

TIMMINCO LIMITED

MANAGEMENT INFORMATION CIRCULAR

PROXY INFORMATION

Solicitation of Proxies

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by the management of Timminco Limited (“Timminco” or the “Corporation”) of proxies to be used at the annual general and special meeting (the “Meeting”) of the holders of common shares of the Corporation (the “Shareholders”) to be held on Thursday, May 29, 2008 at 1:00 p.m. (Toronto time) at the Fairmont Royal York Hotel, Québec Room, 100 Front Street West, Toronto Ontario, Canada, M5J 1E3, and any adjournment thereof, for the purposes set forth in the Notice of Annual General and Special Meeting of Shareholders accompanying this Circular (the “Notice”). While it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation. The cost of this solicitation will be borne by the Corporation. The information in this Circular is as of April 28, 2008 unless otherwise indicated.

Appointment and Revocation of Proxies

The persons named in the accompanying form of proxy are the Chairman of the Board and Chief Executive Officer and the Executive Vice President – Finance and Chief Financial Officer of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons named in the accompanying form of proxy to represent the Shareholder at the Meeting. The Shareholder may exercise this right either by inserting such person’s name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy.** A form of proxy will not be valid unless it is deposited with Computershare Investor Services Inc. at the address shown on the enclosed envelope by 5:00 p.m. (Toronto time) on May 27, 2008 or at least 48 hours, excluding Saturdays and holidays, prior to any adjournment of the Meeting.

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

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

Voting and Discretion of Proxies

On any ballot that may be called for, the common shares represented by the proxies which are hereby solicited will be voted for or against, or voted for or withheld from voting on, the matters identified in the form of proxy, in each case in accordance with the instructions of the Shareholder. **Unless instructed otherwise, the officers of the Corporation named in the accompanying form of proxy intend to vote the common shares represented by proxies FOR the 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 officers of the Corporation named in the accompanying form of proxy will vote thereon in accordance with their best judgement.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The record date for the determination of Shareholders entitled to receive the Notice and to vote at the Meeting has been fixed at April 18, 2008. As at the date of this Circular, the authorized capital of the Corporation consists of an unlimited number of common shares, of which 104,004,588 are issued and outstanding, and an unlimited number of Class A and Class B Preference Shares, none of which are issued and outstanding. Each common share will carry one vote per share at the Meeting.

As at April 25, 2008, 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 Outstanding Common Shares</u>
AMG Advanced Metallurgical Group N.V. ⁽¹⁾	52,559,733	50.54%
Sprott Asset Management Inc. ⁽²⁾	17,756,700 ⁽²⁾	17.07% ⁽²⁾

Notes:

- (1) AMG Advanced Metallurgical Group N.V. ("AMG") has an option to acquire additional common shares of the Corporation that are issuable upon the conversion of outstanding promissory notes issued by a subsidiary of the Corporation. See "Interest of Informed Persons in Material Transactions".
- (2) This information was obtained by the Corporation from Sprott Asset Management Inc. Sprott Asset Management Inc. exercises control or direction over these common shares on behalf of certain fully managed accounts.

MATTERS FOR CONSIDERATION AT THE MEETING

Presentation of Financial Statements

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2007, together with the auditors' report thereon, which are included in the 2007 Annual Report, will be placed before the Meeting.

Election of Directors

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

In order to be elected, each director must be approved by a majority of the votes cast in respect of the ordinary resolution to approve the election of the director

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 indicate: (i) the names of the persons proposed to be nominated for election as directors and the 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; (ii) their principal occupations; and (iii) the periods of service as directors of the Corporation and as members of committees of the Board of Directors.

Name and Residence Common shares beneficially owned or controlled directly or indirectly	Principal Occupation	Director and Committee Members since
Heinz C. Schimmelbusch Pennsylvania, USA Common Shares: 211,000 ⁽¹⁾ Options: 1,000,000	Dr. Schimmelbusch has been Chairman of the Board of the Corporation since April 2003. He also was Chief Executive Officer of the Corporation from April 2003 to September 2005 and was re-appointed as Chief Executive Officer in August 2007. He is also Chairman of the Management Board of AMG Advanced Metallurgical Group N.V.	Timminco director since 2003
Arthur R. Spector Pennsylvania, USA Common Shares: Nil ⁽¹⁾ Options: 950,000	Mr. Spector has been the Vice Chairman of the Corporation since March 2004. He was appointed Interim Chief Financial Officer for the period October 2004 to April 2005. He is also Deputy Chairman of the Management Board of AMG Advanced Metallurgical Group N.V.	Timminco director since 2003
Jay C. Kellerman Ontario, Canada Common Shares: 9,000 Options: 50,000	Mr. Kellerman is a Partner of Stikeman Elliott LLP (law firm).	Timminco director since 2004 Member of: (i) Audit Committee (ii) Human Resources, Compensation and Pension Committee (Chair)

Name and Residence Common shares beneficially owned or controlled directly or indirectly	Principal Occupation	Director and Committee Members since
Jack L. Messman Massachusetts, USA Common Shares: 130,000 Options: 75,000	Mr. Messman was Chairman, President and Chief Executive Officer, of Novell, Inc. (a publicly traded software company) from 2001 to 2006. Since 2006, he has acted as a corporate director. He also acts as Deputy Chairman of the Supervisory Board of AMG Advanced Metallurgical Group N.V.	Timminco director since 2003 Member of: (i) Corporate Governance and Nominating Committee (Chair) (ii) Human Resources, Compensation and Pension Committee
Michael D. Winfield Illinois, USA Common Shares: Nil Options: 50,000	Mr. Winfield currently serves as a corporate director. He retired from the position of President and Chief Executive Officer of UOP LLC (a technology and products supplier to the oil and gas industries) in 2001. He continued to serve as a member of its Board of Managers until 2004. He is a director of the Landauer Corp. (an analytical services company) where he also served as Chairman. He was a director of Metallurg Inc. (a metals company and a subsidiary of AMG Advanced Metallurgical Group N.V.) from 2001 to 2007. He also served as a director of Chicago Bridge and Iron Company (an engineering, procurement and construction company) from 2001 to 2004.	Timminco director since 2004 Member of: (i) Audit Committee (ii) Corporate Governance and Nominating Committee (iii) Human Resources, Compensation and Pension Committee
Mickey M. Yaksich Ontario, Canada Common Shares: Nil Options: 75,000	Mr. Yaksich is Partner and Chief Operating Officer of McMillan Binch Mendelsohn LLP (law firm).	Timminco director since 1998 Member of: (i) Audit Committee (Chair) (ii) Corporate Governance and Nominating Committee
John C. Fox Washington, D.C. USA Common Shares: Nil Options: Nil	John C. Fox is a Senior Managing Director of Perseus LLC (“Perseus”), a private equity investment manager, and has been employed by Perseus since 2000.	Timminco director since April 28, 2008 ⁽²⁾

Notes:

- (1) In addition to these amounts, Dr. Schimmelbusch and Mr. Spector are members of the Management Board of AMG which, as at the date of this Circular, holds 52,559,733 common shares representing approximately 50.54% of the outstanding common shares and has an option to acquire additional common shares of the Corporation that are issuable upon the conversion of outstanding promissory notes issued by a subsidiary of the Corporation. See “Interests of Informed Persons in Material Transactions”.

(2) Mr. Fox was appointed by the Board to fill a vacancy on the Board of Directors.

