

5N PLUS INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that an Annual General and Special Meeting of shareholders (the “**Meeting**”) of 5N Plus Inc. (the “**Corporation**”) will be held:

Place: Saint-James Club
1145 Union Avenue
Montreal, Québec

Date: May 7, 2014

Time: 10:30 a.m. (Montreal time)

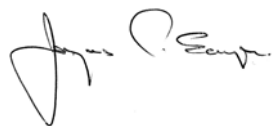
The purposes of the Meeting are to:

1. Receive and consider the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2013 and the auditors’ report thereon;
2. Elect directors;
3. Appoint auditors and authorize the directors to fix their remuneration;
4. Consider and, if deemed appropriate, to adopt a resolution (the full text of which is reproduced in the accompanying Management Proxy Circular) to ratify the Advance Notice By-Law (By-Law No. 2), the full text of which is reproduced in Schedule “A” to the accompanying Management Proxy Circular; and
5. Transact such other business as may properly be brought before the Meeting.

If you are unable to attend the Meeting in person, please date, sign and return the enclosed form of proxy. Proxies to be used at the Meeting must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 prior to 5:00 p.m. on May 5, 2014 or with the Secretary of the Corporation before the commencement of the Meeting or at any adjournment thereof.

DATED at Montreal, Québec
April 4, 2014

BY ORDER OF THE BOARD OF DIRECTORS



Jacques L’Ecuyer
President and Chief Executive Officer

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Proxy Circular is furnished in connection with the solicitation by the management of 5N Plus Inc. (“5N Plus” or the “Corporation”) of proxies to be used at the Annual General and Special Meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting and all adjournments thereof. Except as otherwise stated, the information contained herein is given as of April 4, 2014. The solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Unless otherwise indicated, all references to “dollars” and the symbol “\$” in this Management Proxy Circular are to Canadian dollars.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **Each shareholder is entitled to appoint a person, who need not be a shareholder, to represent him or her at the Meeting other than those whose names are printed on the accompanying form of proxy by inserting such other person’s name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.** To be valid, the duly-completed form of proxy must be deposited at the offices of Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 prior to 5:00 p.m. on May 5, 2014 or with the Secretary of the Corporation before the commencement of the Meeting or at any adjournment thereof. The instrument appointing a proxyholder must be executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporate body, by its authorized officer or officers.

A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 prior to 5:00 p.m. on May 5, 2014 or with the Secretary of the Corporation before the commencement of the Meeting or at any adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

In the absence of any direction to the contrary, shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy will be voted FOR the: (i) election of directors; and (ii) appointment of auditors; and (iii) the ratification of the Corporation’s Advance Notice By-Law, as stated under such headings in this Management Proxy Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Management Proxy Circular, management of the Corporation knows of no such amendments, variations or other matters.

NON-REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a non-registered shareholder (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the common shares (such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans), or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled “Communication with Beneficial Owners of Securities of a Reporting Issuer”, the Corporation has distributed copies of the Notice of Meeting and this Management Proxy Circular (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive it. Intermediaries often use service companies to forward Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive this Management Proxy Circular will either:

- (a) typically, be provided with a computerized form (often called a “**voting instruction form**”) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or
- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare Investor Services Inc. at the address above mentioned.

In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

VOTING SHARES

As at April 4, 2014 there were 83,908,269 common shares of the Corporation issued and outstanding. Each common share entitles the holder thereof to one vote. The Corporation has fixed April 3, 2014 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for inspection during normal business hours at the head office of the Corporation, 4385 Garand, Montreal, Québec H4R 2B4 and at the Meeting.

PRINCIPAL SHAREHOLDERS

As at April 4, 2014, to the best knowledge of the directors and executive officers of the Corporation, the following are the only persons who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Corporation:

<u>Name and place of residence</u>	<u>Number of shares held</u>	<u>Percentage</u>
Jacques L’Ecuyer ⁽¹⁾	14,812,188	17.65%
Montreal, Québec, Canada		
Letko, Brosseau & Associates Inc. ⁽²⁾	13,256,650	15.80%
Montreal, Québec, Canada		

Investissement Québec⁽¹⁾.....
 Montreal, Québec, Canada

8,626,613

10.30%

- (1) The information is taken from the SEDI website at www.sedi.ca, on April 4, 2014. The information taken from the SEDI website is not within the direct knowledge of the Corporation.
- (2) The information is taken from the SEDAR website at www.sedar.com, on April 4, 2014. The information taken from the SEDAR website is not within the direct knowledge of the Corporation.

ELECTION OF DIRECTORS

The articles of the Corporation provide for a minimum of one (1) and a maximum of fifteen (15) directors. The Board of Directors currently consists of six directors. **Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote FOR the election of the six nominees whose names are set forth below.** Each director will hold office until the next annual meeting of shareholders or until the election of his or her successor, unless he or she resigns or his or her office becomes vacant by removal, death or other cause. All of the Nominee Directors named in the table below are currently members of the Board of Directors of the Corporation with the exception of Ms. Jennie S. Hwang, Ms. Nathalie Le Prohon and Mr. James T. Fahey who are new nominees. Messrs. Dennis Wood, John Davis and Jean Bazin will not stand for re-election at the Meeting. We thank Messrs. Wood, Davis and Bazin for their dedication and contribution to the Corporation.

The Board of Directors has adopted a Majority Voting Policy which requires that any nominee who receives a greater number of votes “withheld” from his or her election than votes “for” such election, promptly tender his or her resignation to the Board of Directors to be effective upon acceptance by the Board of Directors. The Compensation Committee will review the circumstances of the election and make a recommendation to the Board of Directors as to whether or not to accept the tendered resignation. The Board of Directors must determine whether or not to accept the tendered resignation as soon as reasonably possible and in any event within 90 days of the election. The nominee in question may not participate in any committee or board votes concerning his or her resignation. This policy does not apply in circumstances involving contested director elections.

