approved; and
2. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents, agreements and instruments as are necessary or desirable to give effect to the foregoing resolution, and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters

authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such acts or things.”

The 2008 Option Plan Resolution must be passed, with or without amendment, by not less than a majority of votes cast by Shareholders who vote in person or by proxy in respect of the 2008 Option Plan Resolution at the Meeting. No shareholders are excluded from voting in respect of the 2008 Option Plan

The Board of Directors believes that the 2008 Option Plan Resolution is in the best interests of the Shareholders and therefore UNANIMOUSLY RECOMMENDS that Shareholders vote FOR and in favour of the 2008 Option Plan Resolution. Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the common shares represented by proxies FOR and in favour of the 2008 Option Plan Resolution, as it may be amended at the Meeting, to ratify and approve the 2008 Option Plan.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table discloses the equity compensation plan information of the Corporation as of December 31, 2008.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by securityholders ⁽¹⁾	4,349,000	\$2.68	2,983,175
Equity compensation plans not approved by securityholders ⁽²⁾	7,000,000	\$7.64	3,000,000
Total	11,349,000	\$5.74	5,983,175

(1) These amounts relate to options granted and Common Shares available for issuance pursuant to the 2004 Option Plan. See the description below under the heading “Executive Compensation Plans – Share Option Plans”.

(2) These amounts relate to options granted and Common Shares available for issuance pursuant to the 2008 Option Plan. See the description above under the heading “2008 Share Option Plan”.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Corporation’s overall policy regarding compensation of the executive officers is structured to provide competitive salary levels and compensation incentives that support both the short-term and long-term goals of the Corporation, attract and retain suitable and qualified executive management, and establish a compensation framework that is industry competitive. The Corporation’s executive compensation programs have been designed to accomplish the following specific goals and objectives:

- Retain the services of proven executives; their experience and expertise are an important foundation upon which future profit and shareholder value will be built;
- Reward individuals for their contribution to the overall success of the Corporation, and for successfully achieving objectives in their own area of responsibility;

- Connect the long-term interests of each executive officer with the shareholders' desire to achieve a superior level of investment return; and
- Attract outstanding executive candidates to the Corporation who are able to deliver superior management skills.

The Corporation aims to place executive compensation within the top quartile of compensation levels among leading Canadian companies in the materials and heavy manufacturing market segment, which is the industry in which the Corporation is most likely to compete for executive management talent.

Executive compensation matters are reviewed and approved by the Human Resources, Compensation and Pension Committee of the Board of Directors (the "Compensation Committee"). See a description of the composition and responsibilities of the Compensation Committee below under the heading "Statement of Corporate Governance Practices".

The Corporation's executive compensation for the year ended December 31, 2008 consisted of three primary components: base salary, annual bonus payments and option grants, which are described below.

Base Salaries

Base salaries of executive officers are reviewed and adjusted annually to ensure they remain competitive within the industry in which the Corporation operates. The Compensation Committee considers information drawn from a variety of sources, including proxy statements and information circulars of public companies of comparable size and complexity, and survey data and advice provided by external compensation consultants. Criteria included in the determination of salary levels include each individual's experience level, the scope and complexity of the position held, and salaries being paid for similar positions at other Canadian companies in the materials and heavy manufacturing market segment.

Annual Bonuses

The Corporation awards bonuses to executive officers who contribute substantially to the success of the Corporation. Executive officers whose functions have a significant and recurring impact on the profitability of the Corporation or division or subsidiary thereof are eligible to receive annual discretionary bonus awards, which are typically based on a targeted level that is usually expressed as a percentage of salary, and their individual performance and the performance of the Corporation as a whole. The Compensation Committee considers and approves the awarding and payment of discretionary bonuses to executive officers.

The Compensation Committee approved the payment of bonuses to executive officers in respect of the year ended December 31, 2008, principally on the basis of targeted bonus levels for each individual, which were expressed as a percentage of base salary with such percentage being within a range recommended by the Corporation's external compensation consultants. In addition, during 2008 the Compensation Committee reviewed and approved the creation of an annual profit participation plan for its silicon business executives, which became effective starting with the year ended December 31, 2008, as well as a bonus program for its magnesium business employees for the year ended December 31, 2008. See the description of such plan and program below under the heading "Executive Compensation Plans – Annual Incentive Plans".

Payment of all annual bonuses earned by the Corporation's non-union employees, including the Named Executive Officers, as well as entitlements under the annual profit participation plan for its silicon business executives, in respect of the 2008 year has been deferred by the Corporation, pending further review and determination by the Compensation Committee later in 2009. This deferral program was implemented by the Corporation as a temporary measure to mitigate risks and uncertainties associated with the rapid deterioration of the global economy in the first quarter of 2009.

Options

Options to purchase Common Shares are granted from time to time to executive officers and other key employees of the Corporation and its subsidiaries, under the 2004 Option Plan and the 2008 Option Plan (collectively, the “Share Option Plans”). Options serve to link the interests of executive officers to one another, thereby rewarding teamwork, and the number of Common Shares subject to options granted, in aggregate, to executive officers and other key employees reflects the Board of Director’s opinion of the degree to which each individual has the capacity to influence the Corporation’s financial results. This component of compensation links executive officer’s actions directly to the development of long-term shareholder value. For a description of the Share Option Plans, see below under the heading “Executive Compensation Plans – Share Option Plans”.

The Board of Directors has delegated to the Compensation Committee the authority to administer the Share Option Plans and to grant options thereunder. The Compensation Committee is comprised of independent members of the Board of Directors.

The Chief Executive Officer receives input and recommendations from time to time from other executive officers of the Corporation in respect of individuals who should be considered for an option grant, and presents such proposed option grants from time to time to the Compensation Committee. The Compensation Committee considers such recommendations and, if deemed appropriate, approves the option grants at duly constituted meetings of the Compensation Committee or through unanimous written resolutions of the Compensation Committee. Previous grants of options are taken into account when considering new grants of options. The Chief Executive Officer also considers the recommendations of the Corporation’s external compensation consultants, to ensure that the size and value of option grants to executive officers and other key employees are appropriate. Option grants for the Chief Executive Officer are considered by the Compensation Committee, and recommended for approval by the Board of Directors. Any full-time officer or employee of the Corporation or its affiliates is eligible to participate in the Share Option Plans.

The Chief Executive Officer also receives input and recommendations from time to time from executive officers of the Corporation in respect of proposed amendments to the Share Option Plans, which are also submitted to and duly considered by the Compensation Committee from time to time and, if appropriate, presented to the Board of Directors and to the Shareholders for approval, as applicable.

Compensation of the Chairman of the Board and Chief Executive Officer

The Compensation Committee is responsible for reviewing and making recommendations to the Board of Directors in respect of the compensation of directors, including the Chairman of the Board. The Compensation Committee is also responsible for evaluating the Chief Executive Officer’s performance in light of achievement of the Corporation’s goals and objectives, and making recommendations to the Board of Directors with respect to the Chief Executive Officer’s compensation level. During 2008, the Compensation Committee performed such review and evaluation in respect of Dr. Schimmelbusch’s performance and compensation for each of these roles, with input and advice from external compensation consultants, and also taking into consideration the unique nature of his position as the chief executive officer for both the Corporation and AMG. On this basis, the Compensation Committee recommended, and the Board of Directors approved, to increase his annual retainer as Chairman of the Board from \$25,000 to \$200,000 and his annual base compensation as Chief Executive Officer from nil to \$200,000, with a grant of an option to purchase 300,000 Common Shares under the 2004 Option Plan. However, the Compensation Committee did not award any annual cash bonus to Dr. Schimmelbusch for the year ended December 31, 2008.

Dr. Schimmelbusch has voluntarily and symbolically reduced his annual base compensation as Chief Executive Officer by 50%, to \$100,000, effective as of May 1, 2009. Future adjustments to Dr. Schimmelbusch’s compensation will be reviewed and considered by the Compensation Committee.

Bécancour Incentive Compensation Arrangements

In November 2008, the Corporation approved new incentive compensation arrangements for executives and other key employees of its silicon business, including Bécancour Silicon Inc. (“BSI”). These arrangements are intended to reward participants for contributions to the success of the solar grade silicon product line, to provide incentive for participants to maximize the profitability and future value of the silicon business, and to provide a significant long-term retention incentive for important personnel. These incentive compensation arrangements have two principal components: an annual profit participation plan and grants of options to purchase Common Shares. See the description of such plan below under the heading “Executive Compensation Plans – Annual Incentive Plans”. Options were granted, subject to ratification by Shareholders of the 2008 Option Plan, at the current fair market value of Common Shares, and have a nine-year vesting schedule with 50% becoming exercisable only after the fifth anniversary of the grant date and expire ten years after the date of grant. See the description of such options above under the heading “2008 Share Option Plan and Options”. Mr. Boisvert, an executive officer of the Corporation, is one of the initial participants in these new incentive compensation arrangements, which were approved by the Compensation Committee and the Board of Directors. Mr. Boisvert’s participation in these arrangements is in addition to other executive compensation plans or awards.

Mr. Boisvert has voluntarily reduced his annual salary by 15%, to \$297,500, effective as of May 1, 2009. This percentage reflects the after-tax reduction in wages to be incurred by the hourly employees of BSI during the temporary suspension of silicon metal productions at the Bécancour facilities, as announced on March 17, 2009. Future adjustments to Mr. Boisvert’s salary will be reviewed and considered by the Compensation Committee.

Executive Compensation Plans – Annual Incentive Plans

Bécancour Profit Participation Plan

Bécancour Silicon Inc., a wholly-owned subsidiary of the Corporation (“BSI”), adopted the Bécancour Silicon Inc. 2008 Profit Participation Plan on November 11, 2008 (the “Bécancour Profit Participation Plan”), which provides for an annual cash payment to each participant of an amount equal to the designated percentage for such participant, multiplied by the amount by which BSI’s annual earnings before interest and taxes (“EBIT”) exceeds a certain minimum threshold, starting with the 2008 calendar year, and subject to certain adjustments. Initially, such minimum EBIT threshold has been set at \$17 million, which represents a normalized EBIT for the silicon metal production operations of BSI, and therefore rewards participants for the growth in earnings attributable to the solar grade silicon purification operations. Mr. Boisvert is currently the sole initial participant of the Bécancour Profit Participation Plan, with a designated percentage of five percent. A portion of Mr. Boisvert’s annual entitlement is subject to additional conditions and subjective, non-financial performance goals or objectives, which are determined on an annual basis by the Chief Executive Officer and reviewed by the Compensation Committee. A participant ceases further entitlements to annual cash payments upon termination of employment for any reason. The minimum EBIT threshold, as well as other parameters of the Bécancour Profit Participation Plan may be adjusted periodically or upon the occurrence of certain material changes affecting BSI. The Compensation Committee administers the Bécancour Profit Participation Plan.

Magnesium Bonus Program

The Corporation adopted a special, one-year bonus program for the international and U.S.-based employees of its magnesium business, which set goals designed to reward employees for maximizing operating income for this business during 2008. None of the Named Executive Officers participated in this bonus program.

Executive Compensation Plans – Share Option Plans

The Share Option Plans are the Corporation’s only compensation plans providing for the issuance of securities of the Corporation as compensation.

The number of Common Shares that are subject to issuance upon the exercise of options granted under each Share Option Plan, and the number of additional Common Shares that are available for future option grants under

each Share Option Plan, are set forth above under the heading “Securities Authorized for Issuance under Equity Compensation Plans”.

2004 Option Plan

A summary of the 2004 Option Plan is set out below.

The 2004 Option Plan was originally adopted by the Board of Directors on March 26, 2004, and has been amended and restated at various times since then, including pursuant to resolutions of the Board of Directors on March 12, 2009. These most recent amendments to the 2004 Option Plan, which are identified below, have been conditionally approved by the Toronto Stock Exchange (“TSX”), subject to receipt of standard documentation. These amendments do not require approval of Shareholders, pursuant to the requirements of the TSX and the provisions of the 2004 Option Plan.