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, chief executive officer or chief financial officer of any company (including the Corporation) that (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (the "order") while that person was acting in that capacity; or (ii) was subject to an order that was issued after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer in the company being the subject of the order; or (iii) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except 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 at that time 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 proposed director of the Corporation has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any laws relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

Appointment of Auditors

Shareholders will be asked to approve an ordinary resolution appointing Ernst & Young LLP ("E&Y") as the auditors of the Corporation to hold office until the close of the next annual meeting of the Shareholders at a remuneration to be fixed by the Board of Directors.

Effective November 16, 2007, E&Y was appointed as the Corporation's successor auditors pursuant to a resolution of the Board of Directors based on the recommendation of the Audit Committee, and the Corporation's former auditors, KPMG LLP ("KPMG"), resigned at the Corporation's request. E&Y is also the auditor for AMG, the controlling shareholder of the Corporation. The change in auditors for the Corporation was expected to reduce the time and resources that would otherwise be spent by the Corporation's management in respect of the audit and review services performed by E&Y as auditor for AMG. There were no reservations in KPMG's reports on the financial statements of the Corporation for its financial years ended December 31, 2005 and 2006 or for any subsequent periods, and there were no "reportable events" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) between the Corporation and either of E&Y or KPMG. A copy of the Corporation's Notice of Change of Auditor, as well as the response letter of each of E&Y and KPMG thereto, is attached to this Circular as Appendix A-1, Appendix A-2 and Appendix A-3, respectively.

In order to be effective, this ordinary resolution requires the approval of a majority of the votes cast in respect of the resolution.

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

The fees paid by the Corporation to its auditors in each of the last two fiscal years can be found in the Annual Information Form of the Corporation for the year ended December 31, 2007 (the "Annual Information Form") under the heading "Audit Committee, Charter and Audit Fees - External Auditor Service Fees".

Amendment to the Articles of the Corporation

Under the *Canada Business Corporations Act* (the “CBCA”) (which governs the Corporation), if the articles of a corporation so provide, the directors may appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided that the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders. The articles of the Corporation currently do not allow the directors of the Corporation to appoint one or more additional directors in accordance with the CBCA. The Corporation is proposing an amendment to its articles in order to allow the directors of the Corporation to appoint one or more additional directors in accordance with the CBCA. If the Articles of Amendment Resolution (as defined below) is approved and the Corporation’s articles are amended accordingly, assuming that seven directors are elected at the Meeting, a maximum of two additional directors could be appointed by the directors to hold office until the close of the Corporation’s 2009 annual meeting of Shareholders.

Shareholders will be asked at the Meeting to consider and, if thought fit, to adopt the following special resolution (the “Articles of Amendment Resolution”) to authorize the amendment to the articles of the Corporation described above:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- (a) the articles of the Corporation be amended by adding thereto the provision that the directors may appoint one or more additional directors who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders;
- (b) any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents, agreements and instruments as are necessary or desirable to give effect to the foregoing resolution, and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such acts or things; and
- (c) the directors of the Corporation are hereby authorized, in their discretion, to abandon the amendment to the articles of the Corporation without further approval, ratification or confirmation by the shareholders of the Corporation.”

The Articles of Amendment Resolution must be passed, with or without amendment, by not less than two thirds of the votes cast by Shareholders who vote in person or by proxy in respect of the Articles of Amendment Resolution.

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

Amendments to the Share Option Plan

On April 28, 2008, the Board of Directors made various amendments to the Corporation’s Share Option Plan as amended and/or restated (the “Share Option Plan”). The amendments to the Share Option Plan made by the Board of Directors have been conditionally approved by the Toronto Stock Exchange.

The Share Option Plan provides that the holder of an option granted thereunder may transfer such option to any of (i) the holder's spouse, (ii) a trustee, custodian or administrator acting on behalf of or for the benefit of the holder or the holder's spouse, (iii) a personal holding corporation, partnership, trust or other entity controlled by the holder or the holder'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 holder or the holder's spouse. The proposed amendments to the Share Option Plan define "Family Member" as a spouse, parent, child, grandchild, sibling, mother or father-in-law, son or daughter-in-law and brother or sister-in-law of the holder of an option or any relative of the holder of an option that resides in the same home as the holder of an option. Accordingly, each of (i) to (iv) above is proposed to be amended to delete the reference to a holder's spouse and to instead reference a holder's Family Member. In addition, a related proposed amendment to the Share Option Plan will provide the Board of Directors (or the Human Resources, Compensation and Pension Committee, as discussed below) with the power to amend the Share Option Plan and/or the terms of any option granted thereunder to allow the holder of an option to transfer or assign such option to any other person or entity that the Board of Directors (or the Human Resources, Compensation and Pension Committee, as discussed below) may permit, provided that such transfer complies with applicable laws and the rules of the Toronto Stock Exchange.

The Share Option Plan also provides that the Share Option Plan will be administered by an administrator, which will be the Board of Directors or, if the Board of Directors so resolves, the Human Resources, Compensation and Pension Committee. The administrator of the Share Option Plan has the authority to interpret the Share Option Plan, to establish, amend and rescind rules and regulations for the Share Option Plan, and to make any other determinations necessary for the Share Option Plan's administration, subject to all required consents or approvals by applicable regulatory authorities. However, certain aspects of the Share Option Plan must be performed by the Board of Directors including, among other things, the grant of options, the determination of the subscription price for a common share issuable upon the exercise of an option, the term of each option and amendments to be made to the Share Option Plan. The proposed amendments to the Share Option Plan provide the Board of Directors with the power to delegate any or all of its powers, rights and obligations under the Share Option to the Human Resources, Compensation and Pension Committee (or any successor committee) or any other committee of the Board of Directors at any time and from time to time by resolution of the Board of Directors, which resolution may be revoked at any time, in whole or in part, by the Board of Directors. The Board of Directors has resolved to delegate its powers under the Share Option Plan to the Human Resources, Compensation and Pension Committee, conditional upon the Share Option Plan Resolution (as defined below) being approved at the Meeting.

The Share Option Plan currently provides that, in the event that a holder of an option who is a director of the Corporation and not an employee of the Corporation and ceases to be a director of the Corporation for any reason other than death, the holder of the option will be entitled to exercise, during the period ending on the third anniversary of the date on which the holder ceased to be a member of the Board of Directors, any unexercised options held that were exercisable at the date on which such person ceased to be a member of the Board of Directors. The proposed amendments to the Share Option Plan provide that, as an alternative to the foregoing, the Board of Directors (or the Human Resources, Compensation and Pension Committee, as discussed above) may determine that all outstanding options held by the former director are automatically vested and exercisable or vest and become exercisable pursuant to a specified vesting schedule as determined by the Board of Directors.

The Share Option Plan currently provides that, in the event of a reconstruction, reorganization or recapitalization of the Corporation, or its consolidation, amalgamation or merger into or with another corporation, or the sale of all or substantially all of the assets of the Corporation, or the entering into by the Corporation of an arrangement or other form of business combination with any other person or entity or a subdivision, consolidation, reclassification or other change of or affecting the common shares, or the issue of further shares as a share dividend (any of the foregoing being a "Corporate Event"), the Board of Directors may determine that, in order to preserve as nearly as may be possible the original scope and intent of the Share Option Plan, the options should thereafter cover a different class and/or number of shares and/or should be exercisable at a different option price per share. The proposed amendments to the Share Option Plan will allow the Board of Directors, as an alternative to dealing with options in the manner described in the foregoing sentence, to determine in a fair and equitable manner the manner in which all unexercised options granted under the Share Option Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such options, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such options, provided that the Corporation shall give

notice to holders of options specifying in reasonable detail the determination of the Board of Directors which shall be final and binding.