Jacques L’Ecuyer Age: 53 Montreal, Québec, Canada President and Chief Executive Officer Director since June 2000 Non Independent Shares held: 14,812,188	Mr. L’Ecuyer is one of 5N Plus founders and has served as President and Chief Executive Officer and as a director since the Company’s inception in June 2000. Mr. L’Ecuyer previously acted as the pure metals and compounds Business Unit Manager within Noranda Inc. Mr. L’Ecuyer holds BS and MS degrees in metallurgical engineering from École Polytechnique de Montréal and a PhD in materials science from the University of Birmingham in England.	
	Board/Committees	Attendance
	<ul style="list-style-type: none"> • Board of Directors 	6 of 6 (100%)
	<ul style="list-style-type: none"> • Total 	6 of 6 (100%)

<p>Jean-Marie Bourassa</p> <p>Age: 63 Montreal, Québec, Canada</p> <p>President and Chief Executive Officer of Bourassa Boyer Inc.</p> <p>Director since December 2007 Independent</p> <p><i>Chairman of the Audit Committee</i></p> <p>Shares held: 263,600</p>	<p>Mr. Bourassa is the founding President and Chief Executive Officer of Bourassa Boyer Inc., an accounting firm. He also serves on the Board of Directors of Savaria Corporation, which is listed on the TSX, and is involved with various private companies as a shareholder and director. Mr. Bourassa has been a chartered accountant since 1976 and attained corporate governance certification at Université Laval in 2009.</p>	
	Board/Committees	Attendance
	• Board of Directors	6 of 6 (100%)
	• Audit Committee	4 of 4 (100%)
	• Total	10 of 10 (100%)

<p>Pierre Shoiry</p> <p>Age: 56 Town of Mount-Royal, Québec, Canada</p> <p>President and Chief Executive Officer of WSP Global Inc. (formerly Genivar)</p> <p>Director since December 2007 Independent</p> <p><i>Member of the Compensation Committee</i></p> <p>Shares held: 33,300</p>	<p>Mr. Shoiry has been President and Chief Executive Officer of WSP Global Inc., a leading Canadian engineering company, since 1995. Mr. Shoiry has more than 30 years of experience in the engineering services industry. He began his career in 1980 with a major engineering services firm in Quebec. Employed by Genivar since 1989, he was previously Senior Associate Engineer in Municipal Infrastructure and Vice-President of Business Development. Mr. Shoiry is a member of the <i>Ordre des Ingénieurs du Québec</i> since 1980. From 2002 to 2003, he was Chairman of the Association of Consulting Engineering Companies - Canada and actively participated in promoting the engineering services industry in Canada and abroad. He was also President of the Association of Consulting Engineers of Quebec from 1998 to 1999. He holds a Bachelor's degree in applied science with a major in civil engineering, as well as a Master's degree in applied science, from Laval University.</p>	
	Board/Committees	Attendance
	• Board of Directors	6 of 6 (100%)
	• Compensation Committee	1 of 1 (100%)
	• Total	7 of 7 (100%)

<p>Jennie S. Hwang</p> <p>Age: 64 Cleveland, Ohio, USA</p> <p>President of H-Technologies Group</p> <p>Not currently a Director Independent</p> <p>Shares held: -</p>	<p>Ms. Hwang has over 30 years of experience in materials, electronics, chemicals and coatings through her management and/or ownership of businesses. She currently serves as the president of H-Technologies Group, encompassing international business, worldwide manufacturing services, intellectual property management and global strategy advisory. Ms. Hwang was Chief Executive Officer of International Electronic Materials Corporation, a manufacturing company she founded. Prior to founding these businesses, Ms. Hwang held senior executive positions with Lockheed Martin Corp., Hanson PLC (SCM Corp.) and Sherwin-Williams Company. Ms. Hwang holds a Ph.D. in Materials Science & Engineering and M.S. degrees in liquid crystals and in chemistry. She has served as National President of the Surface Mount Technology Association and in various other global leadership positions and is an international speaker and author of more than 400 publications and several textbooks on leading technologies, advanced manufacturing and global market thrusts. Ms. Hwang has been elected to the National Academy of Engineering and International Hall of Fame (Women in Technology). Ms. Hwang is a board member of Ferro Corporation (A U.S. NYSE-listed global manufacturer) and Case Western Reserve University, and serves on the U.S. National Materials and Manufacturing Board and chairs the Board of Assessment Panels on Army Research Laboratory of the U.S. Department of Defense. Ms. Hwang formerly served on the board of Second Bancorp, Inc. and she attained certificates in corporate governance from Harvard Business School Executive Program and from Columbia University</p>
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	Corporate Governance programs, and is a guest contributor to the <i>AGENDA of Financial Times</i> and <i>Corporate Board Member</i> of NYSE Euronext on corporate governance issues.
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<p>James T. Fahey</p> <p>Age: 50 Berlin, Massachusetts, USA</p> <p>Global Business Unit Director, Semiconductor Technologies of The Dow Chemical Company</p> <p>Not currently a Director Independent</p> <p>Shares held: -</p>	<p>Mr. Fahey has over 20 years of experience in the Electronics Industry in various roles including scientist, engineering (manufacturing and product development), marketing and sales and senior management, including 17 years in senior executive positions with Rohm and Haas and The Dow Chemical Company. Mr. Fahey is a dynamic leader with demonstrated strategic and operational strengths across various functions (Operations, Engineering, Research and Development, Sales and Marketing, and Business Leadership), and across various businesses (Microelectronics, Circuit Board Technologies, Optics and Ceramics). Mr. Fahey successfully directed global teams and supported business development in Asia, North America & Europe. Mr. Fahey holds a Bachelor of Science (First Class Honors) from St. Francis Xavier University, a Masters in Science and a PhD in Chemistry (Area of Research: Polymers for Microelectronic Applications) from Cornell University. Mr. Fahey is currently serving on the Semiconductor North American Advisory Board, was a member of the Board of NEMI (National Electronics Manufacturing Initiative) and has produced numerous technical publications and patents in the semiconductor industry related to both materials and semiconductor processing.</p>
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<p>Nathalie Le Prohon</p> <p>Age: 51 Westmount, Québec, Canada</p> <p>Corporate Director</p> <p>Not currently a Director Independent</p> <p>Shares held: -</p>	<p>Ms. Le Prohon is a professional board member with over 30 years of extensive experience in management and consulting including 20 years in senior executive positions at IBM in Montreal, Québec City, Toronto and Paris including her last position as Vice President Strategic Outsourcing Sales, IBM Global Services. Ms. Le Prohon was President of Nokia Canada from 2003 and 2004. Since 2007, Ms. Le Prohon is a full time director for various public and private entities and not-for-profit organizations. She is currently a director of ACCEO Solutions, BlackRock Metals and Casavant Frères. Ms. Le Prohon is also currently Chairman of the Board of Groupe Conseil OSI and Chairman of the Board of the Québec Breast Cancer Foundation. She was a director of Bentall Kennedy LP and Hydro-Québec and was a member of the external audit committee of the Department of National Defence (Canada). She has a BCOM (Major in MIS) from McGill University, a MBA from Concordia University and was named Concordia University <i>‘Alumna of the Year’</i> in 2009. She is a member of the Institute of Corporate Directors and has attained corporate governance certification at McGill University in 2009.</p>
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To the knowledge of the Corporation, none of the foregoing nominees for election as director of the Corporation:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease-trade order, an order similar to a cease-trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while

