

## TIMMINCO LIMITED

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of common shareholders of TIMMINCO LIMITED (the "Corporation") will be held on Thursday, May 31, 2007 at Room 205D, North Building, Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, Canada, M5V 2W6 at 1:00 p.m. (local time) for the following purposes:

- (1) to receive the consolidated financial statements of the Corporation as at and for the year ended December 31, 2006, together with the auditors' report thereon;
- (2) to appoint auditors of the Corporation and to authorize the directors to fix their remuneration;
- (3) to elect directors of the Corporation;
- (4) to consider and, if thought fit, pass a resolution confirming By-law Number 7 of the Corporation, being a by-law to make certain changes to the Consolidated By-laws of the Corporation;
- (5) to consider and, if thought fit, pass a resolution to make certain amendments to the Corporation's Share Option Plan;
- (6) to consider and, if thought fit, approve a resolution to reserve an additional 1,669,925 common shares for the granting of stock options under the Corporation's Share Option Plan;
- (7) to consider and, if thought fit, pass a resolution to approve the issuance of common shares of the Corporation pursuant to certain private placements to insiders of the Corporation, in accordance with the requirements of the Toronto Stock Exchange;
- (8) 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 meeting contains more information on these matters. The 2006 Annual Report of the Corporation, which includes the consolidated financial statements of the Corporation as at and for the year ended December 31, 2006, together with the auditors' report thereon, also accompanies this notice of meeting.

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 at least 48 hours, excluding Saturdays and holidays, prior to the meeting or any adjournment thereof.**

DATED at Toronto, Ontario, this 7th day of May, 2007.

BY ORDER OF THE BOARD OF DIRECTORS

*"Keith S. D'Souza"*

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Keith S. D'Souza  
Vice President and Secretary

**TIMMINCO LIMITED**  
**MANAGEMENT PROXY CIRCULAR**  
**PROXY INFORMATION**

**Solicitation of Proxies**

**This Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation by the management of Timminco Limited (the “Corporation”) of proxies to be used at the annual and special meeting (the “Meeting”) of the holders of common shares of the Corporation (the “Shareholders”) to be held on Thursday, May 31, 2007 at 1:00 p.m. (local time) at Room 205D, North Building, Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, Canada, and any adjournment thereof, for the purposes set forth in the notice of Meeting 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.

**Appointment and Revocation of Proxies**

The persons named in the accompanying form of proxy are the Chairman of the Board and the President and Chief Executive 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 at least 48 hours, excluding Saturdays and holidays, prior to the Meeting or any adjournment thereof.

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 must seek instructions as to how to complete their form of proxy and vote their 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 Corporation’s 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 matter 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 persons 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 April 20, 2007. As at the date of this Circular, the authorized capital of the Corporation consists of an unlimited number of common shares, of which 92,368,614 are issued and outstanding, and an unlimited number of Class A and Class B Preference Shares, none of which have been issued. Each common share will carry one vote per share at the Meeting.

As at 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 common shares are as follows:

<u>Shareholder</u>	<u>Approximate Number of common shares</u>	<u>Percentage of Issued common shares</u>
Timmins Investments Limited <sup>(1)</sup>	9,349,487	10.1%
AMG Advanced Metallurgical Group, N.V. <sup>(2)</sup>	46,510,092	50.4%

### Notes

(1) Timmins Investments Limited ("TIL") is controlled by J. Thomas Timmins.

(2) Prior to March 29, 2007, Safeguard International Fund, L.P. ("Safeguard") held all of its common shares of the Corporation indirectly through Becancour, LP ("BLP"). Safeguard, a limited partner of BLP, directly owned 99% of BLP, and owned the remaining 1% indirectly through another wholly-owned subsidiary, Becancour GP, Inc., the general partner of BLP. On March 29, 2007, Safeguard reorganized its indirect holdings of the Corporation. As a result of this reorganization, AMG Advanced Metallurgical Group, N.V. ("AMG") now directly owns 46,510,092 common shares of Timminco and Safeguard owns 91.8% of AMG.

Safeguard also holds a US\$3.0 million principal amount promissory note issued August 31, 2006 that is convertible at any time at the option of Safeguard for common shares of the Corporation at a price of Cdn\$0.40 per common share (the "Second Note") and, through an affiliate, ALD International LLC, a Cdn\$4,500,000 principal amount promissory note issued March 1, 2007 that is convertible at any time at the option of Safeguard for common shares of the Corporation at a price of Cdn\$0.42 per common share (the "Third Note"). See "Private Placements to Insiders" and "Interest of Informed Persons in Material Transactions".

## 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, 2006, together with the auditors' report thereon, which are included in the 2006 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 consists of nine directors. It is currently proposed that eight 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.

**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 the nominees whose names are set out below. If, prior to the Meeting, any of the proposed nominees whose names are set out below should for some reason become unavailable to serve as a director, 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 table and the notes thereto state the names of the persons proposed to be nominated for election as directors, their principal occupations and periods of service as directors of the Corporation and the approximate number of common shares and options to purchase common shares beneficially owned or controlled by each of them as of the date of this Circular.

<b>Name and Residence Number of common shares beneficially owned or controlled directly or indirectly</b>	<b>Principal Occupation</b>	<b>Director and Committee Members since</b>
<b>Heinz Schimmelbusch</b> <b>Residency:</b> Pennsylvania, USA <b>common shareholdings:</b> Current: 211,000 directly owned Indirectly owned see below <sup>(1)</sup> <b>Stock Options:</b> Current: 1,000,000	Heinz Schimmelbusch has been Chairman of the Board and Chief Executive Officer of the Corporation since April 22, 2003. He resigned as Chief Executive Officer of the Corporation on September 1, 2005. He is also Managing Director of Safeguard International Fund, L.P. (private equity fund)	Timminco director since 2003 Member of: Strategic Committee (chair) Human Resources Committee (chair)
<b>Arthur Spector</b> <b>Residency:</b> Pennsylvania, USA <b>common shareholdings</b> <sup>(1)</sup> <b>Stock Options:</b> Current: 950,000	Arthur Spector has been the Vice Chairman of the Corporation since March 26, 2004. He was appointed Interim Chief Financial Officer for the period October 18, 2004 to April 3, 2005. He is also Managing Director of Safeguard International Fund, L.P. (private equity fund)	Timminco director since 2003 Member of: Strategic Committee
<b>Jay Kellerman</b> <b>Residency:</b> Ontario, Canada <b>common shareholdings:</b> Current: 9,000 <b>Stock Options:</b> Current: 50,000	Jay Kellerman is a Partner of Stikeman Elliott L.P. (law firm).	Timminco director since 2004 Member of: Audit Committee (resigned on Aug. 8, 2006) Human Resources Committee
<b>Jack L. Messman</b> <b>Residency:</b> Massachusetts, USA <b>common shareholdings:</b> Current: 130,000 <b>Stock Options:</b> Current: 75,000	Jack Messman was Chairman, President and Chief Executive Office, of Novell, Inc. (publicly traded software company) from 2001 to 2006.	Timminco director since 2003 Member of: Corporate Governance & Nominating Committee (chair) Audit Committee (appointed on Aug. 8, 2006)
<b>J. Thomas Timmins</b> <b>Residency:</b> Ontario, Canada <b>common shareholdings:</b> Current: 50 directly owned	J. Thomas Timmins is President, Timmins Investments Limited (investment holding company)	Timminco director since 1957 Member of: Strategic Committee

Name and Residence Number of common shares beneficially owned or controlled directly or indirectly	Principal Occupation	Director and Committee Members since
Indirectly owned see below* <b>Stock Options:</b> Current: 75,000  *Mr. Timmins is an officer and director of, and exercises control over, Timmins Investments Limited, which owns an additional 9,349,487 common shares.		
<b>Michael Winfield</b> <b>Residency:</b> Illinois, USA <b>common shareholdings:</b> Current: 0 <b>Stock Options:</b> Current: 50,000	Michael Winfield is a director of Metallurg, Inc. He retired from the position of President and Chief Executive Officer of UOP, LLC in 2001 but continues to serve on its Board of Managers and is a senior advisor. He also serves as Chairman of Landauer Corp.	Timminco director since 2004 Member of: Audit Committee Corporate Governance & Nominating Committee
<b>Mickey Yaksich</b> <b>Residency:</b> Ontario, Canada <b>common shareholdings:</b> Current: 0 <b>Stock Options:</b> Current: 75,000	Mickey Yaksich is Partner and Chief Operating Officer of McMillan Binch Mendelsohn L.P. (law firm)	Timminco director since 1998 Member of: Corporate Governance & Nominating Committee
<b>John Walsh</b> <b>Residency:</b> Delaware, USA <b>common shareholdings:</b> Current: 352,000 <b>Stock Options:</b> Current: 500,000	John Walsh was appointed President and Chief Executive Officer of the Corporation on December 15, 2006. Prior to that he was President of Ceramic Protection Corporation from September 2004 to November 2006. He was President and Chief Executive Officer of Alanx Wear Solutions, Inc. from 1999 to 2004.	Timminco director since 2006

Notes:

- (1) Dr. Schimmelbusch and Mr. Spector are both Managing Directors of Safeguard International Fund, L.P. (“Safeguard”) which, through its 91.8% ownership of AMG Advanced Metallurgical Group, N.V. (“AMG”), indirectly owns 46,510,092 common shares. Safeguard also holds a US\$3.0 million principal amount promissory note issued August 31, 2006 that is convertible at any time at the option of Safeguard for common shares of the Corporation at a price of Cdn\$0.40 per common share (the “Second Note”) and, through an affiliate, ALD International LLC, a Cdn\$4,500,000 principal amount promissory note issued March 1, 2007 that is convertible at any time at the option of Safeguard for common shares of the Corporation at a price of Cdn\$0.42 per common share (the “Third Note”). See “Private Placements to Insiders” and “Interest of Informed Persons in Material Transactions”.

Each person 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.

No director of the Corporation is, or within the ten years prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, (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; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being 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; or (iii) 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 in connection with a definitive management cease trade order which superseded a temporary management cease trade order dated April 1, 2005 against all the directors and officers of the Corporation in connection with the Corporation's failure to file its audited financial statements for the year ended December 31, 2004 issued by the Ontario Securities Commission on April 14, 2005. These management cease trade orders expired on May 2, 2005.

No director of the Corporation has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation 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, officer or shareholder.

### **Appointment of Auditors**

Shareholders will be asked to approve the re-appointment of KPMG LLP 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.

**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, KPMG 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 KPMG LLP in each of the last two fiscal years can be found in the Annual Information Form of the Corporation under the heading "Audit Committee, Charter and Audit Fees - External Auditor Service Fees".