Shareholders will be asked at the Meeting to consider and, if thought fit, to adopt the following ordinary resolution (the "Share Option Plan 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 April 28, 2008, as described in the management information circular of the Corporation dated April 28, 2008, be and are hereby approved; and
2. any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such documents, agreements and instruments as are necessary or desirable to give effect to the foregoing resolution, and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such acts or things."

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

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

A summary of the Share Option Plan is set out below under the heading "Securities Authorized for Issuance under Equity Compensation Plans – Summary of 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 (i) Chairman of the Board and Chief Executive Officer, (ii) Vice-Chairman of the Board, (iii) President – Magnesium Division and former Chief Executive Officer, (iv) Executive Vice President – Finance and Chief Financial Officer, and (v) the other three executive officers who were its most highly compensated executive officers during 2007 (collectively, the "Named Executive Officers").

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Year</u>	<u>Annual Compensation</u> ⁽¹⁾			<u>Long-Term Compensation</u> ⁽²⁾	
		<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Other Annual Compensation (\$)</u>	<u>Securities Under Options/SARs Granted (#)</u>	<u>All Other Compensation (\$)</u> ⁽¹⁾
Heinz C. Schimmelbusch ⁽³⁾ Chairman of the Board and Chief Executive Officer	2007	-	-	-	500,000	446,263
	2006	-	-	-	-	32,500
	2005	-	-	-	20,000	17,850
Arthur Spector ⁽⁴⁾ Vice Chairman of the Board	2007	-	-	-	500,000	432,513
	2006	-	-	-	-	29,550
	2005	-	-	-	20,000	17,850
John P. Walsh ⁽⁵⁾ President – Magnesium Division	2007	378,490	49,405	-	-	12,500
	2006	14,984	-	-	500,000	914
Robert J. Dietrich ⁽⁶⁾ Executive Vice President – Finance and Chief Financial Officer	2007	243,269	170,000	-	-	12,183
	2006	159,375	-	-	400,000	880
René Boisvert ⁽⁷⁾ President and Chief Executive Officer of Bécancour Silicon Inc.	2007	280,250	216,000	-	100,000	317,456
	2006	215,500	-	-	-	40,356
	2005	205,500	87,500	-	300,000	26,710
Tim R. Pretzer ⁽⁸⁾ Vice President, Special Projects – Magnesium Division	2007	317,839	74,108	3,828	-	31,912
	2006	332,359	-	4,141	-	61,011
	2005	426,650	-	1,063	-	75,385
John Fenger ⁽⁹⁾ Vice President – Aluminum Products	2007	253,028	167,977	-	-	8,337
	2006	267,025	-	-	-	20,939
	2005	291,336	121,254	-	200,000	-

Notes:

- (1) All amounts for each year represent salaries, bonuses and other compensation paid in such year or earned in such year and paid in the following year on account of services and amounts earned in respect of such year. None of the Named Executive Officers received perquisites or any other personal benefits in respect of his position with the Corporation in an amount in excess of \$50,000 (except as otherwise specified below). Where the compensation of certain Named Executive Officers, as specified below, is paid in U.S. dollars, the relevant amounts have been converted into Canadian dollars. For this purpose, all amounts in respect of salary, other annual compensation and all other compensation (except as otherwise specified below) have been converted to Canadian dollars using an average of the exchange rates during the relevant year, namely US\$1.00 = Cdn\$1.0814 for 2007, US\$1.00 = Cdn\$1.1308 for 2006, and US\$1.00 = Cdn\$1.2139 for 2005, and all amounts in respect of bonuses have been converted to Canadian dollars using the exchange rate at the end of the relevant year, namely US\$1.00 = Cdn\$0.9881 for 2007 and US\$1.00 = Cdn\$1.1659 for 2005.
- (2) The amounts represent the number of common shares of the Corporation under options granted under the Corporation's Share Option Plan dated March 26, 2004 (as amended). No stock appreciation rights were attached to any of the options granted, and no freestanding stock appreciation rights have been granted, under such plan.
- (3) Dr. Schimmelbusch was Chief Executive Officer of the Corporation from April 2003 to September 2005 and was re-appointed to this position in August 2007. Dr. Schimmelbusch has also been Chairman of the Board of the Corporation since April 2003. The amounts in the "All Other Compensation" column for Dr. Schimmelbusch represent: (i) annual and other fees paid to Dr. Schimmelbusch as a director, as Chairman of the Board and as member of certain committees of the Board of Directors; and (ii) in addition, for 2007, a one-time, lump-sum payment of US\$375,000 in recognition of the contribution and services that Dr. Schimmelbusch provided to the Corporation since January 2005. The latter amount has been converted to Canadian dollars using the exchange rate at the end of July 2007, namely US\$1.00 = Cdn\$1.0657.
- (4) Mr. Spector has been Vice-Chairman of the Board of the Corporation since April 2003 and was Interim Chief Financial Officer for the period from October 2004 to April 2005. The amounts in the "All Other Compensation" column for Mr. Spector represent: (i) annual and other fees paid to Mr. Spector as a director and as Vice-Chairman of the Board and as member of certain committees of the Board of Directors; and (ii) in addition, for 2007, a one-time, lump-sum payment of US\$375,000 in recognition of the contribution and services that Mr. Spector provided to the Corporation since January

2005. The latter amount has been converted to Canadian dollars using the exchange rate at the end of July 2007, namely US\$1.00 = Cdn\$1.0657.