that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director 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; or
- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the foregoing nominees for election as director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation objectives and process and to discuss compensation relating to each person who acted as President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and the three most highly-compensated executive officers of the Corporation (or three most highly-compensated individuals acting in a similar capacity), other than the CEO and the CFO, whose total compensation was more than \$150,000 in the Corporation's last fiscal year (each a "Named Executive Officer" and collectively the "Named Executive Officers"). For the fiscal year ended December 31, 2013, the Corporation's Named Executive Officers are Jacques L'Ecuyer, President and CEO, David Langlois, CFO, Christophe Gauder, Vice President, Specialty Products, Sebastian Voigt, Vice President, Business Unit – Eco-Friendly Materials, and Sean Fuller, Vice President, Strategic Supply.

Compensation Committee

The Compensation Committee of the Board of Directors (the "Compensation Committee") is comprised of three directors, namely John Davis (Chairman), Pierre Shoiry and Dennis Wood, each of whom is an "independent" director within the meaning of National Instrument 52-110 *Audit Committees*. The Board of Directors is of view that the Compensation Committee collectively has the knowledge, experience and background to fulfill its mandate, and that each of the members of the Compensation Committee has direct experience relevant to his responsibilities regarding executive compensation. In particular, Mr. Shoiry is the President and CEO of WSP Global Inc., a company listed on the Toronto Stock Exchange, Mr. Wood has extensive experience with numerous public companies, and Mr. Davis is an experienced senior executive. These collective skills and extensive experience enable the Compensation Committee to make decision on the suitability of the Corporation's compensation policies and practices.

The mandate of the Compensation Committee is to periodically (at least twice a year) review and make recommendations to the Board of Directors with respect to the Corporation's compensation and benefit programs for the Named Executive Officers and directors as well as other members of senior management of the Corporation, including base salaries, bonuses, stock options (or stock appreciation rights ("SAR") in the case of foreign directors and officers) and restricted share unit ("RSU") grants. In the assessment of the annual compensation of the Named Executive Officers, the Compensation Committee consults with senior management to develop, recommend and implement compensation philosophy and policy. The Compensation Committee also takes into consideration the competitiveness of the compensation packages offered to the Named Executive Officers. Compensation decisions are usually made in the first quarter of a fiscal year, in respect of the performance achieved in the prior fiscal year.

Compensation Philosophy and Objectives

The compensation of the Named Executive Officers is determined by the Board of Directors upon recommendations made by the Compensation Committee. The Corporation's executive compensation program is generally designed to pay for performance and to be competitive with other companies of comparable size in similar fields. The CEO makes recommendations to the Compensation Committee as to the compensation of the Corporation's executive officers, other than himself. The Compensation Committee makes recommendations to the Board of Directors as to the compensation of the CEO and the other Named Executive Officers for approval, in accordance with the same criteria upon which the compensation of all other executive officers is based.

The general objective of the Corporation's compensation philosophy is to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; (iii) recruit, develop and retain talented executives; and (iv) support the Corporation's business strategy.

Executive Compensation Policy

The Corporation's executive compensation program is generally comprised of a base salary, a bonus opportunity and long-term incentives in the form of stock options granted under the Stock Option Plan (the "**Stock Option Plan**"), the Stock Appreciation Rights Plan (the "**SAR Plan**") and the Restricted Share Unit Plan (the "**RSU Plan**")

The annual bonus provides an opportunity for executives to earn an annual cash incentive based on the degree of achievement of individual, strategic, operational and financial targets set by the Board of Directors. The Stock Option Plan, the SAR Plan and the RSU Plan are designed to attract and retain the key talent required to drive the Corporation's long-term success by providing participants with an opportunity to share in the shareholder value to which they contribute. The Compensation Committee, at its sole discretion, and from time to time, may propose modifications to the executive compensation policy, including the removal or addition of compensation elements and amendments to the Stock Option Plan, the SAR Plan and the RSU Plan. Any such modifications will be presented to the Board of Directors and, when required, to the shareholders, for approval.