### **By-law No. 7**

On May 7, 2007, the Board of Directors of the Corporation adopted By-law No. 7, being a new by-law of the Corporation to provide for the indemnification of directors and officers of the Corporation and other persons and to make certain other changes to the Consolidated By-laws of the Corporation. By-law No. 7, which took effect on the date of its adoption by the Board of Directors, is subject to confirmation by the Shareholders at the Meeting, failing which it will cease to be effective.

By-law No. 7 conforms the indemnification provisions of the Consolidated By-laws of the Corporation to the current provisions of the *Canada Business Corporations Act* (the "CBCA"). Since the Consolidated By-laws were adopted, the CBCA has been amended to expand the range of costs for which a corporation can indemnify directors and officers, the options for reimbursement and the scope of matters for which indemnification may be sought. For example, "individuals acting in a similar capacity" as directors and officers may now claim indemnity and costs pursuant to investigative proceedings may now be claimed. A corporation is also now permitted to advance moneys to directors, officers or other individuals in respect of proceedings for which an indemnity will eventually be claimed, recognizing the significant up front costs of such actions. If the individual to whom moneys are advanced is found not to have met the standard of conduct for indemnity set out under the CBCA, the moneys advanced are required to be repaid.

Also, certain technical provisions dealing with record dates for shareholder meetings and the preparation of lists of shareholders entitled to receive notices of meetings are redundant or inconsistent with the current provisions of the CBCA in respect of the same subject matter and are repealed.

Finally, under By-law No. 7, the matters to be dealt with at annual meetings of shareholders will be those required to be dealt with under the CBCA.

The form of resolution, together with the full text of By-law No. 7, is set out in Appendix A to this Circular. The 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 resolution at the Meeting.

**The Board of Directors believes that the resolution is in the best interests of the Shareholders and therefore unanimously recommends that Shareholders vote in favour 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 resolutions to confirm By-law Number 7.**

### **Amendment and Restatement of Share Option Plan**

The Board of Directors of the Corporation, at its meeting on March 13, 2007, made various amendments to, and restated, the Corporation's Share Option Plan (the "Share Option Plan"). The amendments to, and the restatement of, the Share Option Plan by the Board of Directors has been conditionally approved by the Toronto Stock Exchange ("TSX").

Under the rules of the TSX, Shareholders must approve certain amendments to the Share Option Plan that were made by the Board of Directors. These amendments are (a) to revise the amendment provision of the Share Option Plan to specify which changes to the Share Option Plan and outstanding options granted under the Share Option Plan require shareholder approval; and (b) as permitted by a recent TSX Staff Notice, to permit options that expire during, or within five business days after, a trading black-out period imposed by the Corporation to be exercised within a limited number of days after the trading black-out is lifted by the Corporation.

The proposed amending provision expressly provides that shareholder approval is required to amend the Share 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 stock options exceeding 10% of the issued and outstanding common shares; or (ii) the issuance to insiders pursuant to stock 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 Share 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 black-out, as described below.

Subject to the restrictions in the preceding paragraph, the Board may, in its discretion, and without obtaining shareholder approval, amend, suspend or discontinue the Share Option Plan, and amend or discontinue any options granted under the Share Option Plan, at any time. Without limiting the foregoing, the Board may, without obtaining shareholder approval, amend the Share Option Plan, and any options granted under the Share Option Plan, to (i) amend the vesting provisions, (ii) amend the termination provisions, except in certain limited circumstances as described in the preceding paragraph, (iii) amend the eligibility requirements of eligible recipients which would have the potential of broadening or increasing insider participation, (iv) add any form of financial assistance, (v) amend a financial assistance provision which is more favorable to eligible recipients, (vi) add a cashless exercise feature, payable in cash or securities, whether or not the feature provides for a full deduction of the number of underlying common shares from the reserved common shares, (vii) add a deferred or restricted share unit or any other provision which results in the eligible recipients receiving securities while no cash consideration is received by the Corporation, and (viii) make amendments of a housekeeping nature or to comply with the requirement of any regulatory authority.

As now expressly permitted by a recent TSX Staff Notice, the proposed amendments to the Share Option Plan also provide that if an option expires during, or within five business days after, a trading black-out period imposed by the Corporation to restrict trades in the Corporation's securities, then, notwithstanding any other provision of the Plan, the option shall expire ten business days after the trading black-out period is lifted by the Corporation.

Shareholders will be asked at the Meeting to consider and, if considered advisable, to adopt the following resolution to approve the amendments to the Share Option Plan described above:

**“RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the amendments to the Share Option Plan adopted by the Board of Directors of the Corporation on March 13, 2007, and the Share Option Plan, as described in this Circular, be and are hereby approved; and
2. any director or officer of the Corporation be and is hereby authorized to take such actions as such director or officer may determine to be necessary or advisable to implement this resolution, such determination to be conclusively evidenced by the taking of any such actions.

The 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 resolution at the Meeting. No shareholders are excluded from voting in respect of the resolution.

**The Board of Directors believes that the resolution is in the best interests of the Shareholders and therefore unanimously recommends that Shareholders vote in favour 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 resolutions to approve the amendments to the Share Option Plan.**

More information about the Share Option Plan is outlined below under the heading “Approval of Increase of Maximum Number of Common Shares Available for Options under the Share Option Plan” and below under the heading “Executive Compensation - Options.” A summary of the Share Option Plan is attached as Appendix B.

**Approval of Increase of Maximum Number of Common Shares Available for Options under the Share Option Plan**

On May 7, 2007, the Board of Directors, with the conditional approval of the TSX and subject to approval of the Shareholders as required under the rules of the TSX, resolved to increase the maximum number of common shares issuable and that may be issued under the Share Option Plan by 1,669,925 common shares. All of these additional common shares, if approved, will be available for issuance to directors, officers or employees of the Corporation or any affiliate of the Corporation on the exercise of stock options. If the proposed increase is approved, 9.00% of the total number of outstanding common shares of the Corporation will be subject to outstanding options or will be available for future option grants.

The following table illustrates the number of common shares of the Corporation that will be subject to option grants after the proposed increase, based on 92,368,614 issued and outstanding common shares as at the date of this Circular:

	<u>Common Shares subject to outstanding options</u>	<u>Common Shares available for future option grants</u>	<u>Maximum Common Shares subject to option grants</u>
Currently approved	4,908,750	1,734,500	6,643,250
Proposed Increase	--	1,669,925	1,669,925
Total	4,908,750	3,404,425	8,313,175
Percentage of Common Shares	5.31%	3.69%	9.00%

The proposal to increase the maximum number of common shares issuable and that may be issued under the Share Option Plan is to ensure that the Corporation can continue to provide comprehensive long-term incentive awards.

The form of resolution to approve the increase in the maximum number of common shares issuable under the Share Option Plan (and the maximum number of common shares that may be issued under such Plan) by 1,669,925 common shares is set out below as follows:

**"RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the number of common shares of the Corporation issuable and that may be issued under the Corporation's Amended and Restated Share Option Plan (the "Share Option Plan") be increased by an additional 1,669,925 common shares, so that the maximum number of common shares currently issuable and that may be issued under the Share Option Plan as at the date of this Circular shall be 8,313,175 common shares; and
2. any officer of the Corporation be and is hereby authorized to take such actions as such officer may determine to be necessary or advisable to implement this resolution, such determination to be conclusively evidenced by the taking of any such actions."

The 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 resolution at the Meeting. No Shareholders are excluded from voting in respect of the resolution.

**The Board of Directors unanimously recommends that Shareholders approve this increase in the maximum number of common shares issuable and that may be issued under the Share Option Plan by voting for the resolution. Unless instructed otherwise, the persons named in our form of proxy will vote FOR the resolution to approve the increase in the maximum number of common shares issuable and that may be issued under the Share Option Plan.**

More information about the Share Option Plan is outlined above under the heading "Amendment and Restatement of Share Option Plan" and below under the heading "Executive Compensation - Options." A summary of the Share Option Plan is attached as Appendix B.

**Private Placements to Insiders**

The Corporation is seeking Shareholder approval with respect to certain private placements to Safeguard International Fund, L.P. ("Safeguard") and its affiliate, ALD International LLC ("ALD"), both of which are insiders of the Corporation, as described below.

*Background*

Becancour Silicon Inc., a wholly-owned subsidiary of the Corporation, has issued the following demand promissory notes:

1. on March 7, 2006, a demand promissory note (the "First Note") in the principal amount of US\$2,000,000 to ALD, which principal amount is convertible, at the option of the holder, into common shares of the Corporation at a conversion price of Cdn\$0.40 per share;
2. on August 31, 2006, a demand promissory note (the "Second Note") in the principal amount of US\$3,000,000 to Safeguard, which principal amount is convertible, at the option of the holder, into common shares of the Corporation at a conversion price of Cdn\$0.40 per share; and
3. on March 1, 2007, a demand promissory note (the "Third Note") in the principal amount of Cdn\$4,500,000 to ALD, which principal amount is convertible, at the option of the holder, into common shares of the Corporation at a conversion price of Cdn\$0.42 per share.

*TSX Requirements*

Section 607(g)(ii) of the Toronto Stock Exchange Company Manual provides that security holders must approve any private placements that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the first private placement to an insider during the

six month period. Accordingly, the issuance of up to 1,377,988 common shares on conversion of the Second Note (being the number of common shares that is greater than 10% of the number of common shares that were outstanding, on a non-diluted basis, on the date on which the Second Note was issued) and the issuance of up to 3,201,024 common shares on conversion of the Third Note (being the number of common shares that is greater than 10% of the number of common shares that were outstanding, on a non-diluted basis, on the date on which the Third Note was issued) requires shareholder approval prior to such common shares being issued. The issuance of 7,513,262 common shares on conversion of each of the Second Note and the Third Note does not require shareholder approval as this number of common shares is equal to 10% of the number of common shares outstanding, on a non-diluted basis, on the dates on which the Second Note and the Third Note, respectively, were issued (being 75,132,614 common shares).

The conversion of the entire principal amount of the First Note into 5,601,000 common shares of the Corporation was completed on April 30, 2007. See “Interest of Informed Persons in Material Transactions”. The issuance of such common shares did not require Shareholder approval as such number of common shares was less than 10% of the number of common shares outstanding, on a non-diluted basis, on the date on which the First Note was issued.

None of the principal amount of the Second Note or the Third Note has been converted into common shares of the Corporation as at the date of this Circular.