- (5) Mr. Walsh commenced employment as President and Chief Executive Officer of the Corporation in December 2006. In August 2007, Mr. Walsh was appointed President – Magnesium Division of the Corporation, concurrently with the appointment of Dr. Schimmelbusch as Chief Executive Officer of the Corporation. Mr. Walsh resigned as a director and officer of the Corporation on April 11, 2008. Mr. Walsh's compensation has been paid by a wholly-owned subsidiary of the Corporation, Timminco Corporation, in U.S. dollars (excluding options granted under the Share Option Plan). The amounts in the "All Other Compensation" column for Mr. Walsh represent: (i) prior to December 2007, payments in lieu of contributions to Timminco Corporation's 401(k) retirement savings plan, and (ii) starting in December 2007, contributions to Timminco Corporation's 401(k) retirement savings plan. Timminco Corporation contributed an amount equal to 3% of Mr. Walsh's salary to the 401(k) retirement savings plan.
- (6) Mr. Dietrich commenced employment as Vice President – Finance and Chief Financial Officer of the Corporation in April 2006 and was appointed Executive Vice President – Finance and Chief Financial Officer of the Corporation in December 2006. Mr. Dietrich's compensation has been paid by the Corporation. The amounts in the "All Other Compensation" column for Mr. Dietrich represent contributions to the Corporation's group RRSP and retirement savings plan, pursuant to which the Corporation contributed an amount equal to 3% of Mr. Dietrich's salary.
- (7) Mr. Boisvert has been President of Bécancour Silicon Inc., a wholly-owned subsidiary of the Corporation, since December 2004 and was appointed President and Chief Financial Officer of Bécancour Silicon Inc. in August 2007. Mr. Boisvert was also appointed President – Silicon of the Corporation on April 28, 2008. Mr. Boisvert's compensation has been paid by Bécancour Silicon Inc. (excluding options granted under the Share Option Plan). The amounts in the "All Other Compensation" column for Mr. Boisvert represent: (i) annual contributions to Bécancour Silicon Inc.'s contributory defined benefit pension plan and non-RRSP investment plan; and (ii) in addition, for 2007, a payment of \$250,000 in connection with the execution of his employment contract with Bécancour Silicon Inc.
- (8) Mr. Pretzer was appointed Vice President, Special Products – Magnesium Division of the Corporation in August 2007, concurrently with the appointment of Mr. Walsh as President – Magnesium Division of the Corporation. Previously, Mr. Pretzer was President – Magnesium Division of the Corporation since September 2005, and prior to that was President and Chief Operating Officer of the Corporation. Since December 2005, Mr. Pretzer's compensation has been paid by the Corporation, in U.S. dollars. The amounts in the "Other Annual Compensation" column represent the imputed interest on a ten-year, interest-free loan in the principal amount of US\$100,000 provided by the Corporation to Mr. Pretzer in September 2005 under the Corporation's relocation and housing assistance policy. The amounts in the "All Other Compensation" column for Mr. Pretzer represent: (i) since December 2005, contributions to Timminco Corporation's 401(k) retirement savings plan pursuant to which Timminco Corporation contributed an amount equal to 10% of Mr. Pretzer's salary; (ii) prior to December 2005, contributions to the Corporation's group RRSP and retirement plan; and (iii) in addition, for 2006, payment of US\$24,493 as reimbursement of certain expenses in connection with Mr. Pretzer's relocation from Canada to the United States, pursuant to the Corporation's relocation and housing assistance policy. The latter amount has been converted to Canadian dollars using the exchange rate at the end of 2006, namely US\$1.00 = Cdn\$1.1653.
- (9) Mr. Fenger was appointed Vice President – Aluminum Products of the Corporation in May 2004. Mr. Fenger assumed the responsibilities of Mr. John Walsh upon his resignation on April 11, 2008 and was appointed President – Light Metals of the Corporation on April 28, 2008. Mr. Fenger's compensation has been paid by Allied Resource Corporation ("Allied"), in U.S. dollars, and the Corporation has reimbursed Allied Resource Corporation for 80% of its compensation expenses in respect of Mr. Fenger. Mr. Fenger splits his working time as to approximately 80% for the Corporation and as to approximately 20% for Allied. All amounts represent payments made by the Corporation to Allied on account of such reimbursements (excluding options granted under the Share Option Plan). The amounts in the "All Other Compensation" column for Mr. Fenger represent contributions to Allied's 401(k) retirement savings plan.

Termination of Employment, Change in Responsibilities and Employment Contracts

The following is a summary of certain terms of the employment contracts of the Corporation or its wholly-owned subsidiary with the Named Executive Officers that were in existence at December 31, 2007:

John P. Walsh

On December 18, 2006, the Corporation entered into an employment agreement with Mr. 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, Compensation and Pension 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 12 months 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 12 months. The agreement contains covenants regarding confidentiality and non-competition.

René Boisvert

On April 1, 2007, the Corporation's wholly-owned subsidiary, Bécancour Silicon Inc. ("BSI"), entered into an employment agreement with Mr. Boisvert for an indefinite term. The agreement provides that Mr. Boisvert will receive a base salary of \$300,000 per annum subject to annual review by the Chairman of BSI, together with an initial signing bonus of \$250,000. The agreement provides that the employment of Mr. Boisvert may be terminated at any time for "serious reason" (as defined in the Québec Civil Code). If Mr. Boisvert's employment is terminated without serious reason, Mr. Boisvert will be entitled to severance payments equal to his base salary for a period of 24 months less statutory deductions. In addition, all benefits, with the exception of life insurance, accidental death and dismemberment and disability benefits, will continue for a period of 24 months and Mr. Boisvert will remain eligible for a bonus award pro-rated for the portion of the fiscal year prior to termination of employment (subject to certain prescribed conditions being satisfied). Mr. Boisvert may terminate his employment on two months' notice, following which no further compensation will be payable by BSI to Mr. Boisvert. The agreement contains covenants regarding confidentiality, non-competition and non-solicitation.

Tim R. Pretzer

On August 1, 2003, the Corporation entered into an employment agreement with Mr. 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 occurs. The agreement provided for a base salary of \$433,000 per annum subject to adjustment on a yearly basis by the Human Resources, Compensation and Pension 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 if Mr. Pretzer's employment is terminated within three months of a change of control, Mr. Pretzer will be entitled to receive a lump sum payment equivalent to 12 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 12 months and Mr. Pretzer will remain eligible for a bonus award pro-rated for the portion of the fiscal year prior to termination of employment (subject to certain prescribed conditions being satisfied). Mr. Pretzer may terminate his employment on two months' notice, following which no further compensation will be payable by the Corporation to Mr. Pretzer. The agreement contains covenants regarding confidentiality, non-competition and non-solicitation.

In August 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. 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 as described above.

As a result of Mr. Pretzer relocating to the United States, under the Corporation's relocation and housing assistance policy, Mr. Pretzer received an interest-free loan in September 2005 in the amount of US\$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. The Corporation entered into a further agreement with Mr. Pretzer dated May 7, 2007, pursuant to which the Corporation has agreed to pay US\$150,000, less applicable withholding taxes and deductions, to Mr. Pretzer on April 30, 2008, being the expected date of Mr. Pretzer's retirement from the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table discloses the equity compensation plan information as of December 31, 2007.

Equity Compensation Plan Information as at December 31, 2007

<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	4,130,500 ⁽¹⁾	\$0.76	3,623,175
Equity compensation plans not approved by securityholders	- 0 -	- 0 -	- 0 -
Total	4,130,500	\$0.76	3,623,175

Note:

- (1) These securities relate to options issued under the Corporation's Share Option Plan (as defined below).

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 to certain Named Executive Officers during the financial year ended December 31, 2007:

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)⁽²⁾</u>	<u>Market Value of Securities Underlying Options on the Date of Grant (\$/Security)</u>	<u>Expiration Date</u>
Heinz C. Schimmelbusch	500,000 ⁽¹⁾	40.0%	0.40	0.40	January 31, 2014
Arthur Spector	500,000 ⁽¹⁾	40.0%	0.40	0.40	January 31, 2014
René Boisvert	100,000 ⁽¹⁾	8.0%	0.40	0.40	January 31, 2014

Notes:

- (1) The options were granted on January 31, 2007 and vest as to 25% on each of the first four anniversary dates of the date of grant of the options.
- (2) Exercise prices are based on the closing price on the Toronto Stock Exchange on the day before the date of the grant of options. See "Securities Authorized for Issuance Under Equity Compensation Plans – Summary of the Share Option Plan".

The following table sets forth, on an aggregate basis, details of each exercise of options during the financial year ended December 31, 2007 by the Named Executive Officers and the number and value of unexercised options as at December 31, 2007:

**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 (#)</u>	<u>Value of Unexercised in-the-Money Options at Financial Year-End (\$)⁽¹⁾</u>
			<u>Exercisable/Unexercisable⁽²⁾</u>	<u>Exercisable/Unexercisable</u>
Heinz C. Schimmelbusch	---	---	370,000/630,000 (options)	7,770,000/13,507,400
Arthur Spector	---	---	332,500/617,500 (options)	6,982,875/13,245,025
John P. Walsh	---	---	125,000/375,000 (options)	2,693,750/8,081,050
Robert J. Dietrich	---	---	100,000/300,000 (options)	2,160,500/6,481,500
René Boisvert	---	---	150,000/250,000 (options)	3,204,000/5,359,000
Tim R. Pretzer	262,500	1,270,500	0/87,500 (options)	0/1,836,625
John Fenger	---	---	100,000/200,000 (options)	2,136,000/4,272,000

Notes:

- (1) An option is “in-the-money” at December 31, 2007 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 \$21.95, the closing price of the common shares on the Toronto Stock Exchange on December 31, 2007.
- (2) Exercise prices are based on the closing price on the Toronto Stock Exchange on the day before the date of the grant of options. See “Securities Authorized for Issuance Under Equity Compensation Plans – Summary of the Share Option Plan”.