The number of Common Shares reserved for issuance and available for purchase pursuant to options under the 2004 Option Plan is 8,313,175 Common Shares, representing 7.6% of the outstanding Common Shares as of the date of this Circular. The current number of Common Shares available for future grants under the 2004 Option Plan is 2,762,275 Common Shares, representing 2.5% of the outstanding Common Shares as of the date of this Circular. The maximum number of Common Shares subject to outstanding options is 4,569,900 Common Shares, representing 4.1% of the outstanding Common Shares as of the date of this Circular.

Options are granted at the discretion of the Board of Directors or the Compensation Committee. Any director, officer or employee of the Corporation or its affiliates is eligible to participate in the 2004 Option Plan. However, in connection with the implementation of the DSU Plan as described below under the heading “Director Compensation Plans”, the Board of Directors has determined that no further options would be granted to directors.

The aggregate number of Common Shares in respect of which options have been granted shall not, when taken together with all of the Corporation’s security based compensation arrangements (including the 2004 Option Plan and the 2008 Option Plan), result in (i) the number of Common Shares reserved for issuance to insiders pursuant to options exceeding 10% of the issued and outstanding Common Shares; (ii) the issuance to insiders pursuant to options, within a one-year period, of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares; or (iii) the issuance to any one recipient, within a one-year period, of a number of Common Shares exceeding 5% of the number of issued and outstanding Common Shares, in each case calculated on a non-diluted basis and for the purposes of (ii) and (iii) above the number of issued and outstanding Common Shares shall exclude Common Shares issued pursuant to the Corporation’s security based compensation arrangements during the preceding one-year period. Notwithstanding the foregoing, these limits may be exceeded, provided that: (x) all necessary regulatory and Shareholder approvals have been obtained no later than the next following annual meeting of Shareholders; and (y) no Common Shares may be issued in respect of options granted prior to such approvals.

The Board of Directors or the Compensation Committee, as applicable, determines at the date of grant of the option the exercise price for each Common Share that may be purchased on the exercise of such option, which price shall not be less than the closing board lot sale price per share of Common Shares on the Toronto Stock Exchange on the trading day prior to the date of grant, provided that if there was not a board lot sale thereon on such date of grant then the immediately preceding board lot sale price per share on such exchange, provided that if there has not been a board lot sale on the Toronto Stock Exchange within a period of two trading days prior thereto then the average of the mean between the bid and ask prices per share of the common shares on such exchange on each of the five trading days prior to such date.

Options are only exercisable to the extent they are vested. The 2004 Option Plan provides for a four-year vesting schedule for options, with one quarter of the number of Common Shares subject to the option becoming exercisable on each of the first, second, third and fourth anniversary dates of the date of grant. Options are considered to be exercised only upon the Corporation’s receipt of written notice of exercise addressed to the Corporate Secretary and payment in full of the aggregate exercise price for the number of Common Shares in respect of which the option is being exercised.

The Board of Directors or the Compensation Committee, as applicable, is entitled to determine at the date of grant of the option, the term of the option, provided that no option shall be exercisable for a period of more than seven years from the date of grant.

Entitlements of option holders under the 2004 Option Plan terminate upon the events and in the manner as set out in the table below:

Reasons for Termination	Vesting after Termination	Exercisability after Termination
Termination of director, officer or employee by reason of death	Options do not continue to vest after the date of death.	Options are exercisable until the first anniversary of the date of death (but not longer than the original exercise period of the option).
Termination of officer or employee by reason of retirement	Options do not continue to vest after the date of retirement.	Options are exercisable until the earlier of the third anniversary of the date of retirement and the first anniversary of the date of death if occurring after the date of retirement (but not longer than the original exercise period of the option).
Termination of officer or employee, including by reason of resignation, within six months following a Change of Control, as defined below ⁽¹⁾	Options vest in full and become immediately exercisable effective upon the termination date.	Options are exercisable for twelve months after the termination date (but not longer than the original exercise period of the option).
Termination of officer or employee by reason of resignation ⁽¹⁾	Options do not continue to vest after the termination date.	Options that have vested are exercisable for 90 days following the termination date (but not longer than the original exercise period of the option).
Termination of officer or employee for any reason other than death, retirement or cause	Options continue to vest during any severance period agreed to by the employee and the Corporation or an affiliate of the Corporation upon termination of employment, to a maximum of one year from the date of termination. If no such severance period has been agreed upon, options do not continue to vest after the termination date.	Options that have vested are exercisable until the end of any severance period agreed to by the employee and the Corporation or an affiliate of the Corporation upon termination of employment, to a maximum of one year from the date of termination, subject to any determination by the Board of Directors or the Compensation Committee in respect of any other period, provided it is not longer than five years from the date of termination (and not longer than the original exercise period of the option).
Termination of officer or employee for cause	Options do not continue to vest after the termination date.	Options cease to be exercisable immediately upon termination of employment.
Termination of director for any reason other than death	Options do not continue to vest after the termination date, provided that the Board of Directors or the Compensation Committee may determine that all options held by such director are fully vested or vest pursuant to a specified vesting schedule.	Options that have vested are exercisable until the earlier of the third anniversary of the date of ceasing to be a member of the Board of Directors and the first anniversary of the date of death if occurring after the date of retirement.

(1) These provisions constitute amendments to the 2004 Option Plan as approved by the Board of Directors on March 12, 2009.

If an option expires during, or within five business days after, a trading blackout period imposed by the Corporation to restrict trades in the Corporation's securities, then, notwithstanding any other provision of the Share Option Plan, the option shall expire ten business days after the trading blackout period is lifted by the Corporation.

Following a Change of Control of the Corporation, option holders under the 2004 Option Plan have the entitlements summarized in the table above in the event of a termination of their employment following such event. In addition, the Board of Directors has the discretionary authority to determine whether to allow any unexercised options to become vested upon or following a Change of Control, whether or not there has been a termination of employment of an option holder following such event. For these purposes, a "Change of Control" is defined in the 2004 Plan as the occurrence of any of the following:

- a person, or any such person and any person acting jointly or in concert with such person (within the meaning of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* (as amended) or any successor legislation thereto ("MI 62-104")), acquires beneficial ownership of, or the power to exercise control or direction over, voting or equity securities of any class of the Corporation that, together with such person's securities of that class, would constitute 50% or more of the outstanding securities of that class, other than any reacquisition by AMG Advanced Metallurgical Group N.V. and/or its affiliates ("AMG") and/or by persons acting jointly or in concert with AMG, of beneficial ownership or control over 50% or more of the outstanding Common Shares following any decrease in AMG's beneficial ownership or control over 50% or more of the outstanding Common Shares as a result of the issuance of Common Shares by the Corporation;
- the approval by the shareholders of the Corporation of a plan or agreement providing for: (1) a merger, consolidation or amalgamation of the Corporation other than with a wholly-owned subsidiary and other than a merger, consolidation or amalgamation that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the continuing entity) 50% or more of the combined voting power of the voting securities of the Corporation or such continuing entity outstanding immediately after such merger, consolidation or amalgamation; (2) a sale, exchange or other disposition of all or substantially all of the assets of the Corporation, other than as provided below in respect of Bécancour Silicon Inc. ("BSI"); or (3) the liquidation or dissolution of the Corporation;
- an event resulting in the Corporation owning less than a 50% beneficial ownership of voting or equity securities of Bécancour Silicon Inc. ("BSI"), other than a reorganization, arrangement, or other transaction that results in the wind-up, liquidation, sale of all or substantially all of the assets of BSI, amalgamation or merger of BSI, in all cases to, into or with the Corporation or AMG;
- a decrease in the number of Common Shares that are directly or indirectly beneficially owned or controlled by AMG and/or any person acting jointly or in concert with AMG, to less than 40% of the outstanding Common Shares, but excluding a decrease to less than 40% resulting from the issuance of Common Shares by the Corporation to persons other than AMG and/or persons acting jointly or in concert with AMG, unless clauses (i) or (ii) above apply as a result of such issuance of Common Shares; or
- such other event or events as the Board of Directors may determine from time to time to be a "Change of Control" in its sole discretion.

Except as described below, an option is personal to the option holder and is non-transferable and non-assignable, other than by will or the laws relating to intestacy. Notwithstanding the foregoing, an option holder may transfer an option to any of the following permitted assigns: (i) the recipient's family member, (ii) a trustee, custodian or administrator acting on behalf of or for the benefit of the recipient or the recipient's family member, (iii) a personal holding corporation, partnership, trust or other entity controlled by the recipient or the recipient's family member, or (iv) a registered retirement income fund or a registered retirement savings plan (as each such term is defined in the *Income Tax Act* (Canada)) of the recipient or the recipient's family member. The 2004 Option Plan defines "family member" as a spouse, parent, child, grandchild, sibling, mother or father-in-law, son or

daughter-in-law and brother or sister-in law of the option holder or any relative of the option holder that resides in the same home as the option holder.

Shareholder approval is required to amend the 2004 Option Plan to: (a) increase the number of Common Shares reserved for issuance under the Share Option Plan (including a change from a fixed maximum number of Common Shares to a fixed maximum percentage of Common Shares); (b) change the manner of determining the exercise price so that the exercise price is less than the market price of the Common Shares on the date of grant; or (c) increase the aggregate number of Common Shares in respect of which options have been granted and remain outstanding so that such number of Common Shares, when taken together with all of the Corporation's security based compensation arrangements, at any time results in: (i) the number of Common Shares reserved for issuance to insiders pursuant to options exceeding 10% of the issued and outstanding Common Shares; or (ii) the issuance to insiders pursuant to options, within a one-year period, of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares (excluding Common Shares issued pursuant to security based compensation arrangements during the preceding one-year period). In addition, Shareholder approval is required to amend options granted under the 2004 Option Plan to: (a) reduce the exercise price, or cancel and reissue options so as to in effect reduce the exercise price, for the benefit of insiders of the Corporation; or (b) extend the termination date beyond the original expiration date for the benefit of insiders of the Corporation, except in certain circumstances where the Corporation has imposed a trading blackout, as described above. Subject to these restrictions, the Board of Directors may, in its discretion and without obtaining Shareholder approval, amend, suspend or discontinue the 2004 Option Plan, and amend or discontinue any options granted under the 2004 Option Plan, at any time, including to effect certain specified changes to the 2004 Option Plan.

The 2004 Option Plan provides that, in the event of a reconstruction, reorganization or recapitalization of the Corporation, or its consolidation, amalgamation or merger into or with another corporation, or the sale of all or substantially all of the assets of the Corporation, or the entering into by the Corporation of an arrangement or other form of business combination with any other person or entity or a subdivision, consolidation, reclassification or other change of or affecting the Common Shares, or the issue of further securities as a share dividend (any of the foregoing being a "Corporate Event"), the Board of Directors may determine that, in order to preserve as nearly as may be possible the original scope and intent of the 2004 Option Plan, the options should thereafter cover a different class and/or number of shares and/or should be exercisable at a different option price per share. The Board of Directors could, in the alternative, determine in a fair and equitable manner the manner in which all unexercised options granted under the 2004 Option Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such options, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such options. A Corporate Event could occur as a result of or in connection with a Change of Control; however, a Change of Control will not always trigger or constitute a Corporate Event.

The Corporation does not provide financial assistance to participants in connection with the exercise of options granted under the 2004 Option Plan. The 2004 Option Plan does not include any provision for stock or share appreciation rights.

2008 Option Plan

A summary of the 2008 Option Plan, which is subject to ratification and approval by Shareholders at the Meeting, is set out above under the heading "2008 Share Option Plan".