The following table details the maximum number of common shares of the Corporation that may be issued to Safeguard or its affiliates if the entire principal amount of the Second Note and the Third Note are converted into common shares of the Corporation, based on 92,368,614 issued and outstanding common shares as at the date of this Circular, and based on Safeguard’s current indirect ownership of common shares of the Corporation as of the date of this Circular of 46,510,092 common shares (representing 50.4% of the number of the Corporation’s issued and outstanding common shares):

	<b>Number of Common Shares that may be Acquired by Safeguard and its affiliates on Conversion without Shareholder Approval</b>	<b>Number of Common Shares that may be Acquired by Safeguard and its affiliates on Conversion with Shareholder Approval</b>	<b>Aggregate Number of Common Shares that may be Acquired by Safeguard and its affiliates</b>	<b>Aggregate Number and Percentage of Common Shares that may be held by Safeguard and its affiliates after giving effect to Conversion</b>
Maximum Number of Common Shares that may be Acquired on Conversion of US\$3 Million Convertible Note issued August 31, 2006 <sup>(1)</sup>  (“Second Note”)	7,513,262 common shares	1,377,988 common shares	8,891,250 common shares	55,401,342 common shares  54.7% (55,401,342 / 101,259,864 common shares)
Maximum Number of Common Shares that may be Acquired on Conversion of the Cdn\$4.5 Million Convertible Note issued March 1, 2007  (“Third Note”)	7,513,262 common shares	3,201,024 common shares	10,714,286 common shares	66,115,628 common shares  59.0% (66,115,628 / 111,974,150 common shares)

Note:

- (1) The highest noon rate of exchange at the date of this Circular during the preceding 12 months as reported by the Bank of Canada for the exchange of United States dollars into Canadian dollars, was US\$1.00 equals Cdn\$1.1855. Based on this rate of exchange, the Canadian dollar equivalent of the United States dollars comprised in the principal amount of the Second Note is Cdn\$3,556,500. Under the terms of the Second Note, the rate of exchange that will actually be used for purposes of calculating the Canadian dollar equivalent of the United States dollars comprised in the principal amount of the Second Note shall be the noon rate of exchange at the date on which Safeguard gives notice of Conversion of the Second Note to the Corporation as reported by the Bank of Canada for the exchange of United States dollars into Canadian dollars.

Shareholders will be asked at the Meeting to consider and, if considered advisable, to adopt the following resolution:

**"RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the issuance of up to 1,377,988 common shares of the Corporation pursuant to the terms and conditions of the Second Note as described in this Circular, be and is hereby approved; and
2. the issuance of up to 3,201,024 common shares of the Corporation pursuant to the terms and conditions of the Third Note as described in this Circular, be and is hereby approved.

The 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 resolution at the Meeting, excluding the votes of Safeguard, ALD and their affiliates and insiders. As at the date of this Circular, the number of shares that will be excluded from voting is 46,721,092 common shares.

**The Board of Directors believes that the resolution is in the best interests of the Shareholders and therefore recommends that Shareholders vote in favour of the resolution. Dr. Schimmelbusch and Mr. Spector, both of whom are directors of the Corporation, are both Managing Directors of Safeguard and have refrained from voting on any resolutions of the Board in respect of such matters.**

**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 resolution to approve issuance of common shares of the Corporation as described above.**

See also "Interest of Informed Persons in Material Transactions."

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table discloses the equity compensation plan information as of the end of the Corporation's most recently completed financial year.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</u>
Equity compensation plans approved by securityholders	5,047,750 <sup>(1)</sup>	\$0.64	1,734,500
Equity compensation plans not approved by securityholders	- 0 -	- 0 -	- 0 -
Total	5,047,750		1,734,500

Notes:

(1) These securities relate to options issued under the Share Option Plan.

**EXECUTIVE COMPENSATION**

**Compensation of Officers**

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 Chairman and former Chief Executive Officer, Vice-Chairman and Interim Chief Financial Officer, former President and Chief Executive Officer, current President and Chief Executive Officer, former Vice President - Finance and Chief Financial Officer, and the other three executive officers who were its most highly compensated executive officers during 2006 (the "Named Executive Officers").

**Summary Compensation Table**

Name and Principal Position <sup>(1)</sup>	Year	Annual Compensation			Long-Term Compensation	
		Salary (\$)	Bonus (\$) <sup>(7)</sup>	Other Annual Compensation (\$)	Securities Under Options/SARs Granted (#)	All Other Compensation (\$) <sup>(8)</sup>
Heinz Schimmelbusch Appointed Chairman and Chief Executive Officer on April 2, 2003, resigned as Chief Executive Officer on September 1, 2005	2006	-0-	-0-	-0-	-0-	32,500
	2005	-0-	-0-	-0-	20,000	17,850
	2004	-0-	-0-	-0-	480,000	25,184
Arthur Spector Vice Chairman was appointed Interim Chief Financial Officer for the period October 18, 2004 to April 3, 2005	2006	-0-	-0-	-0-	-0-	29,550
	2005	-0-	-0-	-0-	20,000	17,850
	2004	-0-	-0-	-0-	430,000	19,760
Charles H. Entekin <sup>(2)(6)</sup> Executive Vice President was appointed President and Chief Executive Officer on September 1, 2005 and resigned on December 15, 2006	2006	508,860	-0-	-0-	-0-	24,461
	2005	323,707	198,200	-0-	475,000	17,780
	2004	-0-	-0-	-0-	-0-	-0-
John Walsh <sup>(3)(6)</sup> Appointed President & Chief Executive Officer on December 15, 2006	2006	14,984	-0-	-0-	500,000	-0-
George Chiarruci <sup>(4)</sup> Vice President-Finance and Chief Financial Officer appointed on April 4, 2005 and resigned on April 30, 2006	2006	75,000	-0-	-0-	-0-	426
	2005	168,750	-0-	-0-	200,000	169,674
	2004					
Robert Dietrich <sup>(5)</sup> Executive Vice President and Chief	2006	159,375	-0-	-0-	400,000	880

Financial Officer –  
appointed on April 17,  
2006

Tim R. Pretzer <sup>(6)</sup>	2006	332,359	-0-	-0-	-0-	56,367
President and Chief	2005	426,650	-0-	-0-	-0-	72,640
Operating Officer – appointed on April 2, 2003 and resigned on August 31, 2005 and appointed President – Magnesium Division of the Corporation effective September 1, 2005	2004	433,000	-0-	-0-	350,000	65,535
Rene Boisvert	2006	215,500	-0-	-0-	100,000 <sup>(9)</sup>	40,356
President – Silicon	2005	205,500	87,500	-0-	300,000	26,710
Division	2004	164,750	49,000	-0-	-0-	21,355
Keith S. D’Souza	2006	200,000	-0-	-0-	100,000	19,253
Vice President and	2005	198,175	60,000	-0-	100,000	19,042
Secretary	2004	175,600	-0-	-0-	100,000	16,753

Notes:

- (1) Mr. Pretzer’s compensation for the month of December 2005 and for 2006 was paid by Timminco Corporation, an indirect, wholly owned subsidiary of the Corporation. Mr. Boisvert’s compensation was paid by Becancour Silicon Inc., a wholly owned subsidiary of the Corporation. The compensation of all other Named Executive Officers was paid by the Corporation. No additional compensation was paid to any of these officers for their services as officers or directors of the Corporation’s subsidiaries.
- (2) Dr. Entrekin commenced employment as President and Chief Executive Officer effective September 1, 2005 and he resigned from the Corporation on December 15, 2006.
- (3) Mr. John Walsh commenced employment as President and Chief Executive Officer effective December 15, 2006.
- (4) Mr. Chiarruci commenced employment as Vice-President Finance and Chief Financial Officer effective April 4, 2005 and was paid a severance payment of \$168,750 and he resigned from the Corporation on April 30, 2006.
- (5) Mr. Dietrich commenced employment as Vice President-Finance and Chief Financial Officer effective April 17, 2006 and was promoted to Executive Vice President and Chief Financial Officer on December 15, 2006.
- (6) The figures in the Salary column for Mr. Pretzer for the month of December 2005, for Dr. Entrekin for 2005 and for 2006 and Mr. Walsh for December 2006, have been converted from U.S. dollars to Canadian dollars using the average rate of exchange for the appropriate calendar year. The amounts reflected in the Bonus column have been converted from U.S. dollars to Canadian dollars using the exchange rate as at each respective year-end.
- (7) For 2006, no payments were made from the “Incentive Compensation Plan for Employees of Timminco Limited and Subsidiary Corporations”. In 2005, Mr. Boisvert received a payment from the “Incentive Compensation Plan for the Silicon Division Employees” Discretionary bonuses were paid to Dr. Entrekin and Mr. D’Souza as disclosed.
- (8) The amounts in this column relate to annual contributions by the Corporation to:
  - (i) in the case of Mr. Pretzer for the period January to November 2005 and Mr. D’Souza, the Corporation’s Pension Savings and its Base Group RRSP Plans;
  - (ii) insurance premiums paid by the Corporation and/or a subsidiary with respect to term life insurance for the benefit of the Named Executive Officers;
  - (iii) with respect to Mr. Pretzer for the month of December 2005 and 2006 and for Dr. Entrekin for 2005 and 2006, contributions to the 401(k) Savings Plan; and
  - (iv) in the case of Dr. Schimmelbusch and Mr. Spector, the amount represents directors’ fees.
  - (v) in the case of Mr. Boisvert, contributions to the defined benefit pension plan, and Group RRSP program.

Life insurance premiums, contributions to the 401(k) Savings Plan, and health benefits, for Dr. Entrekin, and Mr. Pretzer for the month of December 2005 and 2006, have been converted from U.S. dollars to Canadian dollars using the average rate of exchange for the year.

## Options

The following table sets forth details of individual grants of options to purchase or acquire securities of the Corporation or any of its subsidiaries made during the financial year ended December 31, 2006:

### Option Grants During the Most Recently Completed Year

<u>Name</u>	<u>Securities Under Options Granted (#)</u>	<u>% of Total Options Granted to Employees in Financial Year</u>	<u>Exercise or Base Price (\$/Security)</u>	<u>Market Value of Securities Underlying Options on the Date of Grant (\$/Security)</u>	<u>Expiration Date</u>
Robert Dietrich	200,000	22.22%	.29*	.35	May 8, 2013
	200,000	22.22%	.40	.29	December 15, 2013
John Walsh	500,000	55.56%	.40	.29	December 15, 2013

\*The Exercise price was established as the closing sale price for board lots of shares on the Toronto Stock Exchange on the first trading date upon the expiry of the black-out period, which was Thursday, May 11, 2006.