Executives' Involvement in the Determination of Executive Compensation Policy

Certain executives of the Corporation are involved in the process of determining executive compensation, as follows: the CEO and the Corporation's Vice President, Human Resources work jointly with the Compensation Committee to define the elements of executive compensation, including eligibility for the annual incentive (bonus) plan and long-term incentive compensation, the size, terms and conditions of bonus opportunities, and long-term incentive grants, based on the Corporation's pay-for-performance compensation philosophy and target-market positioning. The CEO, CFO and certain Vice Presidents are involved in the preparation of the financial budgets which are recommended for approval by the Board of Directors and which form the basis for the financial-performance targets on which a portion of the bonuses are based; the CEO, the CFO and the Corporation's Vice President, Legal Affairs also oversee the financial, accounting, legal and regulatory aspects of the Stock Option Plan, the SAR Plan and the RSU Plan, including maintaining a record of options, SARs and RSUs granted, exercised or paid and cancelled.

Comparative Group and External Compensation Consultant

To ensure the competitiveness of the compensation offered to the Named Executive Officers and other senior executives of the Corporation, the Compensation Committee may retain, from time to time, the services of executive compensation consultants to provide advice on executive compensation.

In 2013, the Corporation retained the services of PCI-Perrault Consulting Inc. ("**PCI**") to provide a benchmarking analysis and to advise the Corporation on the competitiveness and appropriateness of compensation programs offered to its executives. As part of the review process, the Compensation Committee conducted an analysis to examine and compare the Corporation's compensation programs with a group of comparable companies to ensure the competitiveness and reasonableness of the compensation offered. The Corporation has retained PCI since the Corporation's initial public offering in 2007.

The Compensation Committee used executive-compensation analyses prepared by PCI to position the Corporation's compensation programs in the context of the market. Although the Compensation Committee may rely on information and advice obtained from consultants such as PCI, all decisions with respect to executive compensation are made by the Board of

Directors upon recommendation of the Compensation Committee and may reflect factors and considerations that differ from information and recommendations provided by such consultants, such as merit and the need to retain high-performing executives.

For 2013, the Corporation’s compensation levels and practices were compared to four Canadian and twelve American companies (the “**Comparative Group**”) related to the Corporation’s activities and similar in size. The Comparative Group was comprised of the following companies which are specialized in the manufacturing and distribution of industrial products, especially metallic compounds and specialty chemicals, and most of these companies have international operations:

Comparative Group	
II-VI Inc.	Gentherm Inc.
Axt Inc.	Kaydon Corporation
Calgon Carbon Corporation	Velan Inc.
Nordion Inc.	CIRCOR International Inc.
EXFO Inc.	Ferro Corporation
Materion Corporation	Molycorp Inc.
Nordson Corporation	Park Electrochemical Corporation
Rogers Corporation	Stella-Jones Inc.

The Compensation Committee will periodically review the Comparative Group to ensure that the companies included in the group share similar industry characteristics with the Corporation and have revenues and market capitalizations comparable to those of the Corporation.

Compensation Process

The Board of Directors, upon recommendation of the Compensation Committee, ensures that total compensation paid to the Named Executive Officers is fair and reasonable and accomplishes the following long-term objectives:

- produce long-term, positive results for the Corporation’s shareholders;
- align executive compensation with corporate performance; and
- provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

Elements of Executive Compensation

The compensation for the Named Executive Officers consists of three main components: base salary, annual bonus, and long-term incentives currently in the form of stock options, SARs and RSUs, with the exception of the CEO, who is not granted any long-term incentives. The CEO and CFO also benefit from the Corporation’s group insurance plans. The Corporation also contributes up to 2% of the base salary of the CFO to the Corporation’s Deferred Profit-Sharing Plan through which the Corporation shares a portion of the Corporation’s profits with some or all of its employees. The terms and conditions of employment contracts of certain of the Named Executive Officers are described in the section entitled “Employment Agreements and Termination Benefits” below.

Base Salaries

The base salary component of the compensation for the Corporation’s executives aims to reflect the salaries paid by companies in the Comparative Group and companies of a size comparable with the Corporation for positions involving similar responsibilities, complexity and impact, as well as the ability and experience of each executive. The base salary may be paid to the Named Executive Officers in the form of a consulting fee.

Salaries are reviewed annually based on changes in the marketplace, the evolution of the executive’s competencies, and his individual performance as measured by the achievement of objectives determined annually by the executive together with the CEO and, with respect to the CEO, with the Compensation Committee.

Annual Incentive (Bonus)

The annual incentive (bonus) plan is intended to encourage and reward each executive for his contribution to the Corporation's annual business plan and for the Corporation's financial success. In the case of the CEO and the CFO, the Corporation's annual incentive (bonus) opportunity is in line with the lowest quartile of bonus opportunities offered by the companies included in the Comparative Group and between the lowest quartile and the median for the other Named Executive Officers.

Individual strategic and financial objectives are determined at the beginning of the year by the executive in concert with the CEO and, with respect to the CEO, in concert with the Compensation Committee. Each year, the Board of Directors determines the financial performance targets which have to be achieved by the Corporation and its divisions in order for bonuses to be paid, the bonus amount to be paid to each executive for achieving such performance, as well as the maximum bonus amount to be paid to each executive should the targets be exceeded.