Executive Compensation Plans – Pension and Retirement Savings Plans

Timminco Group RRSP and Retirement Savings Plan

The Corporation sponsors a group registered retirement savings plan (the "Timminco Group RRSP") and a non-registered retirement savings plan (the "Timminco Retirement Savings Plan") for all of its Canadian resident employees, excluding employees of Bécancour Silicon Inc. Under the Timminco Group RRSP, the Corporation contributes to each employee's account an amount equal to a certain percentage of such employee's salary, ranging from 3% to 5% based on the length of service, starting after the first year of service. The Corporation also contributes to each employee's account an additional amount equal to 80% of such employee's contributions, up to a maximum of 4% of such employee's salary. Employees may elect at any time to have such contributions re-directed

to their account under the Timminco Retirement Savings Plan. Messrs Dietrich and Rayner are participants in these plans, although Mr. Rayner will not be eligible to receive contributions until the end of his first year of service.

Bécancour Non-Union Pension Plan, Group RRSP and NRGRSP

BSI sponsors a contributory defined benefit pension plan for all of its non-unionized employees (the “Bécancour Non-Union Pension Plan”), including Mr. Boisvert. The Bécancour Non-Union Pension Plan provides, for each year of credited service (to a maximum of 35 years), a pension payable at age 65 based on the following formula: the annual pension is equal to 1.2% of the average earnings up to the average maximum earnings covered by the Québec Pension Plan (“YMPE”), plus 1.85% of the average earnings in excess of the average YMPE. “Earnings” excludes bonuses, overtime, commissions and any other compensation not recognized by the subsidiary. “Average Earnings” is defined as the highest average earnings over a period of three calendar years in the period of ten years of credited service preceding retirement. The annual pension is limited to the maximum allowed in 2008 under the Bécancour Non-Union Pension Plan, which is \$2,333 per year of credited service. The maximum allowed will increase to \$2,444 in 2009. Employees must contribute annually 3% of their earnings below the YMPE (excluding the basic exemption under the Québec Pension Plan) and 4.8% of their earnings above the YMPE (including the basic exemption under the Québec Pension Plan).

Members of the Bécancour Non-Union Pension Plan may retire as early as age 55. The pension is unreduced and bridge benefits are payable when certain conditions are met: age 58 and rule of 80, or age 60. The bridge is equal to 0.65% of the average YMPE for each year of credited service. An additional bridge benefit is provided to members between age 58 and 60 and is equal to 0.40% of the average YMPE for each year of credited service. When the conditions are not met, a reduced lifetime pension, without bridge benefits, is payable. The Bécancour Non-Union Pension Plan provides benefits in case of termination of employment and in case of death.

The Bécancour Non-Union Pension Plan is subject to the requirements of the Québec pension legislation and is registered under the *Income Tax Act* (Canada) (“ITA”) with the Canada Revenue Agency.

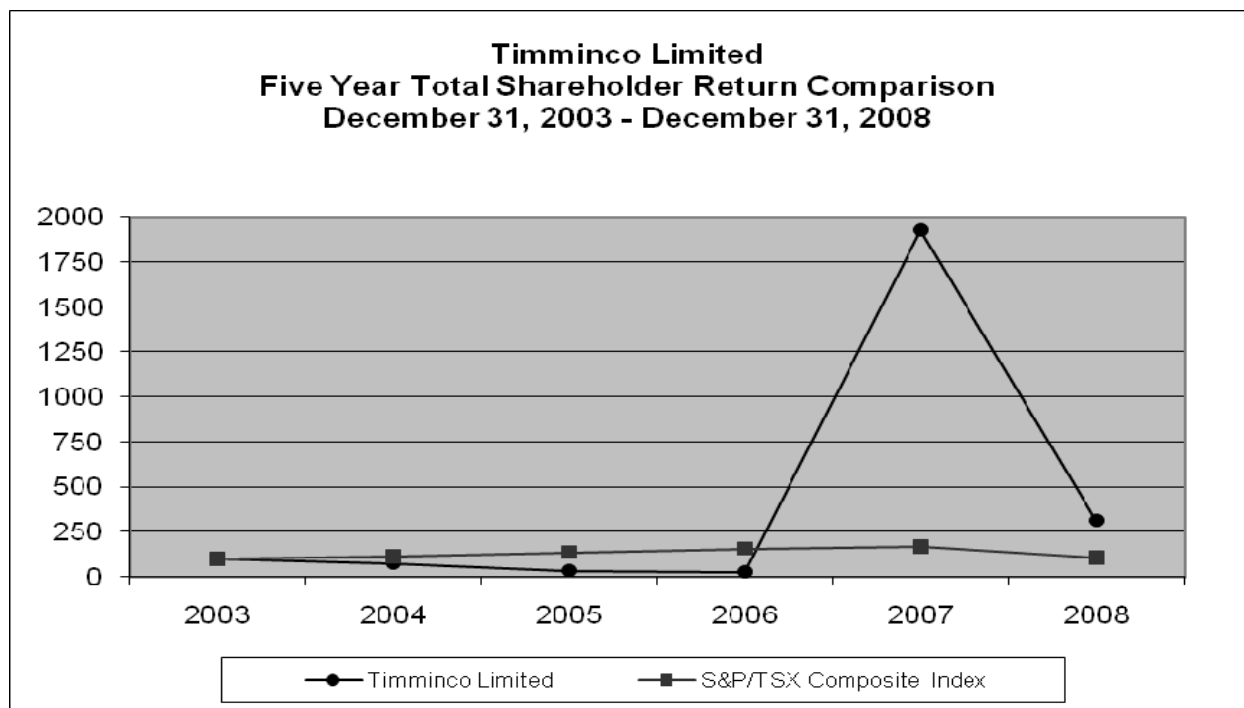
BSI also sponsors a non-contributory group registered retirement savings plan (the “Bécancour Group RRSP”), whereby the employee’s account is credited 3.0% of his pensionable earnings. The employee directs the contributions to various investment options offered by the plan administrator. At retirement, the employee has various options to convert the value of his account into additional income during retirement. The Bécancour Group RRSP is registered under the ITA and is not subject to the Québec pension legislation.

BSI also sponsors a non-contributory non-registered group retirement savings plan (the “Bécancour NRGRSP”). Any required employer contributions in accordance to the Bécancour Group RRSP that cannot be remitted in the employee’s group RRSP account due to ITA limitations are remitted to the employee’s NRGRSP account. Employees have the same investment and conversion options as in the Bécancour Group RRSP. The Bécancour NRGRSP is not registered under the ITA and is not subject to the Québec pension legislation.

The Bécancour Non-Union Pension Plan also has a defined contribution component. All new non-union employees hired after January 1, 2005 participate in such defined contribution component, instead of the defined benefit component of the Bécancour Non-Union Pension Plan and the Bécancour Group RRSP. Under such defined contribution component, BSI contributes to each employee’s account an amount equal to a certain percentage of such employee’s salary, ranging from 3% to 5% based on the length of service, starting after the first year of service. BSI also contributes to each employee’s account an additional amount equal to 80% of such employee’s contributions, up to a maximum of 4% of such employee’s salary, and subject to ITA limits. All non-unionized employees of BSI from prior to January 1, 2007 and who participate in the defined benefit component of the Bécancour Non-Union Pension Plan are entitled to irrevocably elect to participate in the defined contribution component of the Bécancour Non-Union Pension Plan and, upon such election, will cease accruing pension benefits for future service under the defined benefit component, and cease receiving contributions under the Bécancour Group RRSP. Mr. Boisvert participates in the defined benefit component of the Bécancour Non-Union Pension Plan and the Bécancour Group RRSP, and has not made any such election.

Performance Graph

The following graph compares the percentage change in the cumulative total shareholder return on the Common Shares with the cumulative total shareholder return on the S&P/TSX Composite Index over the five year period ended December 31, 2008, assuming that \$100 was invested on December 31, 2003. The performance of the Common Shares, as set out in the graph, is based on historical data and is not indicative of, nor intended to forecast, future performance of the Common Shares.



	2003	2004	2005	2006	2007	2008
S&P/TSX Composite Index	100	112	137	157	168	109
Timminco Limited	100	76	32	26	1,925	310

During the two-year period from December 31, 2006 to December 31, 2008, the Company experienced an extraordinary increase in the total shareholder return of its Common Shares for the year ended December 31, 2007, due to the significant appreciation of its Common Share price which commenced in the second quarter of 2007 and accelerated in the third and fourth quarters of 2007. This appreciation continued until midway into 2008. Despite the decline in the Common Share price in the latter half of 2008, over these two years, the cumulative total shareholder return of the Common Shares had increased by a factor of more than ten times (an increase of 1,092%), compared with a decline of almost one third in the TSX Composite Index (a decrease of 31%).

During this two-year period, the aggregate of the total compensation of all named executive officers, excluding the value of option-based awards, increased from \$2.0 million for the year ended December 31, 2006 to \$3.2 million for the year ended December 31, 2007, representing an increase of 60%, and then decreased to \$2.4 million for the year ended December 31, 2008, representing a decrease of 26%. Part of this decrease is attributable to a fewer number of named executive officers for the year ended December 31, 2008, compared to December 31, 2007. With respect to option-based awards, during the year ended December 31, 2007, the Company granted a relatively small number of options to only a few of the named executive officers for that year; such options had an aggregate grant date fair value of \$0.2 million and exercise prices of \$0.40 per Common Share. During the year ended December 31, 2008, the Company granted a significant number of options to the Named Executive Officers;

such options had an aggregate grant date fair value of \$39.6 million and exercise prices at or above \$7.64 per Common Share. Such grants were in recognition of the significant contributions of the Named Executive Officers to the growth of the Company and the increase in total shareholder return of the Common Shares as at the time of grant, and to align their long-term interests with the long-term interests of shareholders. However, due to the decline in the Common Share price during the last month and half of 2008, all of the options granted during the year ended December 31, 2008 were out-of-the money as at December 31, 2008 (based on a price of \$3.53 per Common Share), and continue to be as at the date of this Circular (based on a price of \$3.41 per Common Share).

Summary Compensation Table

The following table sets forth a summary of compensation earned during each of the Corporation's last three completed financial years by the Corporation's (i) Chief Executive Officer, (ii) Executive Vice President – Finance and Chief Financial Officer, and (iii) the other three executive officers who were its most highly compensated executive officers during 2008 (collectively, the "Named Executive Officers").

Name and principal position	Year	Salary ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation ⁽¹⁾ (\$)	Total (\$)
					Annual incentive plans ⁽¹⁾⁽⁴⁾	Long-term incentive plans			
Heinz C. Schimmelbusch ⁽⁵⁾ Chairman of the Board and Chief Executive Officer	2008	200,000	83,200	2,026,369	nil	nil	nil	124,800	2,434,369
	2007	nil	nil	84,313	nil	nil	nil	446,263	530,576
	2006	nil	nil	nil	nil	nil	nil	32,500	32,500
Robert J. Dietrich ⁽⁶⁾ Executive Vice President – Finance and Chief Financial Officer	2008	285,385	nil	675,456	150,000	nil	nil	18,869	1,129,710
	2007	243,269	nil	nil	170,000	nil	nil	12,183	425,452
	2006	159,395	nil	87,439	nil	nil	nil	880	247,694
René Boisvert ⁽⁷⁾ President – Silicon	2008	350,000	nil	35,980,409	593,100	nil	18,600	18,500	36,960,609
	2007	280,250	nil	16,853	216,000	nil	19,280	298,176	830,559
	2006	215,500	nil	nil	nil	nil	17,160	233,196	255,856
John Fenger ⁽⁸⁾ President – Light Metals	2008	271,974	nil	439,047	168,383	nil	nil	25,561	904,964
	2007	253,028	nil	nil	167,977	nil	nil	8,337	494,153
	2006	267,025	nil	nil	nil	nil	nil	20,939	226,439
Peter D. Rayner ⁽⁹⁾ Corporate Controller	2008	56,667	nil	502,497	15,313	nil	nil	nil	574,477

(1) Where the compensation of Named Executive Officers is paid in U.S. dollars, the relevant amounts have been converted into Canadian dollars. For this purpose, all amounts in respect of salary and all other compensation (except as otherwise specified below) have been converted to Canadian dollars using an average of the exchange rates during the relevant year, namely US\$1.00 = Cdn\$1.0519 for 2008, US\$1.00 = Cdn\$1.0814 for 2007 and US\$1.00 = Cdn\$1.1308 for 2006, and all amounts in respect of annual incentive plans have been converted to Canadian dollars using the exchange rate at the end of the relevant year, namely US\$1.00 = Cdn\$1.2246 for 2008 and US\$1.00 = Cdn\$0.9881 for 2007.