The following table sets forth, on an aggregate basis, details of each exercise of stock options during the financial year ended December 31, 2006 by the Named Executive Officers and the number and value of unexercised options as at December 31, 2006:

### Aggregated Options Exercised During the Most Recent Financial Year and Financial Year-End Option Values

<u>Name</u>	<u>Shares Acquired on Exercise (#)</u>	<u>Aggregate Value Realized (\$)</u>	<u>Unexercised Options/SARs at Financial Year-End (#) Exercisable/Unexercisable (2)</u>	<u>Value of Unexercised in- the- Money Options at Financial Year-End \$(1) Exercisable/Unexercisable</u>
Heinz Schimmelbusch	---	---	245,000/755,000 (options)	-0/-0-
Arthur Spector	---	---	220,000/730,000 (options)	-0/-0-
John Walsh	---	---	-0-/500,000 (options)	-0/-0-
Robert Dietrich	---	---	-0-/400,000 (options)	-0/-0-
Tim R. Pretzer	---	---	175,000/175,000 (options)	-0/-0-
Rene Boisvert	---	---	75,000/225,000 (options)	-0/-0-
Keith S. D'Souza	---	---	75,000/125,000 (options)	-0/-0-

Notes:

- (1) An option is "in-the-money" at December 31, 2006 if the market price of the Corporation's common shares on that date exceeds the exercise price of the option. The value of unexercised options is based on \$0.30, the closing price of the common shares on the TSX on December 29, 2006.
- (2) Options to purchase common shares of the Corporation granted: (i) in May 2006 at an exercise price of \$0.29, the market value of a common share on the first trading date upon the expiry of the black-out period being May 11, 2006, the date of grant being May 8, 2006. All unexercised options expire on May 8, 2013; (ii) in December 2006 at an exercise price of \$0.40. All unexercised options expire on December 15, 2013; (iii) in 2005 at an exercise price of \$0.59, the market value of a common share on the day prior to November 11, 2005, the date of grant. All unexercised options expire on November 11, 2012; and (iv) in 2004 at an exercise price of \$0.96, the market value of a common share on the day prior to March 26, 2004, the date of grant. All unexercised options expire on March 26, 2011.

## Pension Arrangements

Dr. Entrekin participated in a 401(K) Savings Plan in the United States. Under the 401(K) Savings Plan, the Corporation makes a matching contribution of 100% of the first 3% and 50% of the next 2% of Dr. Entrekin's contribution. In addition, in 2006, the Corporation made an annual discretionary contribution equal to 4% of Dr. Entrekin's eligible compensation.

In the case of Mr. Pretzer, for the period January 1, 2005 to November 30, 2005, and Mr. D'Souza, (the "Canadian Executives") have participated in a Base Group RRSP and the Corporation's Pension Savings Plan. Under the Base Group RRSP, the Corporation contributes 5% of the Canadian Executives' compensation to the Base Group RRSP. The Corporation's Pension Savings Plan (the "Savings Plan") is comprised of a registered retirement savings plan and a non-registered savings plan. Under the Savings Plan, the Canadian Executives may contribute up to 10% of their compensation and the Corporation then makes a matching contribution of 80% of the contribution to a maximum of 4% of their compensation to the Savings Plan. The contributions are directed to the registered retirement savings plan of the Canadian Executives up to the allowed Canada Revenue Agency annual maximum for each individual. The Canadian Executives may direct any contributions that exceed their Canada Revenue Agency allowed annual maximum to be paid to the non-registered savings plan. Compensation, for the purpose of this paragraph, includes only the compensation in the columns under the headings "Salary" in the "Summary Compensation Table".

For the month of December 2005 and 2006, Mr. Pretzer participated in a 401(k) Savings Plan in the United States. Under the 401(k) Savings Plan, subsidiaries of the Corporation contribute 10% of Mr. Pretzer's compensation. For this purpose, compensation includes only the compensation in the column under the heading "Salary" in the "Summary Compensation Table."

In the case of Mr. Dietrich, due to Base Group RRSP and Savings Plan enrolment restrictions in the first year of employment, he did not participate in the Corporation's pension arrangements.

In the case of Mr. Walsh, due to 401(k) Savings Plan enrolment restrictions in the first year of employment, the Corporation included an additional 3% of salary to his compensation.

In the case of Mr. Boisvert, a subsidiary of the Corporation sponsors a contributory defined benefit pension plan (the "Pension Plan") for all employees of the subsidiary. The Pension Plan provides, for each year of credited service (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 Quebec 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 consecutive calendar years in the period of ten years of credited service preceding retirement. The annual pension is limited to the maximum allowed in 2006 under the Pension Plan, which is \$2,111 per year of credited service. The maximum allowed will increase to \$2,222 in 2007.

Members 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 Pension Plan provides benefits in case of termination of employment and in case of death.

The Pension Plan is subject to the requirements of the Quebec pension legislation and is registered under the Income Tax Act ("ITA") with the Canada Revenue Agency.

**Pension Plan Table**

Remuneration	Years of Credited Service				
	15	20	25	30	35
\$129,500 and above	\$32,000	\$42,000	\$53,000	\$63,000	\$74,000

Name	Years of Credit Service <sup>(1)</sup> #	Final Average Earnings <sup>(1)</sup> \$	Accrued Annual Pension Benefit at age 65 <sup>(1)</sup> \$
Rene Boisvert	19.3	193,000	41,200

<sup>(1)</sup> All information is at December 31, 2006

The subsidiary also sponsors a non-contributory 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, he has various options to convert the value of his account into additional income during retirement. The Group RRSP is registered under the ITA and is not subject to the Quebec pension legislation.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

Mr. Tim R. Pretzer

On August 1, 2003, the Corporation entered into an employment agreement with Mr. Tim Pretzer for a term ending on the earlier of April 1, 2008 and a date on which one of a list of certain specified events, the latter referred to as a “Termination Prior to the Term of the Agreement”, occurs. The agreement provides that Mr. Pretzer will receive a base salary of \$433,000 per annum during the term of the agreement subject to adjustment on a yearly basis by the Human Resources Committee. The agreement provides that the employment of Mr. Pretzer may be terminated at any time for cause. If Mr. Pretzer’s employment is terminated without cause or in the event of a change of control, Mr. Pretzer will be entitled to receive a lump sum payment equivalent to twelve months base salary less statutory deductions. All benefits, with the exception of life insurance, accidental death and dismemberment and disability benefits, will continue for a period of twelve months. The agreement contains covenants regarding confidentiality and non-competition.

On August 31, 2005, Mr. Pretzer resigned from his position of President and Chief Operating Officer of the Corporation and was appointed President – Magnesium Division of the Corporation, effective September 1, 2005. With the exception of a change to his annual base salary to US\$293,000, there were no changes to the terms of his employment contract, described above.

Since Mr. Pretzer agreed to relocate back to the United States from Canada, the interest-free loan of \$500,000 provided to him was repaid in full. As a result of Mr. Pretzer relocating back to the United States, under the Corporations relocation policy, Mr. Pretzer is entitled to an interest-free loan to a maximum of \$100,000 repayable in equal monthly instalments based on a 10-year amortization. Upon termination of this employment agreement, the outstanding balance is to be repaid in full within 90 days. Although Mr. Pretzer was also eligible to receive an annual incentive bonus for the fiscal year 2006 in an amount up to 50% of his annual base salary based upon certain financial performance objectives and personal objectives set by the Corporation and Mr. Pretzer, as the Corporation did not achieve its financial targets, no incentive bonuses were paid out.

Mr. John P. Walsh

On December 18, 2006, the Corporation entered into an employment agreement with Mr. John P. Walsh for an indefinite term. The agreement provides that Mr. Walsh will receive a base salary of US\$350,000 per annum subject to adjustment by the Board of Directors upon recommendation from the Human Resources Committee. The agreement provides that the employment of Mr. Walsh may be terminated at any time for cause. If Mr. Walsh's employment is terminated without cause, Mr. Walsh will be entitled to twelve month's working notice of termination or pay in lieu of working notice in an amount equal to twelve months base salary less statutory deductions. All benefits, with the exception of short term and long term disability benefits will continue for a period of twelve months. The agreement contains covenants regarding confidentiality and non-competition.

**Composition of the Human Resources, Compensation and Pension Committee**

The Human Resources Committee ("HR Committee") is responsible for assessing the performance of the Chief Executive Officer against predetermined goals and criteria (including corporate performance), reviewing and making recommendations on the compensation of the Chief Executive Officer and reviewing and approving the compensation of officers reporting to the Chief Executive Officer. The HR Committee also reviews and approves any significant changes to employee benefits and makes recommendations to the Board with respect to the Share Option Plan.

Dr. Heinz Schimmelbusch, the Chairman, and Mr. Arthur Spector, the Vice Chairman were officers of the Corporation and members of the Board of Directors during the year ended December 31, 2006. Dr. Charles Entekin, the former President and Chief Executive Officer of the Corporation and a member of the Board of Directors of the Corporation, was also a director and officer of its subsidiaries until December 15, 2006. Mr. John Walsh, the President and Chief Executive Officer of the Corporation, was appointed to the Board of Directors of the Corporation on December 15, 2006.

**Report on Executive Compensation**

*Strategy*

The Corporation's executive compensation policies have been structured to accomplish the following goals:

- (a) Retain the services of proven executives; their experience and expertise are an important foundation upon which future profit and shareholder value will be built.
- (b) Reward individuals for their contribution to the overall success of the Corporation, and for successfully achieving objectives in their own area of responsibility.
- (c) Connect the long-term interests of each executive with the shareholders' desire to achieve a superior level of investment return.
- (d) Attract outstanding executive candidates to the Corporation who are able to deliver superior management skills.

Executive compensation consists of three primary components: base salary, bonus payments, including payments under the Incentive Compensation Plan and stock options.

*Salary*

Base salary is the principal component of executive compensation. These are reviewed and adjusted periodically against survey data and advice from independent compensation consultants, supplemented by other sources of information, to ensure base salary remains competitive with standards prevailing in local employment markets.

*Incentive Compensation Plan for Corporate and Magnesium Division Employees*

Effective January 1, 2003, the Corporation established an incentive compensation plan for management of the Corporate and the Magnesium Division (the "Incentive Compensation Plan") (excluding the Chairman and Vice Chairman, but including other Named Executive Officers) who contribute substantially to the success of the Corporation. Those functions which have a significant and recurring impact on the profitability of the Corporation or division thereof are eligible to participate. Participants are assigned to categories in accordance with their position.

Eligible employees have the opportunity to earn compensation awards in return for achieving pre-established standards of business performance.

The potential amount of the award and the measures that define performance are dependent upon the category into which each eligible employee is placed.

The Incentive Compensation Plan considers financial, productivity, safety and environmental measures, all of which are customized to the unique expectations of the jobs in each category. Each category includes only those measures pertinent to the participant's jobs in that category. Performance measures are established at the beginning of the year. Each category includes minimum performance standards that must be achieved before any amount of award may be earned, as well as performance standards that limit the maximum award opportunity.

Overriding the award opportunities for each category is a "trigger" condition that states, "all earned incentive awards will be forfeited if actual corporate net profit is not at least fifty percent of its target level".