For the fiscal year ended December 31, 2013, the target bonus was based on achieving a certain level of EBITDA (which the Corporation defines as net earnings (loss) before financial expenses (income), income taxes, depreciation and amortization, impairment or reversal of impairment of PPE and intangible assets, impairment of goodwill, litigation and restructuring costs, acquisition-related costs and the settlement of purchase price of MCP) and a certain level of costs as determined in the budget approved by the Board of Directors, or such other corporate financial performance as determined by the Board. The following table presents the bonus payouts, as a percentage of base salary for threshold, target and maximum performance for each Named Executive Officer:

Position title	Bonus based on the Corporation's results (as a percentage of base salary)				Bonus based on individual results (as a percentage of base salary)		
	Below threshold bonus	Threshold bonus	Target bonus	Maximum bonus	Below target bonus	Target bonus	Maximum bonus
President and CEO	0%	25%	50%	100%	—	—	—
CFO	0%	15%	25%	35%	0%	15%	35%
Other Named Executive Officers	0%	15%	25%	35%	0%	15%	35%

The following table presents the Corporation's objectives for the fiscal year ended December 31, 2013, approved by the Board of Directors and the results achieved by the Corporation:

<u>In thousands of American dollars</u>	<u>Target</u>	<u>Result</u>	<u>Evaluation of Performance</u>
EBITDA	\$28,000	\$20,196	72.1%
Costs	\$99,810	\$92,222	107.6%

The target EBITDA for 2013 was not achieved and 107.6% of the target on costs was achieved. EBITDA and costs are not the only objectives set for the CEO, the CFO and other Named Executive Officers. There are individual (and divisional objectives), and other financial objectives such as debt reduction, which also factor into the bonus calculation, which were variously achieved.

Long-Term Incentive Plans

Long-term incentives are comprised of stock options, SARs and RSUs and are intended to align executive compensation with the interests of the Corporation's shareholders.

Stock Options

Pursuant to the Stock Option Plan, options may be granted by the Board of Directors, from time to time, to executives and other key employees.

Option-grant guidelines are established pursuant to the Compensation Committee's periodic review of the compensation policy, taking into account the competitiveness of total compensation and compensation practices within the Comparative Group, market trends as well as the Corporation's pay-for-performance philosophy. Option grants are expressed as a percentage of a participant's salary, which is determined based on the participant's position and responsibility levels, without taking into account the number of stock options already held by such participant. Options granted to Named Executive Officers usually have a six-year term and vest equally over a four-year period at an annual rate of 25% per year. See "Executives' Involvement in the Determination of Executive Compensation Policy" above for a discussion of the role of executive officers in setting and administering the Stock Option Plan.

If an optionee's employment is terminated for cause, options not then exercised terminate immediately.

If an optionee dies, retires or becomes, in the determination of the Board of Directors, permanently disabled, options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death or retirement or permanent disability, as the case may be, for a period of one year after the date of death, retirement or permanent disability.

Upon an optionee's employment terminating or ending other than by reason of death, retirement, permanent disability or termination for cause, options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of such termination, for a period of 30 days after such date.

SARs

On June 7, 2010, the Board of Directors of the Corporation adopted a Restricted Share Unit for Foreign Employees plan (the "RSUFE Plan") which was slightly amended on November 7, 2012 by the Board of Directors to become the SAR Plan which replaced the RSUFE Plan. The SAR Plan enables the Corporation to award eligible participants phantom stock options to foreign directors, officers and employees. SAR-grant guidelines are established pursuant to the Compensation Committee's periodic review of the compensation policy, taking into account the competitiveness of total compensation and compensation practices within the Comparative Group, market trends as well as the Corporation's pay-for-performance philosophy. SAR grants are expressed as a percentage of a participant's salary, which is determined based on the participant's position and responsibility levels, without taking into account the number of SARs already held by such participant. SARs granted to Named Executive Officers usually have a six-year term and vest equally over a four-year period at an annual rate of 25% per year. The amount of cash payout is equal to the sum of the positive differences between the weighted average of the closing price of the common shares of the Corporation on the Toronto Stock Exchange in the last five days immediately preceding the exercise date and the grant price of each SAR redeemed.

Upon a participant's employment with the Corporation being terminated for cause, any SAR not exercised prior to termination shall immediately lapse and become null and void.

If a participant dies, retires from the workforce, or becomes, in the determination of the Board, permanently disabled, while employed by the Corporation, any SAR or unexercised part thereof granted to the participant may be redeemed by the participant or the person to whom the SAR is transferred by will or the laws of succession and distribution only for that number of vested SARs which he or she was entitled to exercise under the SAR Plan at the time of his or her death, retirement or permanent disability, as the case may be. Such SARs are exercisable within one year after the participant's death, retirement or permanent disability, as the case may be, or prior to the end of the SAR expiry date, whichever occurs earlier.

Upon a participant's employment with the Corporation terminating or ending otherwise than by reason of death, retirement, permanent disability, or termination for cause, any SARs or unexercised part thereof granted to such participant may be redeemed by him or her only for that number of vested SARs which he or she was entitled to redeem under the SAR Plan at the time of such termination. A redemption notice must be sent to the Corporation for such SAR within thirty (30) days after such termination or prior to the end of the SAR expiry date or prior to the expiration of the term of the SAR Plan, whichever occurs earlier.

RSUs

On June 7, 2010, the Board of Directors of the Corporation adopted the RSU Plan to complement the Stock Option Plan. Minor amendments to the RSU Plan were adopted by the Board of Directors in May 2013. The RSU Plan enables the Corporation to award eligible participants phantom share units that vest after a three-year period (the "Performance Cycle"). Each vested RSU is settled in cash, for an amount equivalent to the weighted average of the closing price of the common shares of the Corporation on the Toronto Stock Exchange in the last month immediately preceding the valuation date.

In the case of a participant's termination by the Corporation for cause or as a result of a voluntary resignation by the employee before the end of a Performance Cycle, all RSUs will be cancelled immediately as of the date on which the participant is advised of his termination or resigns.

In the case of a participant's termination by the Corporation other than for cause, if such participant is deemed to be on long-term disability or if such participant retires before the end of a Performance Cycle, the number of RSUs which will vest at such event will be pro-rated based on the number of months worked at the end of the Performance Cycle.

In the case of a participant's death before the end of a Performance Cycle, the number of RSUs which will vest will be pro-rated based on the number of months worked at the end of the fiscal year preceding the participant's death.