(2) All amounts represent awards of deferred share units ("DSUs") under the Corporation's Directors' Deferred Share Unit Plan (the "DSU Plan"). Such amounts represent the dollar value of the total compensation, paid to the Named

Executive Officer in his capacity as a director, that was paid in the form of DSUs. See the description of the DSU Plan below under the heading “Director Compensation Plans”.

- (3) All amounts represent grants of options under the 2004 Option Plan, except in respect of the grant to Mr. Boisvert in 2008, which represents a grant of an option under the 2008 Option Plan. See the descriptions of the 2004 Option Plan and the 2008 Option Plan above under the heading “Executive Compensation Plans – Share Option Plans”. The fair value of each option granted was calculated using the Black-Scholes option pricing model, as permitted under section 3870 of the CICA Handbook. The grant date fair value of options granted to Dr. Schimmelbusch, Mr. Dietrich and Mr. Fenger in 2008 under the 2004 Option Plan is \$6.75 per Common Share subject to the options, which is based on the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 114.6%; (iii) risk-free interest rate of 3.2%; and (iv) expected option life of 7 years. The grant date fair value of the option granted to Mr. Boisvert in 2008 under the 2008 Option Plan is \$7.20 per Common Share subject to the option, which is based on the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 114.6%; (iii) risk-free interest rate of 3.7%; and (iv) expected option life of 10 years. The grant date fair value of option granted to Mr. Rayner in 2008 under the 2004 Option Plan is \$10.05 per Common Share subject to the option, which is based on the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 106.9%; (iii) risk-free interest rate of 3.3%; and (iv) expected option life of 7 years. No stock appreciation rights are attached to any of the options granted, nor have any freestanding stock appreciation rights been granted, to any of the Named Executive Officers.
- (4) All amounts represent cash awards accrued by the Corporation and earned by the Named Executive Officers in respect of the year, under discretionary annual bonuses. For Mr. Boisvert in 2008, the amount includes his entitlement to a cash payment in the amount of \$418,100 in respect of the 2008 year pursuant to the Bécancour Profit Participation Plan. As of the date of this Circular, none of the bonuses or entitlements in respect of the 2008 year has been paid, and payment has been deferred. See the description of such bonuses and plans above under the heading “Executive Compensation Plans – Annual Incentive Plans”, and a description of such deferral program above under the heading “Compensation Discussion and Analysis – Annual Bonuses”.
- (5) Dr. Schimmelbusch has been the Chief Executive Officer since August 2007 (and previously from April 2003 to September 2005), and the Chairman of the Board since April 2003. The amount in the “Share-based awards” column relate to his role as a director, and the “All Other Compensation” column includes the following amounts, representing the cash portion of the annual retainer and other fees paid to Dr. Schimmelbusch as a director, including as Chairman of the Board and as member of certain committees of the Board of Directors: (i) for 2008: \$124,800; (ii) for 2007: \$46,625; and (iii) for 2006: \$32,500. In addition, for 2007, Dr. Schimmelbusch received a one-time, lump-sum payment of US\$375,000 in recognition of the contribution and services that he provided to the Corporation since January 2005. The latter amount is included in the column “All Other Compensation” and has been converted to Canadian dollars using the exchange rate at the end of July 2007, namely US\$1.00 = Cdn\$1.0657. On November 11, 2008, Dr. Schimmelbusch received a grant of an option to purchase 300,000 Common Shares at an exercise price of \$7.64 pursuant to the 2004 Option Plan; see note (10) for the assumptions underlying the calculation of the grant date fair value of such option. Despite its grant date fair value, such option was out-of-the-money as at December 31, 2008 and continues to be out-of-the-money as at the date of this Circular – see the table of option-based award values below under the heading “Incentive Plan Awards”. At Dr. Schimmelbusch’s initiative, the Corporation has reduced his salary by 50%, to \$100,000 annually, effective May 1, 2009. See the description of Dr. Schimmelbusch’s compensation arrangements above under the heading “Compensation Discussion and Analysis – Compensation of the Chairman of the Board and Chief Executive Officer”.
- (6) Mr. Dietrich commenced employment as Vice President – Finance and Chief Financial Officer of the Corporation in April 2006 and was appointed Executive Vice President – Finance and Chief Financial Officer of the Corporation in December 2006. The amounts in the “All Other Compensation” column for Mr. Dietrich represent contributions by the Corporation to his RRSP and/or non-registered retirement savings accounts pursuant to the Timminco Group RRSP and Timminco Retirement Savings Plan. See the description of such plans above under the heading “Executive Compensation Plans – Pension and Retirement Savings Plans”. On November 11, 2008, Mr. Dietrich received a grant of an option to purchase 100,000 Common Shares at an exercise price of \$7.64 pursuant to the 2004 Option Plan; see note (3) for the assumptions underlying the calculation of the grant date fair value of such option. Despite its grant date fair value, such option was out-of-the-money as at December 31, 2008 and continues to be out-of-the-money as at the date of this Circular – see the table of option-based award values below under the heading “Incentive Plan Awards”.
- (7) Mr. Boisvert has been President of Bécancour Silicon Inc., a wholly-owned subsidiary of the Corporation, since December 2004 and was appointed President and Chief Financial Officer of Bécancour Silicon Inc. in August 2007. Mr. Boisvert was also appointed President – Silicon of the Corporation on April 28, 2008. The amounts in the “All Other Compensation” column for Mr. Boisvert represent: (i) annual contributions to Bécancour Silicon Inc.’s contributory defined benefit pension plan and non-RRSP investment plan; and (ii) in addition, for 2007, a payment of

\$250,000 in connection with the execution of his employment contract with Bécancour Silicon Inc. See the description of such plans above under the headings “Executive Compensation Plans – Pension and Retirement Savings Plans”. On November 11, 2008, Mr. Boisvert received a grant of an option to purchase 5,000,000 Common Shares at an exercise price of \$7.64 pursuant to the 2008 Option Plan; see note (3) for the assumptions underlying the calculation of the grant date fair value of such option. Despite its grant date fair value, such option was out-of-the-money as at December 31, 2008 and continues to be out-of-the-money as at the date of this Circular – see the table of option-based award values below under the heading “Incentive Plan Awards”. The value of such option grant to Mr. Boisvert also assumes that shareholders will ratify and approve the 2008 Option Plan and the grant of the option thereunder to Mr. Boisvert at the Meeting, as described above under the heading “2008 Share Option Plan and Options”; if such approval is not obtained, such grant will expire immediately and will also have no value. At Mr. Boisvert’s initiative, the Corporation has reduced his salary by 15%, to \$297,500 annually, effective May 1, 2009. See the description of certain elements of Mr. Boisvert’s compensation arrangements above under the heading “Compensation Discussion and Analysis – Bécancour Incentive Compensation Arrangements”.

- (8) Mr. Fenger was appointed Vice President – Aluminum Products of the Corporation in May 2004 and was promoted to President – Light Metals in April 2008. Mr. Fenger’s compensation is paid in U.S. dollars, and has been converted into Canadian dollars based on the exchange rates as set out in note (1) above. The amounts in the “All Other Compensation” column for Mr. Fenger represent contributions on behalf of Mr. Fenger under a 401(k) retirement savings plan. On November 11, 2008, Mr. Fenger received a grant of an option to purchase 65,000 Common Shares at an exercise price of \$7.64 pursuant to the 2004 Option Plan; see note (3) for the assumptions underlying the calculation of the grant date fair value of such option. Despite its grant date fair value, such option was out-of-the-money as at December 31, 2008 and continues to be out-of-the-money as at the date of this Circular – see the table of option-based award values below under the heading “Incentive Plan Awards”.
- (9) Mr. Rayner was appointed Corporate Controller in September 2008. On September 18, 2008, Mr. Rayner received a grant of an option to purchase 50,000 Common Shares at an exercise price of \$11.69 pursuant to the 2004 Option Plan; see note (3) for the assumptions underlying the calculation of the grant date fair value of such option. Despite its grant date fair value, such option was out-of-the-money as at December 31, 2008 and continues to be out-of-the-money as at the date of this Circular – see the table of option-based award values below under the heading “Incentive Plan Awards”.

Employment Agreements

The following is a summary of the significant terms of written employment agreements of the Corporation or its subsidiaries with the Named Executive Officers that were in existence at December 31, 2008.

Heinz C. Schimmelbusch

Dr. Schimmelbusch is neither an employee of the Corporation nor any of its subsidiaries. As at December 31, 2008, Dr. Schimmelbusch was employed by a wholly-owned subsidiary of AMG. The Corporation does not have any written employment, management or other agreement with Dr. Schimmelbusch or such subsidiary of AMG in respect of the services provided by Dr. Schimmelbusch for the Corporation and its subsidiaries. The compensation paid by the Corporation in respect of Dr. Schimmelbusch’s roles as Chairman of the Board and Chief Executive Officer was paid to him directly.

Robert J. Dietrich

Mr. Dietrich entered into an employment agreement with the Corporation dated April 11, 2006, whereby he was appointed Vice-President and Chief Financial Officer of the Corporation. The agreement originally provided for: a base salary of \$225,000 per annum, which has since increased to \$300,000 effective as of July 1, 2008; and an annual bonus with a target of 30%, and within a range of 0% to 60%, of Mr. Dietrich’s base salary, which target has since increased to 50%. The agreement entitled Mr. Dietrich to receive an option to purchase 200,000 Common Shares under the 2004 Option Plan, which was granted on May 8, 2006, and to participate in the Timminco Group RRSP Plan / Timminco Retirement Savings Plan. The Corporation also agreed to provide Mr. Dietrich with a leased vehicle, in accordance with its automobile policy. The agreement contains covenants regarding confidentiality, non-competition and non-solicitation.

René Boisvert

Mr. Boisvert entered into an employment agreement with BSI dated April 1, 2007, which acknowledged that he was the President and Chief Operating Officer of BSI and had been an employee of BSI since 1986. The agreement originally provided for: a base salary of \$300,000 per annum, which was increased to \$350,000 effective as of January 1, 2008; a discretionary annual bonus with a target of 50%, and within a range of 0% to 100%, of Mr. Boisvert's base salary; and an initial signing bonus of \$250,000. The agreement entitles Mr. Boisvert to participate in the Bécancour Group RRSP / Bécancour NRGRSP, with BSI making contributions on his behalf in the amount of 3% of Mr. Boisvert's base salary. BSI also agreed to conduct a review of a supplemental executive retirement pension plan for Mr. Boisvert, with the intention that such plan together with all other pension plans provided by BSI would provide Mr. Boisvert with pension benefit at age 65 in an amount not to exceed 70% of his pre-retirement income; such review is on-going and no such plan has been implemented as of the date of this Circular. BSI also agreed to provide Mr. Boisvert with a vehicle allowance. The agreement contains covenants regarding confidentiality, non-competition and non-solicitation.

John Fenger

Mr. Fenger is neither an employee of the Corporation nor any of its subsidiaries. As at December 31, 2008, Mr. Fenger was employed by Allied Resources Corporation ("Allied"). The Corporation does not have any written employment, management or other agreement with Mr. Fenger or Allied in respect of the services provided by Mr. Fenger for the Corporation and its subsidiaries. However, the Corporation reimburses Allied for a portion of the salary that Allied pays to Mr. Fenger, plus applicable employment benefits and payroll costs, and a portion of the employer contributions that Allied makes on behalf of Mr. Fenger to a 401(k) retirement savings plan. This portion represents the approximate amount of Mr. Fenger's total time that is spent on matters for the Corporation and its subsidiaries. For each of the three years ended December 31, 2006, 2007 and 2008, such portion was 80%. The Compensation Committee determines the amount of any annual discretionary bonus award for Mr. Fenger, in respect of his role with the Corporation and its subsidiaries, and Mr. Fenger receives such amounts through Allied.