Payouts under the Incentive Compensation Plan are made in cash as soon as practical following the year-end, and after performance measures have been assessed and the Corporation's financial results have been determined and audited.

For fiscal 2006, no Incentive Compensation Plan awards were paid out.

*Incentive Compensation Plan for the Silicon Division Employees*

The Silicon Division established an incentive compensation plan for non-unionized employees. Participants are assigned to categories in accordance with their positions and have the opportunity to earn compensation awards in return for achieving pre-established goals, business and personal.

Payments are made in cash as soon as practical following the year end and after performance measures have been accessed and the Division's financial results have been audited.

*Stock Option Grants*

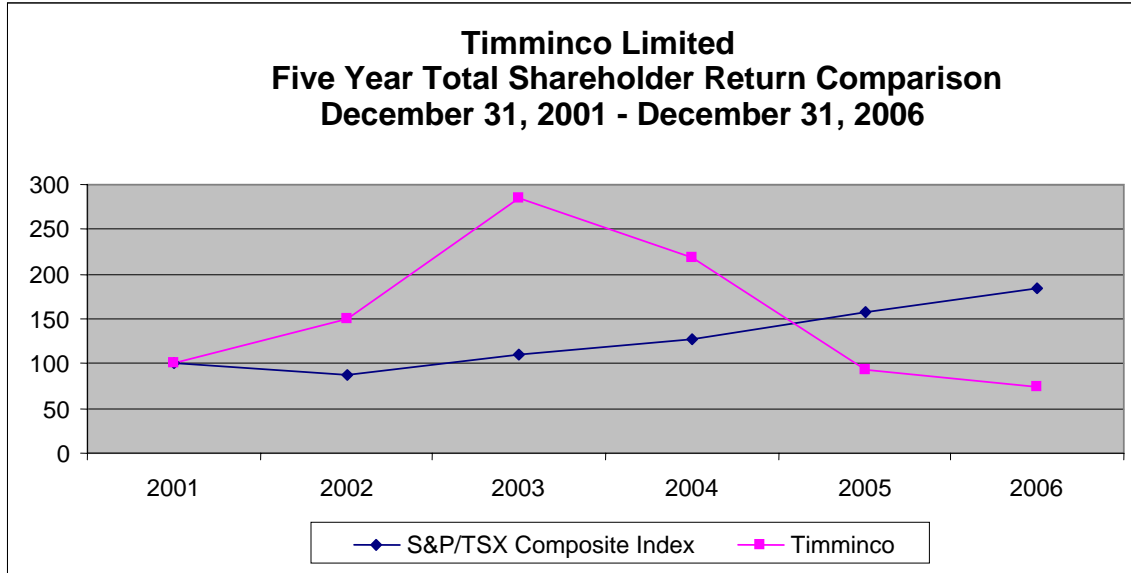
The Board of Directors considers grants of stock options from time to time. This component of compensation links executive actions directly to the development of long-term shareholder value. Further, the Share Option Plan also serves to link the interests of executive and senior officers/managers to one another, thereby rewarding teamwork. The number of options granted, in aggregate, to executive and senior officers/managers reflect the Board's opinion of the degree to which each individual has the capacity to influence profit. Options awarded within a given grant expire after seven years and vest in the interest of each individual based on length of service. No options may be exercised during the first twelve months following the date granted.

Report Presented By:

The Board of Directors

**Performance Graph**

The following graph compares the cumulative return for \$100 invested in the Corporation’s common shares on December 31, 2001 with the cumulative total return of the TSX 300 over the five year period ended December 31, 2006.



	2001	2002	2003	2004	2005	2006
S&P/TSX Composite Index	100	88	111	127	158	185
Timminco Limited Return	100	150	285	218	93	75

**Compensation of Directors**

*Directors’ fees and expenses*

With the exception of Dr. Entrekin and Mr. Walsh, each director of the Corporation or any of its subsidiaries is paid a fixed fee for each financial year of the Corporation and each director of the Corporation who is a member of the Strategic Committee of the Board is paid an additional fixed fee for each financial year of the Corporation.

**2006 Directors Fees at Year End**

Retainer:	Per Director	\$20,000 per year
	Strategic Committee Members	\$ 2,500 per year
	Chair – Audit Committee	\$ 5,000 per year
	Chair – Corporate Governance Committee	\$ 5,000 per year
Meeting		
Attendance Fee:	Per Director	\$ 1,000 per meeting

In the second quarter of 2006, the directors fees were increased as follows:

		<b>2006 Q1 and Prior</b>	<b>2006 Q2 and Forward</b>
Retainer:	Per Director	\$6,000 per year	\$20,000 per year
	Strategic Committee Members	\$2,500 per year	\$ 2,500 per year
	Chair – Audit Committee	N/A	\$ 5,000 per year
	Chair – Corporate Governance	N/A	\$ 5,000 per year
Meeting			
Attendance Fee:	Per Director	\$850 per meeting	\$ 1,000 per meeting

Each director is reimbursed for expenses incurred in connection with the attendance of such meetings.

Mr. J. Thomas Timmins, a former Chairman and Chief Executive Officer of the Corporation, receives a monthly consulting fee of \$20,833.

**Indebtedness of Directors and Executive Officers**

In December 2005, Mr. Pretzer, the President – Magnesium Division, received an interest-free loan from the Corporation in the amount of US\$100,000 which is repayable in equal monthly instalments and is based on a 10-year amortization.

<u>Purpose</u>	<u>Aggregate Indebtedness</u>	
	<u>To the Corporation or its Subsidiaries</u>	<u>To Another Entity</u>
Share Purchases	-0-	-0-
Other	US\$100,000	-0-

During the financial year ended December 31, 2006, no other 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**

A policy is in effect providing executive liability and indemnification insurance, the policy limit being \$15,000,000 per claim or in aggregate for the policy year ending May 1, 2007. The coverage applies to the directors and officers of the Corporation and all 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 premium applicable to the 2006 fiscal year was approximately \$132,825, which was paid by the Corporation.

On April 2, 2003, due to the change of control resulting from the subscription by BLP (the “Change of Control”), the Corporation purchased additional “run-off” insurance for a period of five years for approximately \$146,000, in which the previous Board of Directors and officers are covered for any wrongful acts that may have occurred prior to the Change in Control but have not been reported.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

On March 7, 2006, Becancour Silicon Inc. (“Becancour”), a wholly-owned subsidiary of the Corporation, issued a US\$2,000,000 demand promissory note (the “First Note”) in favour of ALD International LLC (“ALD”), an affiliate of Safeguard International Fund, L.P. (“Safeguard”). The First Note bears interest at the U.S. prime rate plus 1%. The loan and related security is subordinate to the indebtedness and the security under a credit agreement with the Corporation’s senior lender, Bank of America, N.A. The whole or any part of the principal amount of the First Note was convertible by ALD at its option, at any time, into common shares of the Corporation at a conversion rate of Cdn\$0.40 per share (with U.S. dollars being converted to Canadian dollars on the date of conversion). On April 30, 2007, ALD completed its conversion (the “Conversion”) of the entire principal amount outstanding under the First Note into 5,601,000 common shares of Timminco at a Conversion rate of Cdn\$0.40 per common share. The noon rate of exchange on April 26, 2007 (being the date on which Safeguard gave notice of Conversion of the First Note to the Corporation) as reported by the Bank of Canada for the exchange of United States dollars into Canadian dollars, was US\$1.00 equals Cdn\$1.1202. Accordingly, the Canadian dollar equivalent of the United States dollars comprised in the principal amount of the First Note was Cdn\$2,240,400.

On August 31, 2006, Becancour issued a US\$3,000,000 demand promissory note (the “Second Note”) in favour of Safeguard. The Second Note bears interest at the U.S. prime rate plus 1%. The loan and related security is subordinate to the indebtedness and the security under a credit agreement with the Corporations senior lender, Bank of America, N.A. and to the subordinated indebtedness and the security provided in respect of the First Note. The whole or any part of the principal amount of the Second Note may be converted by Safeguard at its option, at any time into common shares of the Corporation at a conversion rate of Cdn\$0.40 per share (with U.S. dollars being converted to Canadian dollars on the date of conversion), subject to shareholder approval in respect of a portion of the principal amount of the Second Note as described elsewhere in this Circular under the heading, “Private Placements to Insiders.”

On December 18, 2006, ALD granted a loan to the Corporation in the amount of €700,000 to fund an equity investment in Fundo Holdings AS (the “Fundo Loan”). The Fundo Loan bears interest at rate of 11% per annum. The Fundo Loan is subordinate to the indebtedness and the security under a credit agreement with the Corporations senior lender, Bank of America, N.A. and to the subordinated indebtedness and the security provided under the First Note and the Second Note. The Fundo Loan is due on December 31, 2007.

On March 1, 2007, Becancour issued a Cdn\$4,500,000 demand promissory note (the “Third Note”) in favour of ALD. The Third Note bears interest at the U.S. prime rate plus 1%. The loan and related security is subordinate to the indebtedness and the security under a credit agreement with the Corporations senior lender, Bank of America, N.A. and to the subordinated indebtedness and the security provided under the First Note, the Second Note and the Fundo Loan. The whole or any part of the principal amount of the Third Note may be converted by ALD at its option, at any time into common shares of the Corporation at a conversion rate of Cdn\$0.42 per share, subject to shareholder approval in respect of the conversion of a portion of the principal amount of the Third Note as described elsewhere in this Circular under the heading, “Private Placements to Insiders.”

Dr. Schimmelbusch and Mr. Spector, both of whom are directors of the Corporation, are both Managing Directors of Safeguard which, through its 91.8% ownership of AMG Advanced Metallurgical Group, N.V., indirectly owns 46,510,092 common shares of the Corporation.

Officers and directors of the Corporation and its affiliates are eligible to participate in the Share Option Plan.

## 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 “Guidelines”). The Guidelines are not intended to be prescriptive. The Corporation is encouraged to consider the 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 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 Board’s Corporate Governance and Nominating Committee to ensure that, as the Corporation’s business develops and grows, changes in structure and process necessary to ensure continued good governance are identified and implemented.

The following statement, which describes the Corporation’s current governance practices, has been prepared and approved by the Board.

### Composition of the Board

The Board currently comprises nine members. The Board believes that five of its current members, Messrs. Kellerman, Lister, Messman, Winfield and Yaksich, are “independent” for purposes of NI 58-101. In reaching this determination, the Board considered the circumstances, experience and relationships with the Corporation and its affiliates of each of the directors, including in the case of Mr. Yaksich, his position as a partner and COO with the law firm of McMillan Binch Mendelsohn LLP, a firm which provides legal advice to the Corporation from time to time, and Mr. Kellerman, his position as a partner with the law firm of Stikeman Elliott, a firm which also provides legal advice to the Corporation from time to time.