Summary of the Share Option Plan

The Share Option Plan is the Corporation’s only compensation plan providing for the issuance of securities of the Corporation as compensation. Under the Share Option Plan, the number of common shares reserved for issuance pursuant to option grants is 8,313,175 common shares (representing approximately 8.0% of the outstanding common shares on the date of this Circular). Information regarding proposed amendments to the Share Option Plan is set out above under the heading “Matters for Consideration at the Meeting – Amendments to the Share Option Plan” and, if such amendments are approved by Shareholders at the Meeting, certain provisions of the Share Option Plan described below will be modified accordingly.

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.

The current number of common shares available for future option grants under the Share Option Plan is 3,623,175 common shares (representing approximately 3.5% of the outstanding common shares on the date of this Circular) and the maximum number of common shares subject to outstanding options is 4,130,500 common shares (representing approximately 4.0% of the outstanding common shares).

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 options exceeding 10% of the issued and outstanding common shares; (ii) the issuance to insiders pursuant to options, within a one-year period, of a number of common shares exceeding 10% of the issued and outstanding common shares (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 of Directors is entitled to determine at the date of grant of the option the option exercise 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 of Directors is entitled to determine at the date of grant of the option and the vesting schedule for the option.

The Board of Directors 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 seven 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:

Reasons for Termination	Exercisable Until
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

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

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.

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 options exceeding 10% of the issued and outstanding common shares; or (ii) the issuance to insiders pursuant to options, within a one-year period, of a number of common shares exceeding 10% of the issued and outstanding common shares (excluding common shares issued pursuant to security based compensation arrangements during the preceding one-year period). In addition, Shareholder approval is required to amend options granted under the 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 blackout, as described above.

Subject to the restrictions in the preceding paragraph, the Board of Directors 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, including to effect certain specified changes to the Share Option Plan.

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 Shareholders.

PENSION ARRANGEMENTS

The following is a summary of the pension plans provided by the Corporation and its subsidiaries in respect of the Named Executive Officers. None of the Named Executive Officers, other than Mr. Boisvert, participate in any defined benefit compensation plan of the Corporation.

Bécancour Silicon Inc., a wholly-owned subsidiary of the Corporation, sponsors a contributory defined benefit pension plan (the "Bécancour Pension Plan") for all employees of this subsidiary, including Mr. Boisvert. The Bécancour 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 Québec Pension Plan ("YMPE"), plus 1.85% of the average earnings in excess of the average YMPE. "Earnings" excludes bonuses, overtime, commissions and any other compensation not recognized by the subsidiary. "Average Earnings" is defined as the highest average earnings over a period of three consecutive calendar years in the period of ten years of credited service preceding retirement. The annual pension is limited to the maximum allowed in 2007 under the Pension Plan, which is \$2,222 per year of credited service. The maximum allowed will increase to \$2,333 in 2008.

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

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

Pension Plan Table

Remuneration	Years of Credited Service				
	15	20	25	30	35
\$135,500 and above	\$33,000	\$44,000	\$56,000	\$67,000	\$78,000

Name	Years of Credited Service ⁽¹⁾	Final Average Earnings (\$) ⁽¹⁾	Accrued Annual Pension Benefit at age 65 (\$) ⁽¹⁾
René Boisvert	20.5	234,000	45,600

Note:

⁽¹⁾ All information is at December 31, 2007.

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

Since January 1, 2007, non-unionized employees, including Mr. Boisvert, are offered to irrevocably cease both future service accrual in the defined benefit component and credit of future contributions in their Group RRSP account and to start contributing in a new defined compensation component of the Non Union Plan.

REPORT ON EXECUTIVE COMPENSATION

Composition of the Human Resources, Compensation and Pension Committee

The Human Resources, Compensation and Pension 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 executive officers reporting to the Chief Executive Officer. The Human Resources, Compensation and Pension Committee is also responsible for reviewing and making recommendations to the Board of Directors with respect to bonus awards and other incentive compensation for executive officers.

Until the Corporation’s annual meeting of Shareholders on May 31, 2007, the Human Resources, Compensation and Pension Committee was composed of Dr. Schimmelbusch (Chair) and Messrs. Lister and Kellerman. Mr. Lister did not stand for re-election as a director at that meeting. Dr. Schimmelbusch, the Chairman of the Board, was an officer of the Corporation during the year ended December 31, 2007.

Subsequent to the May 31, 2007 annual meeting of Shareholders of the Corporation, and in connection with the appointment of Dr. Schimmelbusch as Chief Executive Officer of the Corporation in August 2007, the composition of the Human Resources, Compensation and Pension Committee was reviewed and reconstituted. Prior to the reconstitution of this committee, its functions were performed by the entire Board of Directors. Currently this committee is composed of three members, all of whom were determined to be independent by the Board of Directors upon their appointment on November 8, 2007: Messrs. Kellerman (Chair), Messman and Winfield. The members of the reconstituted committee considered certain matters relating to executive compensation but did not have any meetings until January 2008.

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 currently consists of three primary components: base salary, bonus payments and option grants. Historically, bonus payments to executive officers have been limited, due to the Corporation's operating and financial performance and liquidity issues, and the value of option grants as a compensation component was also limited due to declines in the trading price of the Corporation's common shares. As a result, base salary historically has been the most significant compensation component. However, the significant improvement in the Corporation's future prospects that was experienced during 2007 will impact on the Corporation's approach and policies on executive compensation on a going-forward basis. The Corporation intends to conduct a comprehensive review of its approach and policies on executive compensation in 2008.

Salary

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

Bonus Payments

The Corporation has a policy of awarding bonuses to executive officers who contribute substantially to the success of the Corporation. Executive officers whose functions have a significant and recurring impact on the profitability of the Corporation or division or subsidiary thereof are eligible to receive annual bonus awards, in return for achieving pre-established standards of business performance and/or goals. The potential amount of the bonus award and the measures that define performance were historically dependent upon performance measures established at the commencement of the Corporation's financial year.

Generally, the Human Resources, Compensation and Pension Committee considers the awarding of bonuses and recommends for ratification or approval by the Board of Directors the paying of bonus awards. Bonus payments 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 the year ended December 31, 2007, bonus payments were made to executive officers principally on the basis of their contributions towards the significant improvement in the Corporation's future prospects that was experienced during the year ended December 31, 2007, particularly in respect of the Corporation's solar grade silicon business and liquidity position.

Option Grants

The Human Resources, Compensation and Pension Committee considers grants of options to purchase common shares of the Corporation from time to time, for executive officers and other key employees of the Corporation and its subsidiaries, under the Share Option Plan, and is responsible for making recommendations in respect of such option grants to the Board of Directors. 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 officers to one another, thereby rewarding teamwork. The number of options granted, in aggregate, to executive officers and other key employees reflect the Board of Director's opinion of the degree to which each individual has the capacity to influence profit. Options awarded within a given grant typically expire after seven years and vest as to 25% on each of the first four anniversary dates of the date of grant. No options may be exercised during the first twelve months following the date granted. For a description of the Share Option Plan, see "Securities Authorized for Issuance Under Equity Compensation Plans – Summary of the Share Option Plan".