Peter D. Rayner

Mr. Rayner entered into an employment agreement with the Corporation dated August 11, 2008, whereby he was appointed Corporate Controller of the Corporation. The agreement provides for: a base salary of \$175,000 per annum; and an annual bonus with a target of 20% of Mr. Rayner's base salary. The agreement entitled Mr. Rayner to receive an option to purchase 50,000 Common Shares under the 2004 Option Plan, which was granted on September 18, 2008, and to participate in the Timminco Group RRSP Plan / Timminco Retirement Savings Plan. The agreement contains covenants regarding confidentiality, non-competition and non-solicitation.

Incentive Plan Awards

Share-based Awards, Option-based Awards and Non-equity Incentive Plan Compensation

The following table sets forth all awards outstanding for each of the Named Executive Officers during the year ended December 31, 2008:

Name	Option-based Awards ⁽¹⁾				Share-based Awards ⁽²⁾	
	Number of securities underlying unexercised options (#)	Option exercise price ⁽³⁾ (\$)	Option expiration date	Value of unexercised in-the-money options ⁽⁴⁾ (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Heinz C. Schimmelbusch	480,000	0.96	26-Mar-11	1,233,600	20,596	72,704
	20,000	0.59	10-Nov-12	58,800		
	500,000	0.40	31-Jan-14	1,565,000		
	300,000	7.64	11-Nov-15	nil		
Robert J. Dietrich	200,000	0.29	08-May-13	648,000	n/a	n/a
	200,000	0.40	15-Dec-13	626,000		
	100,000	7.64	11-Nov-15	nil		
René Boisvert	300,000	0.59	10-Nov-12	902,500	n/a	n/a
	100,000	0.40	31-Jan-14	313,000		
	5,000,000	7.64	11-Nov-17	nil		
John Fenger	200,000	0.59	10-Nov-12	588,000	n/a	n/a
	65,000	7.64	11-Nov-15	nil		
Peter D. Rayner	50,000	11.69	18-Sep-15	nil	n/a	n/a

- (1) All amounts represent grants of options under the 2004 Option Plan, having the vesting schedules and expiration dates as provided in the 2004 Option Plan, except for amounts in respect of the 5,000,000 Common Shares underlying a grant to Mr. Boisvert, which is under the 2008 Option Plan. The vesting schedule and expiration date of the latter grant are as provided in the 2008 Option Plan. See the descriptions of the 2004 Option Plan and the 2008 Option Plan above under the heading “Executive Compensation Plans – Share Option Plans”.
- (2) With respect to Dr. Schimmelbusch, all amounts represent awards of deferred share units (“DSUs”) under the Corporation’s Directors’ Deferred Share Unit Plan. Such amounts represent the value of DSUs based on the closing price per Common Share on December 31, 2008, namely \$3.53. See the description of such plan below under the heading “Director Compensation Plans”. As at December 31, 2008, none of the other Named Executive Officers held any share-based awards.
- (3) All exercise prices are equal to the closing price per Common Share on the Toronto Stock Exchange on the day before the date of grant. With respect to the options having an exercise price of \$7.64, such exercise price was determined by taking the greater of (i) the closing price per Common Share on the day before the date of grant, and (ii) the weighted average closing price per Common Share on the date of grant and the following two trading days.
- (4) All amounts represent the in-the-money value of each unexercised option, whether vested or unvested, based on the difference between the closing price per Common Share on December 31, 2008, namely \$3.53, and the exercise price of such option.

The following table sets forth the value of all vested awards under incentive plans for each of the Named Executive Officers during the year ended December 31, 2008:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽²⁾ (\$)
Heinz C. Schimmelbusch	4,120,600	nil	nil
Robert J. Dietrich	1,228,000	nil	150,000
René Boisvert	867,500	nil	593,100
John Fenger	352,500	nil	168,383
Peter D. Rayner	nil	nil	15,313

- (1) All amounts represent the aggregate of the in-the-money value on the applicable vesting date of that portion of each option that vested during the year ended December 31, 2008.
- (2) All amounts represent cash awards earned in 2008 under discretionary annual bonuses and, for Mr. Boisvert, includes cash payments earned in respect of the year ended December 31, 2008 under the Bécancour Profit Participation Plan. Payment of all such amounts has been deferred by the Corporation, pending further review and determination by the Compensation Committee later in 2009. See above under the heading “Compensation Discussion and Analysis – Annual Bonuses” and under the heading “Executive Compensation Plans – Annual Incentive Plans”.

Pension Plan Benefits

The Bécancour Non-Union Pension Plan is the only defined benefit pension plan in which any Named Executive Officer participates. See the description of such plan above under the heading “Executive Compensation Plans – Pension and Retirement Plans”.

Defined Benefit Plans Table

The following table sets forth information regarding the defined benefit pension plans sponsored by the Corporation (and its subsidiaries) in which the Named Executive Officers participated during the year ended December 31, 2008:

Name	Number of years of credited service (#)	Annual benefits payable (\$)		Accrued obligation at start of year (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Accrued obligation at year end (\$)
		At year end	At age 65				
Heinz C. Schimmelbusch	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Robert J. Dietrich	n/a	n/a	n/a	n/a	n/a	n/a	n/a
René Boisvert	21.5	50,200	81,700	504,500	18,600	(125,500)	397,600
John Fenger	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Peter D. Rayner	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Termination and Change of Control Benefits

The following is a summary of the estimated incremental payments, payables and benefits that are due from the Corporation (and its subsidiaries) to each Named Executive Officer that are triggered by, or result from any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in such Named Executive Officer's responsibilities.

Other than as described below, the Corporation (and its subsidiaries) currently does not have any employment agreements nor any compensatory plans or arrangements with respect to the Named Executive Officers that results, or will result, from: the resignation, retirement or any other termination of employment of such officer's employment or engagement with the Corporation (and its subsidiaries); a change of control of the Corporation (and its subsidiaries); or a change in the Named Executive Officers' responsibilities following a change of control.

Employment Agreements

Under Mr. Boisvert's employment agreement with BSI dated April 1, 2007, Mr. Boisvert's employment may be terminated at any time for "serious reason", as defined in the Québec Civil Code, in which case he forfeits all future compensation. If his employment is terminated without "serious reason", Mr. Boisvert will be entitled to severance payments equal to his base salary for a period of 24 months, less statutory deductions. In addition, all benefits (except for life insurance, accidental death and dismemberment and disability benefits) will continue for a period of 24 months, as well as his entitlements to contributions on his behalf under the Bécancour Group RRSP / Bécancour NRGRSP. See the description of his employment agreement above under the heading "Employment Agreements". Mr. Boisvert will also remain eligible for his annual bonus award, pro-rated for the portion of the fiscal year prior to termination of employment. Mr. Boisvert may terminate his employment on two months' notice, following which no further compensation will be payable by BSI to Mr. Boisvert.

Option-based and Share-based Awards

See the summary descriptions of the 2004 Option Plan and the 2008 Option Plan above under the heading "Executive Compensation Plans – Share Option Plans" for a discussion of the benefits that arise for the benefit of option holders under each of the Share Option Plans upon the occurrence of various termination events or change of control circumstances.

See the summary description of the DSU Plan below under the heading "Director Compensation Plans" for a discussion of the payments, payables and benefits that arise for the benefit of participants under the DSU Plan upon the occurrence of a retirement, resignation or other termination of services as a director.

Estimated Incremental Payments, Payables and Benefits

The following table sets forth the estimated incremental payments, payables and benefits that would become due or owing by the Corporation (or its subsidiaries) to each of the Named Executive Officers upon to occurrence of each of the triggering events described above, in each case assuming such event occurred on December 31, 2008:

Name	Triggering Event ⁽¹⁾	Type of Incremental Payment, Payable or Benefit (\$)					
		Salary	Incentive Payment	Share-based Awards ⁽²⁾	Option-based Awards ⁽³⁾	Employee Benefits	Total
Heinz C. Schimmelbusch	Ceasing to be a Director	n/a	n/a	72,704	2,857,400	n/a	2,930,104
	Termination	nil	nil	n/a	2,074,900	nil	2,074,900
	Resignation	nil	nil	nil	1,668,950	nil	1,668,950
	Retirement	nil	nil	nil	1,668,950	nil	1,668,950
	Change of Control	nil	nil	nil	2,857,400	nil	2,855,400
Robert J. Dietrich	Termination	nil	nil	n/a	955,500	nil	955,500
	Resignation	nil	nil	n/a	637,000	nil	637,000
	Retirement	nil	nil	n/a	637,000	nil	637,000
	Change of Control	nil	nil	n/a	1,274,000	nil	1,274,000
René Boisvert⁽⁴⁾	Termination	700,000	nil	n/a	1,038,500	37,000	1,075,500
	Resignation	nil	nil	n/a	739,750	nil	739,750
	Retirement	nil	nil	n/a	739,750	nil	739,750
	Change of Control	nil	nil	n/a	1,195,000	nil	1,195,000
John Fenger	Termination	nil	nil	n/a	588,000	nil	588,000
	Resignation	nil	nil	n/a	441,000	nil	441,000
	Retirement	nil	nil	n/a	441,000	nil	441,000
	Change of Control	nil	nil	n/a	588,000	nil	588,000
Peter D. Rayner	Termination	nil	nil	n/a	nil	nil	nil
	Resignation	nil	nil	n/a	nil	nil	nil
	Retirement	nil	nil	n/a	nil	nil	nil
	Change of Control	nil	nil	n/a	nil	nil	nil

- (1) “Termination” means, for the purposes of this table, termination of full-time employment as an officer or employee, as applicable, without “cause”, with “good reason” or without “serious reason”, as applicable. “Resignation” means termination of full-time employment as an officer or employee, as applicable, by way of voluntary resignation. “Retirement” means termination of employment in accordance with the Corporation’s retirement policy. “Change of Control” means a Change of Control as defined in the 2004 Option Plan and the 2008 Option Plan, assuming such definitions applied in respect of options granted and outstanding under such plans as at December 31, 2008.
- (2) The amount represents the value of deferred share units (“DSUs”) granted under the Corporation’s Directors’ Deferred Share Unit Plan, based on the closing price per Common Share on December 31, 2008, namely \$3.53. See the description of such plan below under the heading “Director Compensation Plans”.

- (3) All amounts represent the in-the-money value of options that are vested, or become vested immediately upon or become vested during the applicable period following, the occurrence of the applicable triggering event, in each case based on the closing price per Common Share on December 31, 2008, namely \$3.53, and assume that such in-the-money amount remains constant during the applicable exercise period following, the occurrence of such event. The amount in respect of the row “Ceasing to be a Director” assumes that the Board of Directors has determined, pursuant to its discretionary authority under the 2004 Option Plan, that all such director’s options have vested and become exercisable upon the occurrence of such event. The amounts in respect of the rows “Termination” assume that the Corporation and each Named Executive Officer have agreed upon a severance period of at least one year from the date of termination, which is the maximum period of time during which options may continue to vest and be exercisable in such event pursuant to the 2004 Option Plan and the 2008 Option Plan. The amounts in respect of the rows “Resignation” assume that the changes made to the 2004 Option Plan and the 2008 Option Plan adopted by the Board of Directors in March 2009, in respect of the exercisability of vested options for up to 90 days following a termination of employment by reason of resignation, applied in respect of options granted and outstanding under such plans as at December 31, 2008. The amounts in respect of the rows “Change of Control” assume that the changes made to the 2004 Option Plan and the 2008 Option Plan adopted by the Board of Directors in March 2009, in respect of the definition of such event, applied in respect of options granted and outstanding under such plans as at December 31, 2008, and further assumes that such Change of Control event was concurrent with a termination of employment on December 31, 2008. See the description of the 2004 Option Plan and the 2008 Option Plan above under the heading “Executive Compensation Plans – Share Option Plans”. All amounts also assume the approval and ratification by the Shareholders of the 2008 Option Plan and all options granted thereunder with effect as of December 31, 2008.
- (4) The amounts are based on Mr. Boisvert’s entitlements upon termination of employment pursuant to his employment agreement dated April 1, 2007. In addition, with respect to pension plan benefits, see the description and amounts in respect of the Bécancour Non-Union Pension Plan above under the heading “Pension Plan Benefits”.