Dr. Entrekin was appointed the President and Chief Executive Officer of the Corporation on September 30, 2005 and resigned on December 15, 2006. By virtue of his role, he is not independent within the meaning of National Instrument 58-101. Mr. Timmins, who receives \$20,833 in monthly consulting fees under a Post-Employment and Life Insurance Agreement, is also not independent within the meaning of National Instrument 58-101.

Mr. John Walsh was appointed Director and President and Chief Executive Officer of the Corporation on December 15, 2006. By virtue of his role, he is not independent within the meaning of National Instrument 58-101.

By virtue of Dr. Schimmelbusch acting as Chief Executive Officer of the Corporation for the period April 2, 2003 to August 31, 2005 and Mr. Spector acting as Interim Chief Financial Officer of the Corporation for the period October 18, 2004 to April 3, 2005, Dr. Schimmelbusch and Mr. Spector are also not independent within the meaning of National Instrument 58-101.

Dr. Richard Lister is not standing for re-election at the Meeting.

Details of other reporting issuers on which the Corporation’s directors also sit as board members are disclosed under the heading “Election of Directors”.

The roles of the Corporation’s CEO and Board Chairman are separate. The five independent members of the Board, as applicable, exclude the CEO and management for portions of their meetings to enable open and frank discussion. Such occurrences are at the request of the Chairman or any member of the Board.

The Chairman of the Board is not independent, however, the Board is of the view that Dr. Schimmelbusch’s acting as both Chairman and an officer does not impair the ability of the Board to act independently of management. In reaching this conclusion, the Board has taken into consideration a number of factors, including (i) the number and proportion of unrelated, outside members of the Board and (ii) the assignment

to the Corporate Governance and Nominating Committee of the responsibility normally exercised by a board chairman of evaluating and developing the Board's corporate governance practices.

The Board meets at least four times a year, or more frequently if required. In 2006, the Board held twelve meetings.

### **Mandate of the Board**

The Board's responsibility 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 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 is also responsible for reviewing its size and the compensation paid to its members, to ensure that the Board 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 Corporate Governance and Nominating Committee.

The Board 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.

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 fund 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 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 attached as Appendix A.

The Board has not developed a written position description for the Chairman of the Board, and has not developed such descriptions for the Committee Chairs. The Committee Chairs are expected to supervise the activities of such committees and to ensure that they are taking all steps necessary to fulfil their respective mandates.

Under the auspices of the Board a written position description is in the process of being revised for the Chief Executive Officer that outlines the basic functions and responsibilities of the Chief Executive Officer. The Chief Executive Officer's responsibilities include, among other things, directing the business with the objective of providing quality service excellence to customers, providing maximum profit and return on invested capital, establishing current and long-range objectives, plans and policies, representing the Corporation with its major customers, the financial community and the public, and providing leadership to the management team.

### **Orientation and Continuing Education**

The Corporation has developed a directors' handbook, which will be provided to each director and to any new directors upon their election or appointment. The handbook contains Board and committee mandates, 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 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, during regularly scheduled Board meetings and through monthly mailings. Management from

the main operating divisions are invited to Board meetings 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 Corporate Governance and Nominating Committee.

### **Ethical Business Conduct**

The Corporation maintains a Board-approved Code of Conduct and Ethics for Directors and Officers for which no waivers have currently been sought or granted. The Corporation's Code of Conduct and Ethics for Directors and Officers 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 for Directors and Officers is signed by each director, officer and employee of the Corporation and is available on our website and on SEDAR at [www.sedar.com](http://www.sedar.com) and is attached to the Charter of the Board of Directors attached as Appendix C.

In circumstances in which the Board 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 the affected individual does not participate in the vote on the matter.

### **Nomination of Directors**

The Corporate Governance and Nominating Committee makes recommendations as to the size and composition of the Board; reviews qualifications for potential candidates for election to the Board; recommends for the Board's approval the slate of nominees for presentation to the annual shareholders' meetings; and makes recommendations with respect to the membership of committees. The Committee is also responsible for reviewing and reporting to the Board annually on the overall performance and composition of the Board and its Committees.

It is the Corporate Governance and Nominating Committee that is responsible for all corporate governance matters, including but not limited to establishing, evaluating and maintaining the state of the Corporation's corporate governance practices to ensure that such practices are current, appropriate and effective.

The Corporate Governance and Nominating Committee is comprised of three independent directors: Mr. Messman as Chairman and Messrs. Winfield and Yaksich. The Corporate Governance and Nominating Committee met on two occasions in 2006.

### **Compensation**

The Corporation has a Human Resources, Compensation and Pension Committee that reviews all personnel matters, including performance, compensation, succession and pension arrangements. The Committee reviews the form and adequacy of compensation for directors and officers of the Corporation, and reviews all of the Corporation's employee incentive plans. The Committee also reviews the performance and remuneration of the Corporation's CEO and other senior management. At least annually, the Committee reviews and makes recommendations to the Board with respect to the performance and remuneration of the CEO, other officers, the directors and other senior management. The Committee reviews and considers publicly disclosed compensation information by industry competitors in making its recommendations.

The Human Resources, Compensation and Pension Committee is comprised of three members, two of whom are independent: Dr. Schimmelbusch as Chairman and Mr. Kellerman and Dr. Lister. The Human Resources, Compensation and Pension Committee met on two occasions in 2006.

### **Other Board Committees**

The Board has four standing committees: the Strategic Committee, the Audit Committee, the Corporate Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee. The Corporate Governance and Nominating Committee is described above under the heading, "Nomination of

Directors.” The Human Resources, Compensation and Pension Committee is described above under the heading, “Compensation.”

### ***Strategic Committee***

The purpose of the Strategic Committee is to receive communications from and offer advice to the Chairman and Chief Executive Officer on management issues. The Strategic Committee will not act on behalf of the Board and will, after the Meeting, be subject to renewal on an annual basis.

The Strategic Committee is comprised of three members, none of whom are independent: Dr. Heinz Schimmelbusch as Chairman and Messrs. Spector and Timmins. The Strategic Committee had one meeting in 2006.

### ***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 comprised of three members, all of whom are independent: Dr. Richard Lister as Chairman and Messrs. Kellerman, Winfield and Messman. Mr. Messman was appointed a member of the audit committee on August 8, 2006 following the resignation of Mr. Kellerman. The Audit Committee met four times in 2006.

### ***Assessments***

The Board of Directors annually assesses, on an informal basis, the effectiveness of the Board of Directors as a whole, the Board Chair, the Board Committees, the Committee Chairs and the contribution of individual directors. These assessments, if necessary, are incorporated into recommendations for improvement.

### **Expectations of Management**

The Board believes that management is responsible for the development of long-term strategies for the Corporation and that the role of the Board is to review, question, validate and ultimately approve the strategies proposed by management. The Board’s expectations of management are developed and communicated during regular Board and Committee meetings, where members of senior management review and advise the Board 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 proposals from shareholders to include as items in next year’s management proxy circular for the Corporation’s 2008 annual shareholder meeting by January 14, 2008.

## **AUDIT COMMITTEE CHARTER**

A summary of the Charter of the Audit Committee is found in the Corporation’s annual information form under “Audit Committee, Charter and Audit Fees”.

## **ADDITIONAL INFORMATION**

**Additional information about the Corporation may be found on the SEDAR website at [www.sedar.com](http://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, 2006, as contained in**

**the 2005 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.**

**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.

May 7, 2007

*“Keith S. D’Souza”*

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Keith S. D’Souza  
Vice President and Secretary

## APPENDIX A

### BY-LAW NO. 7

RESOLVED that By-law No. 7 of the Corporation, in the form enacted by the board of directors on May 7, 2007, is hereby confirmed as follows:

1. Section 3.1 of the Consolidated By-laws is repealed and replaced as follows:

“3.1 **Annual Meetings.** The annual meeting of shareholders shall be held at such time in each year and, subject to Section 3.3, at such place as the Board may from time to time determine for the purposes set forth in the Act.”
2. Sections 3.5, 3.6 and 3.11 of the Consolidated By-laws are repealed.
3. Section 7.2 of the Consolidated By-laws of the Corporation is repealed and replaced as follows:

“7.2 **Indemnity.**

  - (a) Subject to the limitations contained in the Act, but without limit to the right of the Corporation to indemnify any individual under the Act or otherwise, to the full extent permitted by law, the Corporation shall indemnify a director or officer, or former director or officer, or a person who acts or acted at the Corporation’s request as a director or officer or in a similar capacity for another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by them in respect of any civil, criminal, administrative, investigative or other proceeding in which they are involved because of that association with the Corporation or other entity, provided that:
    - (i) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in similar capacity at the corporation’s request; and
    - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual’s conduct was lawful.
  - (b) Subject to the limitations contained in the Act, the Corporation may advance amounts to such individuals referred to in Section 7.2(a) for the costs, charges and expenses of a proceeding referred to in that Section.
  - (c) Notwithstanding the foregoing, the Corporation shall with the approval of a court, indemnify an individual referred to in Section 7.2(a), or advance moneys under Section 7.2(b), in respect of an action by or on behalf of the Corporation or other entity to procure a judgment in its favour, to which the individual is made a party because of the individual’s association with the Corporation or other entity as described in Section 7.2(a) against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfils the conditions set out in Sections 7.2(a)(i) and (ii).”

4. The repeal of Sections 3.1, 3.5, 3.6, 3.11 and 7.2 of the Consolidated By-laws of the Corporation shall not in any way affect the validity of any act done or right, privilege, obligation or liability acquired or incurred thereunder prior to their repeal.
5. Defined terms used in this By-law No. 7 have the meanings attributed to them in the Consolidated By-laws.

## **APPENDIX B**

### **SUMMARY OF SHARE OPTION PLAN**

On March 13, 2007, the Board of Directors made various amendments to, and restated, the Corporation's Share Option Plan (the "Share Option Plan"). The following is a summary of the Share Option Plan in the form adopted by the Board of Directors on March 13, 2007. Copies of the complete Share Option Plan are available upon request. Shareholders wishing to receive a copy of the Share Option Plan should make their request by telephone at 416-364-5171, by facsimile at 416-364-3451, by email at kdsouza@timminco.com or by mail to the Corporation, at Sun Life Financial Tower, 150 King Street West, Suite 2401, Toronto, Ontario, Canada, M5H 1J9, Attention: Vice President and Secretary.

The Share Option Plan is the Corporation's only compensation plan providing for the issuance of securities of the Corporation as compensation. The purpose of the Share Option Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified recipients, to award the recipients for their contributions toward the long term goals and success of the Corporation and to enable and encourage such recipients to acquire common shares as long term investments in the Corporation.