Chief Executive Officer's Compensation

The Human Resources, Compensation and Corporate Governance Committee is responsible for reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer's compensation and evaluating the Chief Executive Officer's performance in light of those corporate goals and objectives. Based on this evaluation, the Human Resources, Compensation and Corporate Governance Committee is responsible for making recommendations to the Board of Directors with respect to the Chief Executive Officer's compensation level. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Human Resources, Compensation and Corporate Governance Committee is responsible for making a recommendation to the Board of Directors based on the its consideration of the Corporation's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the chief executive officers of Corporation in past years.

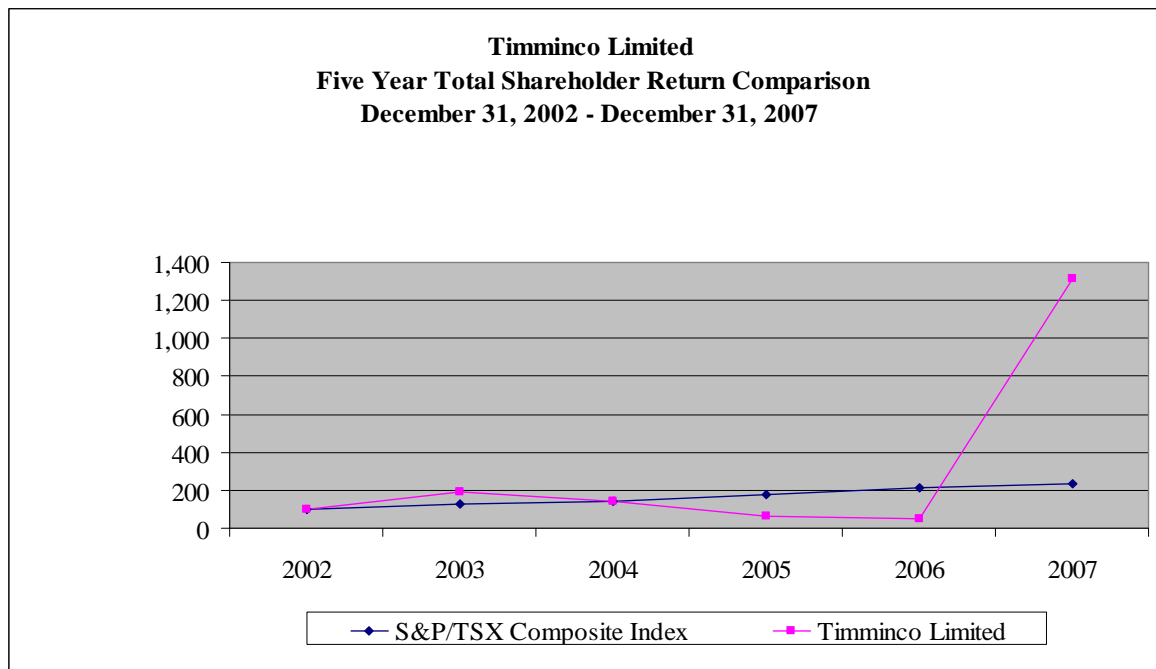
During 2007, Dr. Schimmelbusch did not receive any salary or bonus from the Corporation for acting as Chief Executive Officer. However, in recognition of the extraordinary services and significant time that he had devoted to the business and affairs of the Corporation, in particular to the Corporation's governance, strategic direction and financing, since January 1, 2005, the Board of Directors determined to reward Dr. Schimmelbusch with a lump sum of US\$375,000 during the year ended December 31, 2007.

Report Presented By:

The Human Resources, Compensation and Pension Committee

PERFORMANCE GRAPH

The following graph compares the cumulative return for \$100 invested in the Corporation's common shares on December 31, 2002 with the cumulative total return of the S&P/TSX Composite Index over the five year period ended December 31, 2007.



	2002	2003	2004	2005	2006	2007
S&P/TSX Composite Index	100	127	145	180	211	232
Timminco Limited	100	190	145	62	50	1,313

COMPENSATION OF DIRECTORS

Compensation of Directors

During the Corporation's financial year ended December 31, 2007, the following fees were paid to the directors of the Corporation:

Retainer:	Chairman of the Board	\$25,000 per year
	Per Director (other than the Chairman of the Board)	\$20,000 per year
	Chair – Audit Committee	\$ 5,000 per year
	Chair – Corporate Governance and Nominating Committee	\$ 5,000 per year
Meeting		
Attendance Fee:	Per Director	\$ 1,000 per meeting

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

At a March 17, 2008 meeting of the Board of Directors, the directors resolved to (i) increase the retainer per director (other than that of the Chairman of the Board and the other non-independent directors) from \$20,000 per year to \$45,000 per year, (ii) increase the retainer for the Chair of the Audit Committee from \$5,000 per year to \$10,000 per year, and (iii) increase the director attendance fee per meeting from \$1,000 to \$1,500. Further, the Chair of the Human Resources, Compensation and Pension Committee will receive a retainer of \$5,000 per annum. In addition, the Corporation intends to implement in 2008 a deferred share unit plan for directors and concurrently cease awarding options to directors.

Indemnification

During 2007, the Corporation reimbursed approximately \$16,000 to Mr. Walsh, pursuant to an agreement of the Corporation to indemnify Mr. Walsh in connection with certain reviews and inquiries related to trading of the common shares of the Corporation held by him in April 2007.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

In September 2005, Mr. Pretzer received an interest-free loan from the Corporation, under the Corporation's housing and relocation assistance policy, in the principal amount of US\$100,000, which is repayable in equal monthly instalments and is based on a 10-year amortization. The following table sets forth the aggregate indebtedness of Mr. Pretzer to the Corporation:

Indebtedness of Directors and Executive Officers

<u>Name and Principal Position</u>	<u>Involvement of Corporation or Subsidiary</u>	<u>Largest Amount Outstanding During Most Recently Completed Fiscal Year</u>	<u>Amount Outstanding on April 10, 2008</u>	<u>Financially-Assisted Securities Purchases</u>	<u>Security for Indebtedness</u>	<u>Amount Forgiven During Most Recently Completed Fiscal Year</u>
Tim R. Pretzer Vice-President, Special Projects – Magnesium Division	The Corporation is the lender.	US\$87,307	US\$74,615	-	-	-

During the financial year ended December 31, 2007, 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, 2008. 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 premiums applicable to the 2007 fiscal year were approximately \$78,000, which was paid by the Corporation.

On April 2, 2003, due to the change of control (the "Change of Control") resulting from the subscription by Bécancour, LP ("BLP"), the Corporation purchased additional "run-off" insurance for a period of five years for approximately \$146,000, in which the previous members of the 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

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

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

In August 2006, BSI issued a convertible promissory note in exchange for US\$3.0 million, which note is held by ALD International (the “August 2006 Note”). The note is repayable on demand, and bears interest at the U.S. prime rate plus 1%. The August 2006 Note and related security are subordinate to the indebtedness of the Corporation, and the security provided by the Corporation, to Bank of America, N.A. under an existing credit agreement. The August 2006 Note may be settled, at the noteholder’s option, in cash or common shares of the Corporation at \$0.40 per share, or a combination of cash and common shares. In July 2007, the noteholder exercised its right to convert US\$350,000 principal amount of the August 2006 Note and 913,500 common shares of the Corporation were issued. Pursuant to AMG’s rights under the AMG Call Option Agreement, the Corporation was directed to issue all such common shares directly to AMG. Immediately following such transaction, AMG directly held a total of 46,510,093 common shares of the Corporation, representing 50.6% of the outstanding common shares. The principal amount of the August 2006 Note currently outstanding is US\$2.65 million. As at December 31, 2007, the maximum number of common shares of the Corporation that may be acquired by AMG under the AMG Call Option Agreement upon conversion by ALD International of the remaining portion of the August 2006 Note is 6,546,163 common shares (based on the noon exchange rate on December 31, 2007 of US\$1 = Cdn\$0.9881 as reported by the Bank of Canada).