DIRECTOR COMPENSATION

Director Compensation Table

The following table sets forth the compensation earned by the directors of the Corporation, excluding Dr. Schimmelbusch, the Chairman of the Board and Chief Executive Officer, whose compensation is set forth above under the heading “Summary Compensation Table”, during the year ended December 31, 2008:

Name	Fees earned ⁽¹⁾	Share-based awards ⁽²⁾	Option-based awards	Non-equity incentive plan compensation	Pension Value	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
John C. Fox	31,050	38,700	nil	nil	nil	nil	69,750
Jay C. Kellerman	34,250	34,250	nil	nil	nil	nil	68,500
Jack L. Messman	44,400	29,600	nil	nil	nil	nil	74,000
Arthur R. Spector	16,800	11,200	nil	nil	nil	nil	28,000
Michael D. Winfield	46,350	30,900	nil	nil	nil	nil	77,250
Mickey M. Yaksich	nil	82,000	nil	nil	nil	nil	82,000

- (1) All amounts represent that portion of total compensation earned as a director, including annual retainer, committee chair fees and meeting fees as applicable, paid in cash.
- (2) All amounts represent that portion of total compensation earned as a director, including annual retainer, committee chair fees and meeting fees as applicable, paid in the form of an award of deferred share units (“DSUs”) under the Corporation’s Directors’ Deferred Share Unit Plan (the “DSU Plan”). Except for Messrs. Kellerman and Yaksich, who are Canadian residents, 40% of the total compensation as director was required to be paid in the form of DSUs in 2008. Mr. Kellerman elected to receive 50% of his total compensation as director in the form of DSUs, and Mr. Yaksich elected to receive 100% of his total compensation as director in the form of DSUs, in 2008. The amount of share-based

awards for Mr. Fox includes an additional grant of DSUs, having a value of \$18,000 which represent an amount equal to 40% of the annual retainer for directors, on account of his becoming a member of the Board of Directors in April 2008. See the description of the DSU Plan below under the heading “Director Compensation Plans”.

For 2008, director compensation was earned on the basis of the following retainers and fees, and excludes any additional compensation received in the form of additional grants of DSUs – see below under the heading “Director Compensation Plans”:

Annual Retainer: Chairman of the Board Vice-Chair ⁽¹⁾ All other directors	\$200,000 annually (\$50,000 per fiscal quarter) \$ 20,000 annually (\$ 5,000 per fiscal quarter) \$ 45,000 annually (\$11,250 per fiscal quarter)
Committee Fees: Chair – Audit Committee Chair – Corporate Governance and Nominating Committee Chair – Human Resources, Compensation and Pension Committee	\$10,000 annually (\$2,500 per fiscal quarter) \$ 5,000 annually (\$1,250 per fiscal quarter) \$ 5,000 annually (\$1,250 per fiscal quarter)
Meeting Fees: Chairman of the Board and Vice-Chair ⁽¹⁾ All other directors	\$1,000 per meeting \$1,500 per meeting

(1) Effective as of January 1, 2009, the Vice-Chair position has been eliminated.

Each director is also reimbursed for travel, accommodation and other ancillary expenses incurred in connection with his attendance at meetings of the Board of Directors and its committees, as well as in connection with any other activities undertaken in the course of fulfilling his duties as a director.

Director Compensation Plans

In November 2008, the Board of Directors adopted the Corporation’s Directors’ Deferred Share Unit Plan (the “DSU Plan”), which provides for the grant of deferred share units (“DSUs”) to all members of the Board of Directors. Each DSU is a notional unit with a value equal to the fair market value of a Common Share. DSUs do not, however, represent any equity interests in the Corporation.

Under the DSU Plan, DSUs are awarded to each director on a quarterly basis, based on a portion of his total compensation earned as a director during such fiscal quarter. A director’s DSUs are redeemed in cash, only following his retirement or resignation from the Board of Directors or his death. Effective as of and from January 1, 2008, each director is required to receive at least 40% of his total compensation earned as director, in the form of DSUs, and may elect annually to receive up to 100% in the form of DSUs. (This election was only available for directors who were Canadian residents in respect of compensation earned during 2008, and will be available for all directors in respect of compensation earned during 2009 and subsequent years.) In addition, pursuant to the Corporation’s share ownership guidelines adopted by the Board of Directors in March 2009, any member of the Board of Directors who is not compliant with such guidelines, and has not elected to receive 100% of his total compensation as director in the form of DSUs, may be required, at the discretion of the Board of Directors, to receive his total compensation as director in the form of DSUs until such time as such director becomes compliant with such guidelines. See the description of such guidelines below under the heading “Statement of Corporate Governance Practices”.

Each new member of the Board of Directors will also receive an award of DSUs, in addition to his annual retainer and fees, having a value equal to 40% of the annual retainer for directors. The Board of Directors may also award additional DSUs to directors from time to time.

For the purposes of the DSU Plan, the fair market value of a Common Share is equal to the volume weighted average closing price of the Common Shares over the five consecutive trading days up to and including the

relevant valuation date for the DSUs. An amount equal to the value of any dividends paid on Common Shares equivalent to the number of each director's DSUs is credited to each director's DSU account and is payable upon redemption of the DSUs.

With the adoption of the DSU Plan, the Corporation intends to cease awarding options as a component of director compensation. Except for the award of options to directors who were also named executive officers at the time of grant, no options have been awarded to any member of the Board of Directors since November 2005.

Share-based Awards, Option-based Awards and Non-equity Incentive Plan Compensation

The following table sets forth all awards outstanding for each of the directors of the Corporation (excluding Dr. Schimmelbusch, the Chairman of the Board and Chief Executive Officer) during the year ended December 31, 2008:

Name	Option-based Awards ⁽¹⁾				Share-based Awards ⁽²⁾	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽³⁾ (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
John C. Fox	nil	n/a	n/a	n/a	9,579	33,814
Jay C. Kellerman	50,000	0.59	10-Nov-12	147,000	8,479	29,931
Jack L. Messman	50,000 25,000	0.96 0.59	26-Mar-11 10-Nov-12	128,500 18,375	7,327	25,864
Arthur R. Spector	430,000 20,000 480,000	0.96 0.59 0.40	26-Mar-11 10-Nov-12 31-Jan-14	1,105,100 58,800 1,501,740	2,772	9,785
Michael D. Winfield	50,000	0.59	10-Nov-12	147,000	7,649	27,001
Mickey M. Yaksich	50,000 25,000	0.96 0.59	26-Mar-11 10-Nov-12	128,500 73,500	20,297	71,648

- (1) All amounts represent grants of options under the 2004 Option Plan. See the description of the 2004 Option Plan above under the heading "Executive Compensation Plans – Share Option Plans".
- (2) All amounts represent awards of DSUs under the DSU Plan. Such amounts represent the value of DSUs based on the closing price per Common Share on December 31, 2008, namely \$3.53. See the description of the DSU Plan above under the heading "Director Compensation Plans".
- (3) All amounts represent the in-the-money value of each option based on the difference between the closing price per Common Share on December 31, 2008, namely \$3.53, and the exercise price of such option.

The following table sets forth the value of all vested awards under incentive plans for each of the directors of the Corporation (excluding Dr. Schimmelbusch, the Chairman of the Board and Chief Executive Officer) during the year ended December 31, 2008:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John C. Fox	n/a	nil	n/a
Jay C. Kellerman	88,125	nil	n/a
Jack L. Messman	293,188	nil	n/a
Arthur R. Spector	3,634,350	nil	n/a
Michael D. Winfield	88,125	nil	n/a
Mickey M. Yaksich	293,188	nil	n/a

(1) All amounts represent the aggregate of the in-the-money value on the applicable vesting date of that portion of each option that vested during the year ended December 31, 2008.

Indebtedness of Directors and Executive Officers

During the financial year ended December 31, 2008, no director, senior officer, executive officer or any proposed nominee for election as a director of the Corporation, and none of their respective associates, was indebted to the Corporation or any of its subsidiaries.

Directors and Officers Liability Insurance

The Corporation has policies providing executive liability and indemnification insurance, with the aggregate limit being \$40,000,000 for the policy year ending May 1, 2009. The coverage applies to the directors and officers of the Corporation and its subsidiaries. The policy has a corporate reimbursement section, with a deductible of \$100,000 per claim, which reimburses the Corporation for settled claims and defence costs when covered by the policy, and where the Corporation is permitted by law and under the by-laws of the Corporation to reimburse directors and officers.

The Corporation also has an “excess side-A difference in conditions” director and officer liability policy, with a limit of \$5,000,000.

The premiums for director and officer liability insurance policies applicable to the 2008 fiscal year were approximately \$189,000, which was paid by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

AMG, Safeguard and ALD International

In March 2007, Safeguard International Fund, L.P. (“Safeguard”) reorganized its indirect holdings in the Corporation, by contributing 40,909,093 common shares of the Corporation to AMG and increasing its ownership interest in AMG to 89.7%. In June 2007, Safeguard’s ownership interest in AMG increased to 91.5%. In July 2007, Safeguard sold a portion of its shares of AMG and retained 40.2% of the outstanding share capital of AMG. In October 2007, Safeguard sold a further portion of its shares of AMG, such that Safeguard’s ownership interest in AMG reduced to 26.6%. In addition, AMG has entered into a call option agreement (the “AMG Call Option Agreement”) with ALD International LLC, a controlled subsidiary of Safeguard (“ALD International”), pursuant to which AMG may, at its option, require ALD International to instruct the Corporation to issue to AMG any common shares issuable upon the conversion of certain convertible promissory notes issued by BSI, as described below. Neither the Corporation nor BSI was party to any of the foregoing transactions among AMG, Safeguard or ALD International. However, the Corporation and/or BSI did enter into the transactions described below with one or more of these parties.

Each of Dr. Schimmelbusch and Mr. Spector are members of the Management Board of AMG, and are also members of the executive committee of the general partner of Safeguard, which controls ALD International.

Convertible Notes

In March 2006, BSI issued a convertible promissory note to ALD International in exchange for a US\$2.0 million. The note could be settled, at the noteholder’s option, in cash or shares at \$0.40 per share, or a combination of cash and shares. In April 2007, the entire principal amount of such convertible promissory note was converted and 5,601,000 Common Shares of the Corporation were issued, based on a conversion rate of \$0.40 per share, to AMG.

In August 2006, BSI issued a convertible promissory note in exchange for US\$3.0 million, which note is held by ALD International (the “August 2006 Note”). The note is repayable on demand, and bears interest at the U.S. prime rate plus 1%. The August 2006 Note and related security are subordinate to the indebtedness of the Corporation, and the security provided by the Corporation, to Bank of America, N.A. under an existing credit agreement. The August 2006 Note may be settled, at the noteholder’s option, in cash or common shares of the Corporation at \$0.40 per share, or a combination of cash and Common Shares. In July 2007, the noteholder exercised its right to convert US\$350,000 principal amount of the August 2006 Note and 913,500 Common Shares were issued. Pursuant to AMG’s rights under the AMG Call Option Agreement, the Corporation was directed to issue all such shares directly to AMG. Immediately following such transaction, AMG directly held a total of 46,510,093 Common Shares, representing 50.6% of the outstanding share capital of the Corporation. The principal amount of the August 2006 Note currently outstanding is US\$2.65 million.

In March 2007, BSI issued a convertible promissory note to ALD International in exchange for a loan of \$4.5 million (the “March 2007 Note” and, together with the August 2006 Note, the “Notes”). The note is repayable on demand, and bears interest at the U.S. prime rate plus 1%. The March 2007 Note and related security are subordinate to the indebtedness of the Corporation, and the security provided by the Corporation, to Bank of America, N.A. under the Corporation’s existing credit agreement. The March 2007 Note may be settled, at the noteholder’s option, in cash or Common Shares at \$0.42 per share, or a combination of cash and Common Shares. The entire principal amount of the March 2007 Note is currently still outstanding.