Under the Share Option Plan, the number of common shares reserved for issuance pursuant to stock option grants is, as at March 13, 2007, 6,643,250 common shares and will be, as at May 31, 2007 (subject to Shareholder approval), 8,313,175 common shares. Options are granted at the discretion of the Board of Directors. Any director, officer or employee of the Corporation or its affiliates is eligible to participate.

As at the date of this Circular, based on outstanding common shares of 92,368,614, the maximum number of common shares available for future option grants under the Share Option Plan is 1,734,500 common shares (representing 1.88% of the outstanding common shares) and the maximum number of common shares subject to outstanding options is 4,908,750 common shares (representing 5.31% of the outstanding common shares). The Corporation is proposing to reserve an additional 1,669,925 common shares for the granting of stock options as described elsewhere in this Circular.

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, result in (i) the number of common shares reserved for issuance to insiders pursuant to stock options exceeding 10% of the issued and outstanding common shares; (ii) the issuance to insiders pursuant to stock 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); 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 (excluding common shares issued pursuant to security based compensation arrangements during the preceding one-year period), in each case calculated on a non-diluted basis.

The Board is entitled to determine at the date of grant of the option the option price for each common share that may be purchased on the exercise of an option, which 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.

The Board is entitled to determine at the date of grant of the option the vesting schedule for the option.

The Board is entitled to determine at the date of grant of the option the term of the option, provided that if no specific determination is made, the option shall be exercisable for a period of 7 years from the date the option is granted.

Entitlements of holders under outstanding options terminate upon the events and in the manner set out below:

<b>Reasons for Termination</b>	<b>Exercisable Until</b>
Termination of director, officer or employee by reason of death	The first anniversary of the date of death
Termination of officer or employee by reason of retirement	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
Termination of officer or employee for any reason other than death, retirement or cause	Earlier of the severance period agreed to by the employee and the Corporation or an affiliate of the Corporation on cessation of employment and the first anniversary of the date of cessation of employment, unless otherwise determined by the Board of Directors
Termination of officer or employee for cause	Termination of option on date of cessation of employment
Termination of director for any reason other than death	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

Subject to shareholder approval as described elsewhere in this Circular under the heading, “Amendment and Restatement of Share Option Plan”, as permitted by a recent TSX Staff Notice, if an option expires during, or within five business days after, a trading black-out period imposed by the Corporation to restrict trades in the Corporation’s securities, then, notwithstanding any other provision of the Plan, the option shall expire ten business days after the trading black-out period is lifted by the Corporation.

Except as described below, an option is personal to the optionee and is non-transferable and non-assignable, other than by will or the laws relating to intestacy. Notwithstanding the foregoing, an optionee may transfer an option to any of the following permitted assigns: (i) the recipient’s spouse, (ii) a trustee, custodian or administrator acting on behalf of or for the benefit of the recipient or the recipient’s spouse, (iii) a personal holding corporation, partnership, trust or other entity controlled by the recipient or the recipient’s spouse, 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 spouse.

Subject to shareholder approval as described elsewhere in this Circular under the heading, “Amendment and Restatement of Share Option Plan”, shareholder approval is required to amend the Share 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 stock options exceeding 10% of the issued and outstanding common shares; or (ii) the issuance to insiders pursuant to stock 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 Share 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 black-out, as described above.

Also subject to shareholder approval as described elsewhere in this Circular under the heading, "Amendment and Restatement of Share Option Plan", and subject to the restrictions in the preceding paragraph, the Board may, in its discretion, and without obtaining shareholder approval, amend, suspend or discontinue the Share Option Plan, and amend or discontinue any options granted under the Share Option Plan, at any time. Without limiting the foregoing, the Board may, without obtaining shareholder approval, amend the Share Option Plan, and any options granted under the Share Option Plan, to (i) amend the vesting provisions, (ii) amend the termination provisions, except in certain limited circumstances as described in the preceding paragraph, (iii) amend the eligibility requirements of eligible recipients which would have the potential of broadening or increasing insider participation, (iv) add any form of financial assistance, (v) amend a financial assistance provision which is more favorable to eligible recipients, (vi) add a cashless exercise feature, payable in cash or securities, whether or not the feature provides for a full deduction of the number of underlying common shares from the reserved common shares, (vii) add a deferred or restricted share unit or any other provision which results in the eligible recipients receiving securities while no cash consideration is received by the Corporation, and (viii) make amendments of a housekeeping nature or to comply with the requirement of any regulatory authority.

The Share Option Plan contains provisions for certain adjustments in the event of a corporate reorganization, including an amalgamation or merger of the Corporation with or into another Corporation, and for accelerated vesting of options in the event of a change of control (as defined in the Plan) of the Corporation.

The Corporation does not provide financial assistance to participants under the Share Option Plan. There are no entitlements under the Share Option Plan that have been granted but are subject to ratification by the Corporation's shareholders.

The amendments to, and the restatement of, the Share Option Plan by the Board of Directors on March 13, 2007 was conditionally approved by the TSX. As described elsewhere in this Circular, certain changes approved by the Board are subject to shareholder approval under the rules of the TSX. Also, as described elsewhere in this Circular, the increase in the number of common shares that are currently issuable and that may be issued under the Share Option Plan by 1,669,925 common shares as approved by the Board of Directors on May 7, 2007 is also subject to shareholder approval under the rules of the Toronto Stock Exchange. Certain other changes approved by the Board do not require shareholder approval.

## APPENDIX C

### CHARTER OF THE BOARD OF DIRECTORS

#### **I. PURPOSE**

The purpose of this charter (“**Charter**”) of the board of directors (the “**Board**”) of Timminco Limited (the “**Company**”) is to provide guidance to Board members as to their duties and responsibilities. The power and authority of the Board is subject to the provisions of applicable law.

The Board is responsible for the stewardship of the Company. This requires the Board to oversee the conduct of the business and affairs of the Company. The Board discharges some of its responsibilities directly and discharges others through committees of the Board. The Board is not responsible for the day-to-day management and operation of the Company’s business, as this responsibility has been delegated to management. The Board is, however, responsible for supervising the executive managers in carrying out this responsibility.

#### **II. MEMBERSHIP**

The Board consists of directors elected by the shareholders as provided for in the Company’s constituting documents and in accordance with applicable law. From time to time, the Corporate Governance and Nominating Committee shall review the size of the Board to ensure that its size facilitates effective decision-making by the Board in the fulfilment of its responsibilities.

Each member of the Board must act honestly and in good faith with a view to the best interests of the Company, and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A director is responsible for the matters under “Role and Responsibilities of the Board” below as well as for other duties as they arise in the director’s role.

All members of the Board shall have suitable experience and skills given the nature of the Company and its businesses and have a proven record of sound judgment. Directors are to possess characteristics and traits that reflect:

- high ethical standards and integrity in their personal and professional dealings;
- the ability to provide thoughtful and experienced counsel on a broad range of issues and to develop a depth of knowledge of the businesses of the Company in order to understand and assess the assumptions on which the Company’s strategic and business plans are based and to form an independent judgment with respect to the appropriateness and probability of achieving such plans;
- the ability to monitor and evaluate the financial performance of the Company;
- an appreciation of the value of Board and team performance over individual performance and a respect for others;
- an openness for the opinions of others and the willingness to listen, as well as the ability to communicate effectively and to raise tough questions in a manner that encourages open and frank discussion.

Directors are expected to commit the time and resources necessary to properly carry out their duties. Among other matters, directors are expected to adequately prepare for and attend all regularly scheduled Board meetings. New directors are expected to understand fully the role of the Board, the role of the committees of the Board and the contribution individual directors are expected to make.

### III. **ETHICS**

Members of the Board shall carry out their responsibilities objectively, honestly and in good faith with a view to the best interests of the Company. Directors of the Company are expected to conduct themselves according to the highest standards of personal and professional integrity. Directors are also expected to set the standard for Company-wide ethical conduct and ensure ethical behaviour and compliance with laws and regulations. If an actual or potential conflict of interest arises, a director shall promptly inform the Chair and shall refrain from voting or participating in discussion of the matter in respect of which he has an actual or potential conflict of interest. If it is determined that a significant conflict of interest exists and cannot be resolved, the director should resign.

Directors are expected to act in accordance with applicable law, the Company's Articles and the Company's Directors and Officers Code of Conduct and Ethics. The Board is required to monitor compliance with the Directors and Officers Code of Conduct and Ethics and is responsible for the granting of any waivers from compliance with the Code for directors and officers.

### IV. **MEETINGS**

The Board shall meet in accordance with a schedule established each year by the Board, and at such other times as the Board may determine. Meeting agendas shall be developed in consultation with the Chair. Board members may propose agenda items through communication with the Chair. The Chair is responsible for ensuring that a suitably comprehensive information package is sent to each director in advance of each meeting. At the discretion of the Board, members of management and others may attend Board meetings, except for separate meetings of the non-management directors of the Board.

Directors are expected to be fully prepared for each Board meeting, which requires them, at a minimum, to have read the material provided to them prior to the meeting. At Board meetings, each director is expected to take an active role in discussion and decision-making. To facilitate this, the Chair is responsible for fostering an atmosphere conducive to open discussion and debate.

Non-management members of the Board shall have the opportunity to meet at appropriate times without management present at regularly scheduled meetings. The Chair shall be responsible for presiding over meetings of the non-management directors. Non-management Board members may propose agenda items for meetings of non-management Board members through communication with the Chair.

### V. **ROLE AND RESPONSIBILITIES OF THE BOARD**

The Board is responsible for approving the Company's goals, objectives and strategies. The Board shall adopt a strategic planning process and approve and review, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business. The Board is also responsible for identifying the principal risks of the Company's businesses and overseeing the implementation of appropriate risk assessment systems to manage these risks.

In addition to the other matters provided in this Charter, the Board is also responsible for the following specific matters:

- reviewing and approving management's strategic plans;
- reviewing and approving the Company's financial objectives, business plans and budgets, including capital allocations and expenditures;
- monitoring corporate performance against the strategic plans and business, operating and capital budgets;

- management succession planning, including appointing, training and monitoring senior management and, in particular, the Chief Executive Officer of the Company;
- providing that an appropriate portion of senior executive management's compensation is tied to both short-term and longer-term performance of the Company;
- monitoring the integrity of the Company's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems;
- approving all acquisitions and divestitures of business operations, strategic investments and alliances, major business development initiatives and any significant unbudgeted expenditure;
- the Company's communication policies, which:
  - (a) address how the Company interacts with analysts, investors, other key stakeholders and the public; and
  - (b) contain measures for the Company to comply with its continuous and timely disclosure obligations and to avoid selective disclosure and insider trading;
- developing the Company's principles and approach to corporate governance;
- assessing its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of individual directors;
- monitoring compliance with the Directors and Officers Code of Conduct and Ethics.