In December 2006, the Corporation borrowed EUR 700,000 from ALD International. The proceeds of the loan, which bore interest at 11% and was due in December 2007, were used to invest in shares of Fundo Wheels AS. The Corporation repaid this loan and accrued interest in May 2007.

In March 2007, BSI issued a convertible promissory note to ALD International in exchange for a loan of \$4.5 million (the “March 2007 Note” and, together with the August 2006 Note, the “Notes”). The note is repayable on demand, and bears interest at the U.S. prime rate plus 1%. The March 2007 Note and related security are subordinate to the indebtedness of the Corporation, and the security provided by the Corporation, to Bank of America, N.A. under an existing credit agreement. The March 2007 Note may be settled, at the noteholder’s option, in cash or common shares of the Corporation at \$0.42 per share, or a combination of cash and common shares. The entire principal amount of the March 2007 Note is currently still outstanding. The maximum number of common shares that may be acquired by AMG under the AMG Call Option Agreement upon conversion by ALD International of the March 2007 Note is 10,714,286 common shares.

The maximum number and percentage of common shares of the Corporation that can be acquired by AMG under the AMG Call Option Agreement if the entire remaining principal amount of the August 2006 Note and the entire principal amount of the March 2007 Note are converted by ALD International into common shares of the Corporation is as set out in the following table, based on (i) the number of common shares of the Corporation that

are issued and outstanding as at April 25, 2008, being 104,004,588 common shares, (ii) the number and percentage of common shares of the Corporation held by AMG as at April 25, 2008, being 52,559,733 common shares, or 50.54% of the outstanding common shares of the Corporation, and (iii) an exchange rate of United States dollars into Canadian dollars at April 25, 2008 of US\$1.00 equals Cdn\$1.0164.

	Number of Common Shares	Number and Percentage of Common Shares held by AMG after giving effect to conversion of the Notes and the exercise of AMG's option under the AMG Call Option Agreement
Common Shares held by AMG as at April 25, 2008	52,559,733 common shares 50.54% (52,559,733 / 104,004,588)	—
Maximum number of common shares that may be acquired by AMG under the AMG Call Option Agreement on conversion by ALD International of the remaining portion of the August 2006 Note	6,733,408 common shares	59,293,141 common shares 57.01% (59,293,141 / 110,737,996)
Maximum number of common shares that may be Acquired by AMG under the AMG Call Option Agreement on conversion by ALD International of the March 2007 Note	10,714,286 common shares	70,007,427 common shares ⁽¹⁾ 67.31% (70,007,427 / 121,452,282)

Note:

- (1) This amount assumes the prior acquisition by AMG under the AMG Call Option Agreement of the maximum number of common shares acquirable on conversion by ALD International of the remaining portion of the August 2006 Note.

Concurrently with the Corporation's public offering of its common shares in September 2007, the Corporation completed a private placement of its common shares to AMG pursuant to a subscription agreement dated September 27, 2007 between the Corporation and AMG (the "Subscription Agreement"). Under the Subscription Agreement, AMG purchased 5,136,140 common shares at a price of \$8.50 per share, which was the same price for the common shares issued in the public offering, for gross proceeds to the Corporation of \$43.7 million. The Corporation did not pay any commission or fee to AMG in connection with its subscription for common shares pursuant to the Subscription Agreement. Immediately following such transactions, AMG owned 52,559,733 common shares of the Corporation, representing 50.6% of the outstanding share capital at that time.

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

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 of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Corporation's governance practices are subject to at least an annual review and evaluation through the Corporate Governance and Nominating Committee of the Board of Directors 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 reviewed by the Corporate Governance and Nominating Committee and approved by the Board of Directors.

Composition of the Board of Directors

The Board of Directors currently comprises seven members. On November 8, 2007, the Board of Directors determined that four of its members, Messrs. Kellerman, Messman, Winfield and Yaksich, were "independent" for purposes of NI 58-101. In reaching this determination, the Board of Directors considered the circumstances, experience and relationships with the Corporation and its affiliates of each of the directors, including: (i) in the case of Mr. Messman, his position as Deputy Chairman of the Supervisory Board of AMG; (ii) in the case of Mr. Winfield, his position as a former non-executive director of Metallurg Inc., a subsidiary of AMG, until his resignation from such position in 2007; (iii) in the case of Mr. Yaksich, his position as a partner and Chief Operating Officer with the law firm of McMillan Binch Mendelsohn LLP, a firm which previously provided legal advice to the Corporation; and (iv) in the case of Mr. Kellerman, his position as a partner with the law firm of Stikeman Elliott LLP, a firm which also has previously provided legal advice to the Corporation from time to time. Such law firms have not provided any legal advice to, or been paid legal fees by, the Corporation since Messrs. Yaksich and Kellerman became members of the Audit Committee during 2007. In addition, while Mr. Messman is considered independent for the purposes of NI 58-101, he is not considered independent under the requirements relating to audit committees prescribed by Multilateral Instrument 52-110 - *Audit Committees*, as a result of being appointed as the Deputy Chairman of the Supervisory Board of AMG in June 2007. On April 28, 2008, the Board of Directors determined that Mr. Fox was "independent" for purposes of NI 58-101. In reaching this determination, the Board of Directors considered Mr. Fox's circumstances, experience and relationships with the Corporation and its affiliates.

By virtue of Dr. Schimmelbusch acting as Chief Executive Officer of the Corporation since August 2007 and Mr. Spector acting as Interim Chief Financial Officer of the Corporation from October 2004 to April 2005, and their current principal occupations as respective Chairman and Deputy Chairman of the Management Board of AMG (as the controlling shareholder of the Corporation), neither of Dr. Schimmelbusch nor Mr. Spector is independent within the meaning of NI 58-101. Mr. Walsh was appointed President – Magnesium Division in August 2007 and prior thereto was the President and Chief Executive Officer of the Corporation since December 2006. Accordingly, Mr. Walsh was not independent within the meaning of NI 58-101.

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 Board of Directors has three standing committees, each of which is described below: the Corporate Governance and Nominating Committee, the Human Resources, Compensation and Pension Committee and the Audit Committee.

The roles of the Corporation's Chief Executive Officer and Chairman of the Board are currently not separate. The four independent members of the Board of Directors have the opportunity to meet at appropriate times without management present at regularly scheduled meetings, which enables open and frank discussion. Such occurrences are at the request of any member of the Board of Directors. In addition, each of the three current committees of the Board of Directors are comprised solely of members who are independent, and the Audit Committee meets at least four times per year and each of the Corporate Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee is scheduled to meet at least two times per year. During 2007, no separate meetings were held by the independent members of the Board of Directors, except in connection with meetings of such committees of the Board of Directors.

The Chairman of the Board is not independent, however, the Board of Directors is of the view that Dr. Schimmelbusch's acting as both Chairman of the Board and Chief Executive Officer does not impair the ability of the Board of Directors to act independently of management. In reaching this conclusion, the Board of Directors has taken into consideration a number of factors, including: (i) the number and proportion of independent, outside members of the Board of Directors; and (ii) the assignment to the Corporate Governance and Nominating Committee of the responsibility of evaluating and developing the Corporation's corporate governance practices.