The maximum number and percentage of Common Shares of the Corporation that can be acquired by AMG under the AMG Call Option Agreement if the entire remaining principal amount of the August 2006 Note and the entire principal amount of the March 2007 Note are converted by ALD International into Common Shares of the Corporation is as set out in the following table, based on: (i) the number of common shares of the Corporation that are issued and outstanding as of the date of this Circular, being 111,455,588 Common Shares; (ii) the number of Common Shares held by AMG as at the date of this Circular, being 56,497,933 Common shares, which represent

50.7% of the current issued and outstanding share capital of the Corporation; and (iii) an exchange rate of United States dollars into Canadian dollars at April 14, 2009 of US\$1.00 equals Cdn\$1.2092.

Common Shares that may be acquired by AMG under the AMG Call Option Agreement on conversion by ALD International of the following Notes:		Common Shares held by AMG after giving effect to conversion of the Notes and acquisition by AMG under the AMG Call Option Agreement:	
		Number	Percentage ⁽¹⁾
August 2006 Note (remaining portion)	8,010,950	64,508,883	54.0%
March 2007 Note	10,714,286	75,223,169 ⁽²⁾	57.8% ⁽²⁾
Total:	18,725,236		

(1) Amounts reflect the percentage of total issued and outstanding Common Shares after giving effect to the issuance of Common Shares upon conversion of the Notes.

(2) Amounts assume the prior acquisition by AMG under the AMG Call Option Agreement of the maximum number of Common Shares acquirable on conversion by ALD International of the remaining portion of the August 2006 Note.

Equity Offerings

Concurrently with the completion of Corporation's public equity offering of Common Shares on September 27, 2007, AMG purchased 5,136,140 Common Shares at a price of \$8.50 per share, which was the same price per Common Share in such offering, for gross proceeds to the Corporation of \$43.7 million. The Corporation did not pay any commission or fee to AMG in connection with its subscription for Common Shares in such. Immediately following such transactions, AMG owned 52,559,733 Common Shares, representing 50.6% of the outstanding share capital of the Corporation at that time.

On February 3, 2009, the Corporation completed an equity offering by way of private placement of 7,042,000 Common Shares at a price of \$3.55 per share, resulting in gross proceeds to the Corporation of \$25.0 million. AMG acquired 3,938,200 Common Shares in such offering, at the same price per Common Share. The Corporation did not pay any commission or fee to AMG in connection with its subscription for Common Shares in such offering. Immediately following such transactions, AMG owned 56,497,933 Common Shares, representing 50.7% of the outstanding share capital of the Corporation at that time.

Allied Resource Corporation

Allied Resource Corporation is a private company, the Chairman of which is Dr. Schimmelbusch. See the description of the Corporation's relationship with this company in respect of the compensation for Mr. Fenger, one of the Corporation's Named Executive Officers, above under the heading "Employment Agreements".

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") requires the Corporation to disclose, on an annual basis, its approach to corporate governance with reference to the guidelines provided in National Instrument 58-102 - *Corporate Governance Guidelines* (the "Governance Guidelines"). The Governance Guidelines are not intended to be prescriptive. The Corporation is encouraged to consider the Governance Guidelines in developing its own corporate governance practices, in its own context, and to explain to the investment community its approach to governance.

The Board of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Corporation's governance practices are subject to at least an

annual review and evaluation through the Corporate Governance and Nominating Committee of the Board of Directors (the “Governance Committee”) to ensure that changes in structure and process necessary to ensure continued good governance are identified and implemented.

The Board of Directors, through the activities of the Governance Committee, actively monitor developments in the investment community, both in Canada and the United States, and carefully consider “best practices” and similar guidelines espoused by nationally-recognized governance advocacy organizations, when assessing and seeking to improve its governance practices. The Board of Directors has undertaken several initiatives in this regard during 2008 and to date in 2009, and expects to continue to pursue these and other initiatives.

The following statement, which describes the Corporation’s current corporate governance practices, has been reviewed by the Governance Committee and approved by the Board of Directors.

Board of Directors

Composition; Independence

The Board of Directors is currently comprised of seven members. Six of the current members have been nominated, and one proposed new director has been nominated, for election as directors of the Corporation at the Meeting.

In May 2008, the Board of Directors determined that four of its current members, Messrs. Fox, Messman, Winfield and Yaksich, were “independent” for purposes of NI 58-101, based on the recommendation of the Governance Committee. In making this recommendation, the Governance Committee considered the circumstances, experience and relationships with the Corporation and its affiliates of each of the directors, including: (i) in the case of Mr. Fox, his position with Perseus LLC, a merchant bank and private equity fund management company, which has an investment in a private company in which Allied Resource Corporation, of which Dr. Schimmelbusch is chairman, is also an investor; (ii) in the case of Mr. Messman, his position as Deputy Chairman of the Supervisory Board of AMG; (iii) in the case of Mr. Winfield, his position as a former non-executive director of Metallurg Inc., a subsidiary of AMG, until his resignation from such position in 2007; and (iv) in the case of Mr. Yaksich, his position as a partner and Chief Operating Officer with the law firm of McMillan LLP, which previously provided legal advice to the Corporation. Such firm has not provided any legal advice to, nor been paid legal fees by, the Corporation since Mr. Yaksich became a member of the Audit Committee. In addition, while Mr. Messman is considered independent for the purposes of NI 58-101, he is not considered independent under the requirements relating to audit committees prescribed by Multilateral Instrument 52-110 - *Audit Committees*, as a result of his position as Deputy Chairman of the Supervisory Board of AMG. In April 2009, the Board of Directors determined that Mr. Hick, a proposed director of the Corporation, is “independent” for purposes of NI 58-101, based on the recommendation of the Governance Committee.

By virtue of Dr. Schimmelbusch acting as Chief Executive Officer of the Corporation since August 2007 and Mr. Spector acting as Interim Chief Financial Officer of the Corporation from October 2004 to April 2005, and their current principal occupations as respective Chairman and Deputy Chairman of the Management Board of AMG (as the controlling shareholder of the Corporation), neither of Dr. Schimmelbusch nor Mr. Spector is independent within the meaning of NI 58-101. Mr. Kellerman is a partner of Stikeman Elliott LLP, which is a law firm that provides legal advice to, and received legal fees from, the Corporation from time to time, and, on the basis of this relationship, he is considered to be not independent. Mr. Kellerman has not been nominated for re-election as a director at the Meeting. Details of other reporting issuers on which the Corporation’s directors and proposed directors also sit as board members are disclosed above under the heading “Election of Directors”.

The Board of Directors has the following three standing committees: (i) the Audit Committee; (ii) the Governance Committee; and (iii) the Human Resources, Compensation and Pension Committee (the “Compensation Committee”). Each of these committees is currently comprised solely of members of the Board of Directors who are independent for the purposes of such committee.

The roles of the Corporation's Chief Executive Officer and Chairman of the Board are currently not separate, and the Chairman of the Board is not independent. The four independent members of the Board of Directors have the opportunity to meet at appropriate times without management present at regularly scheduled meetings, which enables open and frank discussion. Such occurrences are at the request of any member of the Board of Directors. During 2008, the independent members of the Board of Directors did meet without management and the non-independent members present, in conjunction with certain meetings of the committees of the Board of Directors.

The Board of Directors is of the view that Dr. Schimmelbusch's acting as both Chairman of the Board and Chief Executive Officer does not impair the ability of the Board of Directors to act independently of management. In reaching this conclusion, the Board of Directors has taken into consideration a number of factors, including: (i) the number and proportion of independent, outside members of the Board of Directors; and (ii) the assignment to the Corporate Governance and Nominating Committee of the responsibility of evaluating and developing the Corporation's corporate governance practices. In addition, in March 2009 the Board of Directors approved the creation of a "Lead Director" position, which would apply in circumstances where the Chairman of the Board was not independent. See the description of this position below under the heading "Position Descriptions".

The Board of Directors meets at least four times a year, and at least once per calendar quarter, or more frequently if required. In 2008, the Board of Directors held eight meetings. Attendance was 100% at all Board of Directors meetings held in 2008. As of the date of this Circular, the Board of Directors has held five meetings in 2009, and attendance was 100% at all such Board meetings, except for Mr. Kellerman who attended three of such meetings.

The Corporation currently does not have a retirement policy for directors. Instead, in connection with its annual assessment process, the Board of Directors reviews the contributions of individual directors.

Mandate

The responsibility of the Board of Directors is to supervise the executive managers of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation and its shareholders.

In the discharge of this responsibility, the Board of Directors oversees and reviews, directly or through its various committees, the Corporation's results of operations, significant corporate plans and business initiatives, including the development and implementation of the annual business plan, strategic plans, major acquisitions and divestitures, public communications policies, the Corporation's senior management recruitment, assessment and succession processes and the Corporation's internal control and management information systems to identify and manage principal business risks. The Board of Directors is also responsible for reviewing its size and the compensation paid to its members, to ensure that the Board of Directors can fulfil its duties effectively and that its members are adequately compensated for assuming the risks and carrying out the responsibilities of their positions.

In appropriate circumstances, individual directors have the right to engage an outside advisor, at the expense of the Corporation, to assist the director in dealing with his responsibilities. Such an engagement is subject to approval by the Governance Committee.

The Board of Directors considers, as a general rule, that management should speak for the Corporation in its communications with shareholders and the investment community, in the context of shareholder and investor relations programs reviewed and approved periodically by the Board of Directors.

The Corporation conducts a shareholder and investor relations program, under the direction of senior management. The program involves receiving and responding to shareholder inquiries, briefing analysts and investment managers with respect to reported financial results and other announcements by the Corporation, as well as meeting with individual investors and other stakeholders. The Board of Directors reviews the Corporation's major communications with shareholders and the public, including financial results, annual reports and management proxy circulars.

The Charter of the Board of Directors is available on the Corporation's website at www.timminco.com.

Position Descriptions

The Board of Directors has developed a written position description for the Chairman of the Board. The Chairman of the Board presides at all meetings of the Board of Directors and the Shareholders, and participates with the Chief Executive Officer in determining the strategic direction and planning for senior executive succession.

The Board of Directors has developed a written position description for the Chief Executive Officer of the Corporation. The Chief Executive Officer is responsible for formulating the Corporation's strategy, the execution of such strategy, and building the Corporation's executive management team. The Chief Executive Officer also represents the Corporation to shareholders, the financial community, industry groups, government and regulatory agencies, and the general public.

The Board of Directors has developed a written position description for the Lead Director. The Lead Director must be independent, as determined by the Board of Directors, and is appointed by the Board of Directors for such period of time or until the occurrence of such events as may be determined by the Board of Directors. The Chair of the Governance Committee has been currently been appointed to fulfill this position. The role of the Lead Director is to facilitate certain activities that enhance the effectiveness of the Board of Directors. The Lead Director will assist the Chairman of the Board, and the other members of the Board of Directors, in assuring effective corporate governance in managing the affairs of the Board of Directors. The Lead Director will not serve in any executive capacity with the Company. The Lead Director will also act as chair during any portions of meetings of the Board of Directors where the Chairman of the Board has a conflict of interest in respect of the matter before the Board of Directors. However, this will not apply in situations where the Lead Director also has a conflict of interest in such matter, such as related party transactions between the Corporation and any significant or controlling shareholder of the Company where the Lead Director is also a director of such shareholder.

The responsibilities of each of the Chairs of the committees of the Board of Directors are set out in the charters of each committee. The Chairman of the Board and the committee Chairs are expected to supervise the respective activities of the Board of Directors and of its committees and to ensure that they are taking all steps necessary to fulfil their respective mandates.