A director has an important and positive role as a representative of the Company. A director is also expected to participate in outside activities that enhance the Company's image to investors, employees, customers and the public.

## **VI. ROLE AND RESPONSIBILITIES OF THE CHAIR**

It is the view of the Board that there be a separation of the offices of the Chair and the Chief Executive Officer and that the Chair not be a member of management of the Company. The Chair and the Chief Executive Officer are to be in regular communications during the course of the year including with respect to the Company's business and the responsibilities of the Board.

The principal responsibilities of the Chair of the Board shall be to oversee, manage and assist the Board in fulfilling its duties and responsibilities as a Board in an effective manner independently of management. The Chair shall be responsible, among other things,

- to chair Board meetings and annual and special meetings of shareholders,
- to organize an appropriate annual work plan and regularly scheduled meetings for the Board,
- to participate in the preparation of the agenda for each Board meeting,
- to monitor the work of the committees of the Board and in that connection the Chair may attend, as a non-voting participant, all meetings of Board committees (other than those on which he otherwise sits),
- to arrange for an appropriate information package to be provided on a timely basis to each director in advance of the meeting,

- to assist in the Board's evaluation and self-assessment of its effectiveness and implementation of improvements,
- to provide appropriate guidance to individual Board members in discharging their duties,
- to ensure newly appointed directors receive an appropriate orientation and education program, and
- to provide arrangements for members of the Board to communicate with the Chair formally and informally concerning matters of interest to Board members.

## **VII. PROCEDURES TO ENSURE EFFECTIVE AND INDEPENDENT OPERATION**

The Board recognizes the importance of having procedures in place to ensure the effective and independent operation of the Board. In addition to the policies and procedures provided elsewhere in this Charter including under "Role and Responsibilities of the Chair" set out above, the Board has adopted the following procedures:

- the Board has complete access to the Company's management;
- the Board requires timely and accurate reporting from management and shall regularly review the quality of management's reports;
- subject to the approval of the Nominating and Corporate Governance Committee, individual directors may engage an external adviser at the expense of the Company in appropriate circumstances;
- the Board shall ensure that every investor inquiry shall receive a prompt response from an appropriate officer of the Company;
- the Chair of the Board shall monitor the nature and timeliness of the information requested by and provided by management to the Board to determine if the Board can be more effective in identifying problems and opportunities for the Company; and
- given the recent separation of the responsibilities of the Chairman and Chief Executive Officer, the Board, together with the Chief Executive Officer, shall develop a detailed job description for the Chief Executive Officer. This description shall be approved by the Human Resources Committee. The Board shall assess the Chief Executive Officer against the objectives set out in this job description.

## **VIII. BOARD COMMITTEES**

Subject to limits on delegation contained in corporate law applicable to the Company, the Board has the authority to establish and carry out its duties through committees and to appoint directors to be members of these committees. The Board assesses the matters to be delegated to committees of the Board and the constitution of such committees annually or more frequently, as circumstances require. From time to time the Board may create *ad hoc* committees to examine specific issues on behalf of the Board.

## CODE OF CONDUCT AND ETHICS FOR DIRECTORS AND OFFICERS

### **I. PURPOSE**

The purpose of the Code of Conduct and Ethics for Directors and Officers of the Corporation (the “Code”) (which for the purpose of this Code includes its subsidiaries) is to:

- endorse and promote the Corporation’s commitment to honest and ethical conduct, including fair dealing and ethical handling of conflicts of interest;
- promote full, fair, accurate, timely and understandable disclosure;
- promote compliance with applicable laws and governmental rules and regulations;
- ensure the protection of the Corporation’s legitimate business interests, including corporate opportunities, assets and confidential information;
- deter wrongdoing.

All directors and officers of the Corporation are expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them.

For purposes of this Code, the “Code of Ethics Contact Person” will be, for the members of the Board of Directors (the “Board”), the Chair of the Board or the Chair of the Corporate Governance and Nominating Committee of the Board, and for the officers of the Corporation, the Vice-President and Secretary or the Chair of the Board.

### **II. HONEST AND CANDID CONDUCT**

Each director and officer owes a duty to the Corporation to act with integrity. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

Each director and officer must:

- act with integrity, including being honest and candid while still maintaining the confidentiality of information where it is required or where it is consistent with the Corporation’s policies.
- observe both the form and spirit of applicable laws and governmental rules and regulations, accounting standards and corporate policies.
- adhere to a high standard of business ethics.

### **III. CONFLICTS OF INTEREST**

A “conflict of interest” occurs when an individual’s private or personal interest interferes, or may appear to interfere, with the interests of the Corporation. A conflict of interest can arise when a director or officer takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. For example, a conflict of interest would arise if a director or officer, or member or his or her family, receives improper personal benefits as a result of his or her position in the Corporation. Any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest should be discussed with the Code of Ethics Contact Person.

In considering a conflict of interest between a director and the Corporation, consideration shall be given to the Corporate Governance and Nominating Committee Charter approved by the Board.

Conflict of interest situations involving directors and officers may include the following:

- any material ownership or financial interest in any supplier of goods or services to the Corporation or in any major customer of the Corporation;
- any consulting or employment relationship with any major customer of the Corporation, supplier or competitor;
- any outside business activity that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities with the Corporation;
- the receipt of non-nominal gifts or excessive entertainment from any Corporation with which the Corporation has current or prospective business dealings;
- being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member.

Anything that would present a conflict of interest for a director or officer would likely also present a conflict if it is related to a member of his or her immediate family.

Conflicts of interest between a director or officer and the Corporation are to be disclosed to the Board, the Chief Executive Officer or a Code of Ethics Contact Person and reported to the Corporate Governance and Nominating Committee of the Board on a regular basis.

#### **IV. DISCLOSURE**

Each director or officer involved in the Corporation's disclosure process, including the Chief Executive Officer and the Chief Financial Officer, is required to be familiar with and comply with the Corporation's disclosure controls and procedures and internal control over financial reporting, to the extent relevant to his or her area of responsibility, so that the Corporation's public reports filed with securities commissions and regulatory authorities comply in all material respects with the applicable securities laws and rules. In addition, each such person having direct or supervisory authority regarding these regulatory filings or the Corporation's other public communications concerning its general business, results, financial condition and prospects should, to the extent appropriate within his or her area of responsibility, consult with other officers and employees of the Corporation and take other appropriate steps regarding these disclosures with the goal of making full, fair, accurate, timely and understandable disclosure.

Each director or officer, who is involved in the Corporation's disclosure process, including the Chief Executive Officer and the Chief Financial Officer, must:

- familiarize himself or herself with the disclosure requirements applicable to the Corporation as well as the business and financial operations of the Corporation;
- not knowingly misrepresent, or cause others to misrepresent, facts about the Corporation to others, whether within or outside the Corporation, including to the Corporation's independent auditors, governmental regulators and self-regulatory organizations; and
- properly review and critically analyse proposed disclosure for accuracy and completeness (or, where appropriate, delegate this task to others).

## V. COMPLIANCE

It is the Corporation's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each officer and director to adhere to the standards and restrictions imposed by those laws, rules and regulations.

It is against the policy of the Corporation and in many circumstances illegal for a director or officer to profit from undisclosed information relating to the Corporation or any other company. A director or officer may not purchase or sell any of the Corporation's securities while in possession of material non-public information relating to the Corporation. Also, a director or officer may not purchase or sell securities of any other company while in possession of any material non-public information relating to that company.

Any director or officer who is uncertain about the legal rules involving a purchase or sale of, or other dealings in, any of the Corporation's securities or any securities in companies that he or she is familiar with by virtue of his or her work for the Corporation, should consult with the Vice-President and Secretary before making any such transaction.

Directors and officers are also to comply with the Corporation's policies relating to insider trading and blackout periods for insider trading.

## VI. REPORTING, ACCOUNTABILITY AND WAIVERS

The Corporate Governance and Nominating Committee (the "**Committee**") is responsible for monitoring compliance with the Code and applying and interpreting the Code with regard to specific situations that are presented to it. Any director or officer who becomes aware of any existing or potential violation of the Code is required to notify the Code of Ethics Contact Person promptly. Failure to do so is a violation of the Code.

Any questions relating to how the Code should be interpreted or applied should be addressed to the Code of Ethics Contact Person. A director or officer who is unsure of whether a situation violates the Code should discuss the situation with the Code of Ethics Contact Person to prevent possible misunderstandings and embarrassment at a later date.

The Corporation will follow the following procedures in investigating and enforcing the Code, and in reporting on the Code:

- The Code of Ethics Contact Person will make a preliminary investigation, if it is appropriate, and will report all violations and potential violations to the Committee.
- The Committee will take all appropriate action to fully investigate any alleged violations reported to them.
- If the Committee determines that a violation has occurred, the Committee will inform the Board.
- Upon being notified that a violation has occurred, the Board will take such disciplinary or preventive action as it deems appropriate, up to and including dismissal or, in the event of criminal or other serious violations of law, notification of appropriate governmental authorities.

The Corporation may waive specific provisions of the Code in a particular situation. Any waiver of the Code for directors or officers of the Corporation may be made only by the Board or by the Committee and reported to the Board. Any waiver by the Corporation of a provision of the Code to a director or officer that relates to a material item shall be disclosed by the Corporation in accordance with applicable legal and regulatory requirements.

## **VII. CORPORATE OPPORTUNITIES**

Directors and officers owe a duty to the Corporation to advance the Corporation's business interests when the opportunity to do so arises. Directors and officers are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Corporation has already been offered the opportunity and turned it down. More generally, directors and officers are prohibited from using corporate property, information or position for personal gain and from competing with the Corporation.

It may be difficult to draw the line between benefits that are personal and benefits that are related to the Corporation, and certain activities contain benefits that are both personal and related to the Corporation. Directors and officers who intend to make use of the Corporation's property or services in a manner not solely for the benefit of the Corporation should consult beforehand with the Code of Ethics Contact Person.

## **VIII. CONFIDENTIALITY**

In carrying out the Corporation's business, directors and officers may learn confidential or proprietary information about the Corporation, its customers, suppliers, or joint venture parties. Directors and officers must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of the Corporation, and other companies, includes any non-public information that would be harmful to the relevant Corporation or useful or helpful to competitors if disclosed.

Confidential information shall not be used for personal gain.

## **IX. FAIR DEALING**

The Corporation has a history of succeeding through honest business competition. The Corporation does not seek competitive advantages through illegal or unethical business practices. Each director and officer should endeavour to deal fairly with the Corporation's customers, service providers, suppliers, competitors and employees. No director or officer should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

## **X. PROTECTION AND PROPER USE OF THE CORPORATION'S ASSETS**

All directors and officers should protect the Corporation's assets and ensure their efficient use. The Corporation's assets should be used only for legitimate business purposes.