The Compensation Committee believes that the terms and conditions of the Stock Option Plan combined with those of the SAR Plan and the RSU Plan adequately meet the objectives of attracting and retaining quality executives while promoting long-term profitability and maximizing shareholder value.

The Corporation's target total direct compensation, which is the aggregate of salary, target annual bonus and estimated value of stock options, SARs and RSUs is competitive with the lowest quartile of the Comparative Group. The CEO's, CFO's and Vice President, Business Unit – Eco-Friendly Materials' total direct compensation is in line with the lowest quartile of the Comparative Group and Vice President, Strategic Supply's and Vice President, Special Products' total direct compensation is in line with the median quartile of the Comparative Group.

Executive Compensation-Related Fees

"Executive Compensation-Related Fees" consist of fees for professional services billed by each consultant or advisor, or any of its affiliates, that are related to determining compensation for any of the Corporation's directors and executive officers. PCI billed the Corporation \$17,637 in Executive Compensation-Related Fees in the fiscal year ended December 31, 2013.

All Other Fees

"All Other Fees" consist of fees for services that are billed by each consultant or advisor mentioned above and which are not reported under "Executive Compensation-Related Fees". PCI billed the Corporation \$14,887 in "All Other Fees" in the fiscal year ended December 31, 2013 for assisting the Corporation in developing a global compensation strategy.

Assessment of Risk Associated with the Corporation's Compensation Policies and Practices

The Compensation Committee has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Compensation Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Corporation has not adopted a policy restricting its Named Executive Officers or directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its Named Executive Officers or directors. To the knowledge of the Corporation, none of the Named Executive Officers or directors has purchased such financial instruments.

Summary of the Compensation of the Named Executive Officers

The following table provides information for the fiscal years ended December 31, 2013 and December 31, 2012 and for the seven-month fiscal year ended December 31, 2011 regarding compensation paid to, or earned by, the Named Executive Officers in Canadian dollars.

Summary Compensation Table

Name and Principal Occupation	Year	Salary (\$) ⁽¹⁾	Share-Based Awards (\$) ⁽²⁾	Option-Based Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$) ⁽⁶⁾	All other Compensation (\$) ⁽⁷⁾	Total Compensation (\$)
					Annual Incentive Plans ⁽⁴⁾	Long-Term Incentive Plans ⁽⁵⁾			
Jacques L'Ecuyer President & CEO	Dec. 2013	343,270	—	—	87,500	—	—	—	430,770
	Dec. 2012	325,000	—	—	—	—	—	—	325,000
	Dec. 2011	187,500	—	—	—	—	—	—	187,500
David Langlois ⁽⁸⁾ CFO	Dec. 2013	225,000	55,000	50,232	18,000	—	—	4,500	352,732
	Dec. 2012	225,000	32,814	23,584	—	—	—	4,500	285,898
	Dec. 2011	130,760	56,232	47,532	35,000	—	—	2,469	271,993
Christophe Gauder ⁽⁹⁾ Vice President, Special Products	Dec. 2013	—	—	—	94,753	—	—	382,847	477,601
	Dec. 2012	—	—	—	51,420	—	—	302,997	354,417
	Dec. 2011	—	—	—	53,871	—	—	181,396	235,267
Sean Fuller ⁽¹⁰⁾ Vice President, Strategic Supply	Dec. 2013	338,011	77,000	—	84,503	—	—	49,632	549,146
	Dec. 2012	290,462	—	—	87,115	—	—	173,086	550,663
	Dec. 2011	164,534	—	—	110,922	—	—	47,888	323,344
Sebastian Voigt Vice President, Business Unit – Eco-Friendly Materials	Dec. 2013	355,727	77,000	—	88,915	—	—	27,605	549,247
	Dec. 2012	314,825	—	—	109,225	—	—	25,585	449,635
	Dec. 2011	178,137	—	—	141,993	—	—	20,659	340,789

- (1) This column discloses the actual salary earned during the fiscal year indicated.
- (2) This amount is equal to the number of RSUs multiplied by the weighted average closing price of the common shares of the Corporation on the Toronto Stock Exchange in the last five days immediately prior to the grant. See “Long-Term Incentive Plan — RSUs” above. It should be noted that the granting of RSUs is based on the performance of a Named Executive Officer during the previous fiscal year than the fiscal year indicated and that the actual value received will be different as it will depend on the value of the Corporation shares at the end of the Performance Cycle.
- (3) This column discloses the total value of stock options (or SARs) at the time of grant. It should be noted that the granting of stock options (or SARs) is based on the performance of a Named Executive Officer during the previous fiscal year than the fiscal year indicated. These figures do not reflect the current value of the stock options (or SARs) or the value, if any, that may be realized if and when the stock options (or SARs) are exercised. The value of the stock option (or SAR) awards was calculated using the Black-Scholes option-pricing model using the same assumptions used for determining the equity-based compensation expense in the Corporation’s financial statements for the fiscal years ended December 31, 2013, December 31, 2012 and the seven-month fiscal year ended December 31, 2011 in accordance with the International Financial Reporting Standards (IFRS). These assumptions are:

	Dec. 2013	Dec. 2012	Dec. 2011
risk-free interest rate	1.225%	1.45%	1.475%
expected life of options	4 years	4 years	4 years
expected volatility	59%	44%	49%
dividend rate	0.0%	0.0%	0.0%
exercise price	\$2.20	\$3.61	\$8.64

- (4) See “Annual Incentive (Bonus)” above.
- (5) The Corporation does not have non-equity long-term incentive plans.
- (6) The Corporation does not provide employees with any retirement benefits.
- (7) In the case of Mr. Langlois, this amount represents the Corporation’s contribution to the Deferred Profit Sharing Plan (see “Elements of Executive Compensation” above) for the Named Executive Officer. In the case of Mr. Voigt, this amount includes insurance and car fees. Perquisites and other personal benefits, in the aggregate, do not exceed the lesser of \$50,000 and 10% of the total annual salary of the Named Executive Officer for the fiscal year. No other form of compensation was paid to the Named Executive Officers for the fiscal years.
- (8) Mr. Langlois left the Corporation on February 28, 2014.
- (9) Mr. Gauder is being paid as a consultant (see “All Other Compensation”) and he assumes all fringe benefits which are included in “All Other Compensation”.
- (10) Mr. Fuller is an expat located in Hong Kong and “All Other Compensation” includes (i) insurance and school fees for the seven-month fiscal year ended December 31, 2011, (ii) insurance, school fees and a bonus paid due to prior contractual commitments for the fiscal year ended December 31, 2012 and (iii) insurance and school fees for the fiscal year ended December 31, 2013.