Orientation and Continuing Education

The Corporation provides a directors' handbook to each new director upon their election or appointment. The handbook contains the charters of the Board of Directors and its committees, codes of conduct, policies and other relevant information. Materials will be updated annually, or more frequently as necessary. To ensure that the members of the Board of Directors remain fully informed about the Corporation's operations on a continuing basis, management reports on the Corporation's activities and on various aspects relevant to the business on an on-going basis, primarily during regularly scheduled meetings of the Board of Directors and through monthly mailings. Management from the main operating divisions are invited to attend meetings of the Board of Directors to provide the directors with an overview of the current issues and business strategies. The task of ensuring that appropriate orientation programs are in place for new directors is the responsibility of the Governance Committee.

Ethical Business Conduct

Code of Conduct and Ethics

The Corporation maintains a Code of Conduct and Ethics which is approved by the Board of Directors, and for which no waivers have currently been sought or granted. The Corporation's Code of Conduct and Ethics addresses conflicts of interest, confidentiality, protection and proper use of corporate assets, fair dealing, and compliance with laws, rules and regulations, and it encourages reporting of any illegal or unethical business practices. The Code of Conduct and Ethics is available on the Corporation's website at www.timminco.com and on SEDAR at www.sedar.com.

Conflicts of Interest

In circumstances in which the Board of Directors must consider transactions and agreements in respect of which a director or executive officer has a material interest, the nature of such interest is declared and, accordingly, the affected individual either does or does not participate in the vote on the matter in accordance with the requirements of applicable laws.

In addition, due to the conflicts of interest that could arise as a result of the sharing of certain executive management between the Corporation and AMG, and in connection with the potential conflicts of interest in respect of business opportunities for the Corporation and AMG in the solar industry, the Board of Directors has adopted the following elements of a conflict of interest resolution mechanism to supplement all applicable legal or regulatory requirements in connection with any proposed transaction or opportunity involving the Corporation and AMG or their respective affiliates:

- the appointment of one member of each of the Board of Directors of the Corporation and of the Supervisory Board of AMG, each of whom is considered an “independent director” of each of the Corporation and AMG;
- an active and direct involvement by each such independent director with senior management of their respective companies (excluding those members of management who are considered to be conflicted, whether by virtue of their dual roles with the Corporation and AMG or otherwise) in all matters relating to the proposed transaction or opportunity in respect of which a potential conflict of interest has arisen, with the expectation that such directors would develop and maintain the necessary level of knowledge and awareness of the issues and factors relevant to the potential conflict;
- a direct line of communication and regular liaison between the two such independent directors on all issues relating to the proposed transaction or opportunity, including the issues relevant to the potential conflict as well as areas of potential synergies between the Corporation and AMG where no apparent conflict exists;
- having such independent directors regularly report and make recommendations to, and seek direction and approval as they deem necessary from, the Board of Directors of the Corporation and of the Supervisory Board of AMG, as applicable, on matters relating to the proposed transaction or opportunity; and
- the authority of each such independent director to engage external legal, financial or other advisors as such directors deem necessary to assist in resolving the potential conflict.

The Board of Directors has currently appointed Mr. Winfield to fulfill the responsibilities of the Corporation’s independent director in the conflict of interest resolution mechanism.

Governance Committee; Nomination of Directors

The Governance Committee makes recommendations as to the size and composition of the Board of Directors, reviews qualifications for potential candidates for election to the Board of Directors, recommends for the Board of Director’s approval the nominees for presentation to annual shareholders’ meetings, and makes recommendations with respect to the membership of committees. This committee is also responsible for conducting annual assessments of the effectiveness of the Board of Directors, its committees and individual directors, and reviews director and officer insurance and indemnification arrangements.

The Governance Committee is responsible for all corporate governance matters, including but not limited to establishing, evaluating and maintaining the state of the Corporation’s corporate governance approach, practices and guidelines to ensure that they are current, appropriate and effective.

The Governance Committee is currently comprised of three independent directors: Messrs. Messman (Chair), Fox and Yaksich. The Governance Committee is scheduled to meet at least two times per year, or more

frequently as required. In 2008, the Governance Committee held three meetings and, as of the date of this Circular, has held two meetings in 2009.

Compensation Committee; Director and Executive Compensation

The Compensation Committee reviews all executive compensation matters, including performance, compensation, succession and retirement and pension arrangements. This committee reviews the form and adequacy of compensation for directors and officers of the Corporation, and the Corporation's employee incentive plans. The Compensation Committee also reviews the performance and remuneration of the Corporation's Chief Executive Officer and other senior management. At least annually, the Compensation Committee reviews and makes recommendations to the Board of Directors with respect to the performance and remuneration of the directors, Chief Executive Officer, other officers, and other senior management. The Compensation Committee reviews and considers publicly disclosed compensation information by industry competitors in making its recommendations.

The Compensation Committee is currently composed of three independent directors: Messrs. Winfield (Chair), Fox and Messman. The Compensation Committee is scheduled to meet at least two times per year, or more frequently as required. In 2008, the Compensation Committee held five meetings and, as of the date of this Circular, has held one meeting in 2009.

Compensation Consultants

From time to time the Compensation Committee has sought advice from the compensation consulting firm, the Hay Group, with respect to reviewing and structuring its policy regarding director and executive compensation. During 2008, the Hay Group was engaged by the Compensation Committee to assist in reviewing and developing compensation structures for the directors of the Corporation. During 2008 and to date, the Hay Group is also engaged by the Corporation to provide advice regarding executive compensation. The Corporation paid approximately \$184,000 in fees during 2008 to the Hay Group in respect of compensation consulting services provided to both the Compensation Committee and the Corporation.

Audit Committee

The purpose of the Audit Committee is to augment and improve financial disclosure and to ensure the Corporation's compliance with disclosure requirements. The Audit Committee is responsible for overseeing the Corporation's accounting policies, financial reporting procedures, internal controls and management information systems and for reviewing the scope, terms, findings and results of internal and external audits of the Corporation. The Audit Committee maintains direct communications with the Corporation's external auditors and the Corporation's senior officers responsible for accounting and financial matters.

The Audit Committee is currently comprised of three members: Messrs. Yaksich (Chair), Fox and Winfield. The Board of Directors determined that each of these members was independent and financially literate within the meaning of Multilateral Instrument 52-110 – *Audit Committees* when they were appointed to serve as members of the Audit Committee. Further information about the experience and qualifications of the directors who are serving as members of the Audit Committee is found in the Annual Information Form under "Audit Committee, Charter and Audit Fees". The Audit Committee meets at least four times per year, and at least once per calendar quarter, or more frequently if required. In 2008, the Audit Committee held seven meetings and, as of the date of this Circular, has held two meetings in 2009.

Assessments

The Board of Directors annually assesses the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors, and the contribution of individual directors. The assessments are performed by having each member of the Board of Directors complete and submit questionnaires, on a confidential basis, that are in the form approved by the Governance Committee. The responses to the questionnaires in respect of the effectiveness of the Board of Directors and its committees are tabulated and summarized in a report that maintains

the anonymity of each respondent, which is designed to elicit frank and honest responses. Such report is reviewed by the Governance Committee, which then makes recommendations to the Board of Directors for any improvements, if necessary, to the structure or functioning of the Board of Directors and its committees. The responses to the questionnaires in respect of the contribution of individual directors are tabulated summarized in a separate report for each member of the Board of Directors to maintain the anonymity of respondents. Each such report, which also shows the average ratings for all members of the Board of Directors for comparison purposes, is only provided to the individual director who is the subject of such report.

This assessment process was most recently conducted in respect of the 2008 calendar year, under the supervision of the Governance Committee, and concluded in March 2009.

Share Ownership Guidelines

In March 2009, the Board of Directors implemented share ownership guidelines, to align the interests of directors and senior executives with the interests of Shareholders. These guidelines state that the Chairman of the Board and each other member of the Board of Directors shall own, within three years of the implementation of the guidelines or first becoming a director, that number of Common Shares and/or DSUs having a value of no less than three times his base annual retainer, and shall continue to hold such value throughout the tenure of his retainer. For these purposes, the value of Common Shares and DSUs is the greater of the director's acquisition cost and the fair market value thereof. The same share ownership guidelines also apply to the Chief Executive Officer, in respect of his base annual compensation (in addition to any other compensation as Chairman of the Board). Other senior executives of the Corporation are also subject to these guidelines, with share ownership requirements set at multiples of one and two times their base salaries. Common Shares subject to unexercised options are not included for the purposes of complying with these guidelines.

Expectations of Management

The Board of Directors believes that management is responsible for the development of long-term strategies for the Corporation and that the role of the Board of Directors is to review, question, validate and ultimately approve the strategies proposed by management. The Board of Directors' expectations of management are developed and communicated during regular Board of Directors and committee meetings, where members of senior management review and advise the Board of Directors on the Corporation's progress and on strategic, operational and financial issues facing the Corporation.

SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

The Corporation must receive any proposals from Shareholders to include as items in the management proxy circular for the Corporation's next annual Shareholder meeting by December 24, 2009.

AUDIT COMMITTEE CHARTER

A summary of the Charter of the Audit Committee is found in the Annual Information Form under "Audit Committee, Charter and Audit Fees" and a copy of the Audit Committee Charter is appended to the Annual Information Form as Schedule A.

ADDITIONAL INFORMATION

Additional information about the Corporation may be found on the SEDAR website at www.sedar.com. Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its year ended December 31, 2008, as contained in the 2008 Annual Report. A copy of this document and other public documents of the Corporation are available upon request to the Corporate Secretary of the Corporation at Sun Life Financial Tower, 150 King

St. West, Suite 2401, Toronto, ON, M5H 1J9 (Telephone (416) 364-5171) and are also available electronically under the Corporation's profile at www.sedar.com.

CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION

This Circular contains "forward-looking information", as such term is defined in applicable Canadian securities legislation, concerning the Corporation's future financial or operating performance and other statements that express management's expectations or estimates of future developments, circumstances or results. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects", "targets", "believes", "anticipates", "budget", "scheduled", "estimates", "forecasts", "intends", "plans" and variations of such words and phrases, or by statements that certain actions, events or results "may", "will", "could", "would" or "might" "be taken", "occur" or "be achieved". Forward-looking information is based on a number of assumptions and estimates that, while considered reasonable by management based on the business and markets in which the Corporation operates, are inherently subject to significant operational, economic and competitive uncertainties and contingencies. The Corporation cautions that forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the Corporation's actual results, performance or achievements to be materially different from those expressed or implied by such information, including, but not limited to: deteriorating global economic conditions; future growth plans and strategic objectives; liquidity risks; limitations under existing credit facilities; long-term contracts for supplying solar grade silicon; solar grade silicon production cost targets; selling prices of solar grade silicon and silicon metal; achieving and maintaining the purity of solar grade silicon; production capacity expansion at the Bécancour facilities; pricing and availability of raw materials for the silicon business; customer capabilities in producing ingots; limited history with the solar grade silicon business; dependence upon power supply for silicon metal production; protection of intellectual property rights; government and economic incentives; closure of the magnesium facilities and the completion of related proposed transactions; cost and availability of magnesium metal; dependence upon key customers of magnesium extruded and fabricated products; credit risk exposure; customer concentration; equipment failures; labour disputes; foreign currency exchange; dependence upon key executives and employees; completion and integration of potential acquisitions, partnerships or joint ventures; risks with foreign operations and suppliers; environmental, health and safety laws and liabilities; transportation disruptions; conflicts of interest; interest rates; intellectual property infringement claims; new regulatory requirements; changes in tax laws; and climate change. These factors are discussed in greater detail in the Corporation's Annual Information Form for the year ended December 31, 2008, which is available on SEDAR via www.sedar.com. Although the Corporation has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in forward-looking information, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information in this Circular is made as of the date of this Circular and the Corporation disclaims any intention or obligation to update or revise such information, except as required by applicable law.

APPROVAL OF THE BOARD OF DIRECTORS

The Board of Directors of the Corporation has approved the contents and the sending of this Circular to the Shareholders of the Corporation.



Peter A.M. Kalins
Corporate Secretary

April 14, 2009