The Board of Directors meets at least four times a year, and at least once per quarter, or more frequently if required. In 2007, the Board of Directors held 12 meetings. Each of Dr. Schimmelbusch and Messrs. Kellerman and Messman attended all Board of Directors meetings held in 2007. Mr. Spector attended 11 meetings, Mr. Walsh attended 10 meetings and Messrs. Winfield and Yaksich each attended nine meetings of the Board of Directors.

Mandate of the Board of Directors

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

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

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

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

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

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

The Board of Directors has not developed a written position description for the Chairman of the Board, and has not developed such descriptions for the Chairs of the committees, except in respect of certain specific tasks delegated to the Chairman of the Board and such Chairs as set out in the charter of the Board of Directors and the charters of each committee, respectively. The Chairman of the Board and the committee Chairs are expected to supervise the respective activities of the Board of Directors and of its committees and to ensure that they are taking all steps necessary to fulfil their respective mandates.

The Board of Directors has not developed a written position description for the Chief Executive Officer of the Corporation. However, the Board of Directors has stated that 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 provides a directors' handbook to each new director upon their election or appointment. The handbook contains the charters of the Board of Directors and its committees, codes of conduct, policies and other relevant information. Materials will be updated annually, or more frequently as necessary. To ensure that the

members of the Board of Directors remain fully informed about the Corporation's operations on a continuing basis, management reports on the Corporation's activities and on various aspects relevant to the business on an on-going basis, primarily during regularly scheduled meetings of the Board of Directors and through monthly mailings. Management from the main operating divisions are invited to attend meetings of the Board of Directors to provide the directors with an overview of the current issues and business strategies. The task of ensuring that appropriate orientation programs are in place for new directors is the responsibility of the Corporate Governance and Nominating Committee.

Ethical Business Conduct

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

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

Nomination of Directors

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

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

The Corporate Governance and Nominating Committee is comprised of three independent directors: Messrs. Messman (Chair), Winfield and Yaksich.

Compensation

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

From time to time the Human Resources, Compensation and Pension Committee has sought advice from the compensation consulting firm, the Hay Group, with respect to reviewing and structuring its policy regarding director and executive compensation. Currently, the Hay Group is engaged by the Human Resources, Compensation and Pension Committee to assist in reviewing and developing compensation structures for the directors of the Corporation. The Hay Group is engaged by the Corporation to provide advice regarding executive compensation.

See “Report on Executive Compensation” for additional information regarding the composition and functions performed by the Human Resources, Compensation and Pension Committee.

Audit Committee

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

The Audit Committee is currently comprised of three members: Messrs. Yaksich (Chair), Kellerman and Winfield. In November 2007, the Board of Directors determined that each of these members was independent and financially literate within the meaning of Multilateral Instrument 52-110 – *Audit Committees* when they were appointed to serve as members of the Audit Committee. Further information about the experience and qualifications of the directors who are serving as members of the Audit Committee is found in the Annual Information Form under “Audit Committee, Charter and Audit Fees”.

Prior to the Corporation’s annual shareholders meeting on May 31, 2007, the Audit Committee was comprised of three members: Messrs. Lister (Chair), Messman and Winfield. After such meeting and until the appointment of the current members of the Audit Committee by the Board of Directors on November 7, 2007, the Audit Committee did not consist of three independent members of the Board of Directors. Accordingly, the Corporation’s interim financial statements for the quarter ended June 30, 2007 were approved by the full Board of Directors.

Strategic Committee

Until the May 31, 2007 annual meeting of Shareholders, Dr. Schimmelbusch and Messrs. Spector and Timmins comprised the members of the Strategic Committee. The purpose of the Strategic Committee was to receive communications from and offer advice to the Chairman of the Board and Chief Executive Officer on management issues. The Strategic Committee was subject to reconstitution on an annual basis. Subsequent to such meeting, the Strategic Committee was not reconstituted.

Assessments

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

Expectations of Management

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

SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

The Corporation must receive proposals from Shareholders to include as items in next year’s management proxy circular for the Corporation’s 2008 annual Shareholder meeting by January 15, 2009.

AUDIT COMMITTEE CHARTER

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

ADDITIONAL INFORMATION

Additional information about the Corporation may be found on the SEDAR website at www.sedar.com. Additional financial information is provided in the Corporation’s comparative financial statements and management’s discussion and analysis for its year ended December 31, 2007, as contained in the 2007 Annual Report. A copy of this document and other public documents of the Corporation are available upon request to the Corporate Secretary of the Corporation at Sun Life Financial Tower, 150 King St. West, Suite 2401, Toronto, ON, M5H 1J9 (Telephone (416) 364-5171) and are also available electronically under the Corporation’s profile at www.sedar.com.

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.

April 28, 2008

“Peter A.M. Kalins”

Peter A.M. Kalins
Corporate Secretary

APPENDIX A-1

Notice of Change of Auditor

TIMMINCO LIMITED

NOTICE OF CHANGE OF AUDITOR

Pursuant to National Instrument 51-102

Timminco Limited (the “**Company**”) gives notice that on November 16, 2007 KPMG LLP (“**KPMG**”) resigned, at the Company’s request, as the Company’s auditor, and the board of directors of the Company, based on the recommendation of its audit committee, resolved to appoint Ernst & Young LLP (“**E&Y**”) as the Company’s successor auditor, subject to compliance with all applicable statutory requirements. The Company’s request to KPMG to resign was approved by the audit committee of the Company’s board of directors.

There were no reservations in KPMG’s reports on the Company’s financial statements for its financial years ended December 31, 2005 and 2006 or for any subsequent period, and there are no reportable events between the Company and KPMG or between the Company and E&Y.

DATED November 16, 2007.

TIMMINCO LIMITED



Robert J. Dietrich
Executive Vice President — Finance and
Chief Financial Officer

APPENDIX A-2

Response Letter of Ernst & Young LLP



Ernst & Young LLP
Chartered Accountants
Ernst & Young Tower
P.O. Box 251, 222 Bay St.
Toronto-Dominion Centre
Toronto, Canada M5K 1J7

Phone: (416) 864-1234
Fax: (416) 864-1174
www.ey.com

December 3, 2007

Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Quebec Securities Commission
Securities Commission of Newfoundland and Labrador

Dear Sirs/Mesdames:

Re: Timminco Limited
Change of Auditor Notice dated November 16, 2007

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Change of Auditor Notice and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours sincerely,

A handwritten signature in cursive script that reads 'Ernst + Young LLP'.

Chartered Accountants
Licensed Public Accountants

cc: The Board of Directors, Timminco Limited

APPENDIX A-3

Response Letter of KPMG LLP



KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge Street, Suite 200
North York, ON M2P 2H3

Telephone (416) 228-7000
Telefax (416) 228-7123
www.kpmg.ca

To:

The Alberta Securities Commission
4th Floor, 300 — 5th Avenue S.W.
Calgary, AB T2P 3C4

The Manitoba Securities Commission
1130 — 405 Broadway Avenue
Winnipeg, MB R3C 3L6

The Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, ON M5H 3S8

The Saskatchewan Financial Services
Commission — Securities Division
6th Floor, 1919 Saskatchewan Drive
Regina, SK S4P 3V7

The British Columbia Securities
Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2

The Securities Commission of
Newfoundland and Labrador
P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NFLD A1B 4J6

L'Autorité des marchés financiers (AMF)
Place de la Cité, Tour Cominar
2640, boulevard Laurier, bureau 400
Sainte-Foy, PQ G1V 5C1

Dear Sirs

RE: Notice of Change of Auditors of Timminco Limited.

We have read the Notice of Timminco Limited dated November 16, 2007 and are in agreement with the statements contained in such Notice.

Yours very truly

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
November 16, 2007