Incentive Plan Awards

The following table sets out the details of all stock options (or SARs) and RSUs held by the Named Executive Officers as at December 31, 2013.

Name	Option-Based Awards (\$)				Share-Based Awards ⁽²⁾ (\$)		
	Number of Securities Underlying Unexercised Options	Option Exercise price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) ⁽¹⁾	Number of Performance Shares that Have not Vested	Market or Payout Value of Performance Shares that Have not Vested (\$)	Market or Payout Value of Vested Performance Share not paid out or distributed (\$)
Jacques L'Ecuyer	—	—	—	—	—	—	—
David Langlois ⁽³⁾	80,000	5.11	Nov. 23, 2015	—	39,127	93,122	—
	6,363	4.91	June 7, 2016	—			
	13,951	8.64	Sept. 1, 2017	—			
	18,199	3.61	April 1, 2018	—			
	50,000	2.20	May 16, 2019	9,000			
Christophe Gauder	—	—	—	—	—	—	—
Sebastian Voigt	—	—	—	—	35,000	83,300	—
Sean Fuller	—	—	—	—	35,000	83,300	—

- (1) This column sets out the aggregate value of in-the-money unexercised options (or SARs) as at December 31, 2013, calculated based on the difference between the closing price of the common shares on the Toronto Stock Exchange as at December 31, 2013 (\$2.38), the last trading day in the 2013 fiscal year, and the exercise price of the stock options (or SARs).
- (2) This column sets out the market value of the RSUs as at December 31, 2013, calculated based on the closing price of the common shares on the Toronto Stock Exchange as at December 31, 2013 (\$2.38), the last trading day in the 2013 fiscal year. Vesting of these RSUs is subject to the officer continuing to be employed at the end of a three-year cycle.
- (3) Mr. Langlois left the Corporation on February 28, 2014.

Incentive-Plan Awards - Value Vested or Earned during the Year

The following table sets out, for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the fiscal year ended December 31, 2013 and the value of non-equity incentive plan compensation earned during the fiscal year ended December 31, 2013.

Name	Option-based awards Value vested during the year(\$) ⁽¹⁾	Share-based awards – Value vested during the year(\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year(\$) ⁽³⁾
Jacques L'Ecuyer	—	—	87,500
David Langlois ⁽⁴⁾	—	—	18,000
Christophe Gauder	—	—	94,754
Sebastian Voigt	—	—	88,915
Sean Fuller	—	—	84,503

- (1) This amount corresponds to the difference between the closing price of the common shares of the Corporation on the Toronto Stock Exchange on the vesting date or the last day before the vesting date, namely: \$1.56 on April 1st, 2013, \$2.21 on June 7, 2013, \$2.25 on August 30, 2013 and \$2.99 on November 22, 2013, and the exercise price of the stock options. The actual gain, if any, will depend on the value of the common shares on the dates on which the options are exercised. See “Long-Term Incentive Plan (Stock Options)” above.
- (2) The value of the RSUs which vested during the year ended December 31, 2013 is calculated based on the closing price of the common shares on the Toronto Stock Exchange as at December 31, 2013 (\$2.38), the last trading day in the 2013 fiscal year, and assumes the officer is still employed at the end of a three-year cycle.
- (3) Corresponds to the same amount as disclosed in column “Non-Equity Incentive Plan Compensation — Annual Incentive Plan” of the “Summary Compensation Table” above.
- (4) Mr. Langlois left the Corporation on February 28, 2014.

Employment Agreements and Termination Benefits

The Corporation has entered into employment agreements with the Named Executive Officers under which they are entitled to an annual base salary, which is subject to annual adjustments, and to an annual performance-based bonus expressed as a percentage of base salary, as determined annually by the Board of Directors in accordance with the Corporation's policy. The employment agreements contain customary confidentiality, two-year non-competition and non-solicitation provisions. The Named Executive Officers are entitled to severance payments as detailed in the table below.

The table below sets out the dates, terms and conditions applicable to each Named Executive Officer as well as the severance payment that would have been payable had the Corporation terminated their employment on December 31, 2013.

Name	Original employment date	Severance entitlement (number of months' base salary)		Severance payable as of December 31, 2013	
		Minimum	Maximum	Number of months' salary	Amount
Jacques L'Ecuyer	June 1, 2000	13 months	20 months	20 months	\$583,333
David Langlois ⁽¹⁾	November 23, 2009	None	12 months	12 months	\$225,000
Sebastian Voigt	April 11, 2011	3 months	Subject to applicable German labour laws	Subject to applicable German labour laws	Minimum of \$88,932 ⁽²⁾
Sean Fuller	April 11, 2011	12 months	12 months	12 months	\$338,011
Christophe Gauder	April 11, 2011	18 months	18 months	18 months	\$604,482

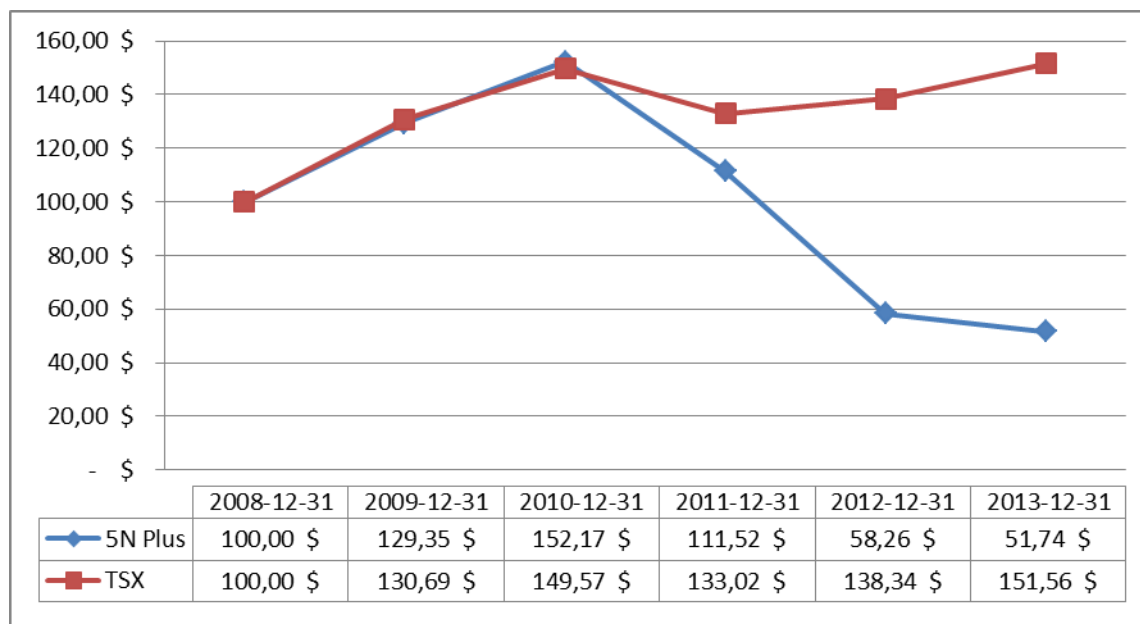
(1) Mr. Langlois left the Corporation on February 28, 2014.

(2) Subject to applicable German labour laws.

Had a Named Executive Officer's employment been terminated on December 31, 2013, any unvested options (or SARs) previously granted to him and outstanding on that date would have been cancelled; no other incremental payments would have been owed other than the number of pro-rated RSUs which would have vested on such date based on the number of months worked during a Performance Cycle.

Performance Graph

The following graph compares the total return of a \$100 investment in the common shares of the Corporation made on December 31, 2008, with the cumulative return of the S&P/TSX Composite Index for the period from December 31, 2008 to December 31, 2013, the last trading day in the 2013 fiscal year.



During this period, Named Executive Officers' salaries have been adjusted annually to reflect their respective scope of responsibilities, experience and contribution to the Corporation's success as well as the evolution of the Comparative Group's compensation practices. Annual variable compensation reflects the Corporation's annual operational financial performance during the period as well as each individual's contribution to the Corporation's strategy and growth. The ultimate value of long-term incentives in the form of stock options, SARs and RSUs granted during the period is directly linked to the Corporation's share price increase or decrease during and beyond this period.

In 2009 and 2010, Named Executive Officers' total compensation was consistent with the Corporation's trend in performance in that it increased in 2009 and in 2010 from the previous years. However, since 2011, as a result of the transformational acquisition of MCP Group by the Corporation, the Corporation's performance has been independent from the Name Executive Officers' performance, which explains why the Name Executive Officers' remuneration for the last three years does not reflect the Corporation's performance. In certain years, additional positions have been captured by the definition of "Named Executive Officer", thereby significantly increasing total Named Executive Officer compensation. Therefore, the statement regarding annual changes in compensation refers only to compensation of the Chief Executive Officer and the Chief Financial Officer.

COMPENSATION OF DIRECTORS

As of January 1, 2014, each director, with the exception of Jacques L'Ecuyer, is entitled to an annual retainer of \$15,000 and an attendance fee of \$2,000 for each Board of Directors' meeting attended. The Chairman of the Board is entitled to an additional annual retainer of \$10,000. The Chairman of the Audit Committee and Compensation Committee are entitled to an additional annual retainer of \$2,000. The Chairman and members of the Audit Committee and Compensation Committee are entitled to an attendance fee of \$1,000 for each meeting of the Audit Committee and Compensation Committee attended.

The aggregate amount of such fees incurred by the Corporation for the fiscal year ended December 31, 2013 was \$132,500.

The following table provides information for the financial year ended December 31, 2013 regarding compensation paid to or earned by the Corporation's directors (other than the director who is a Named Executive Officer).

Name and principal position	Year	Fees earned ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation ⁽⁴⁾ (\$)	Pension value ⁽⁵⁾ (\$)	All other compensation ⁽⁶⁾ (\$)	Total compensation (\$)
Dennis Wood Chairman of the Board, member of the Audit Committee and Compensation Committee	2013	38,000	—	87,444	—	—	—	125,444
Jean-Marie Bourassa Chairman of the Audit Committee	2013	29,000	—	62,460	—	—	—	91,460
John Davis Member of the Audit Committee and Chairman of the Compensation Committee	2013	30,000	—	62,460	—	—	—	92,460
Pierre Shoiry Member of the Compensation Committee	2013	24,000	—	62,460	—	—	—	86,460
Jean Bazin Director	2013	11,500	—	—	—	—	—	11,500

(1) This amount represents the aggregate of the annual retainer and meeting attendance fees paid to the director as described above.

(2) The Corporation does have a share-based compensation plan in the form of the RSU Plan. As at December 31, 2013, no RSUs have been granted to directors under the RSU Plan.

(3) This column sets out the total value of stock options granted to the directors during the last fiscal year. These figures do not reflect the current value of stock options or the value, if any, that may be realized if and when the stock options are exercised. The value of stock options shown in this column was calculated using the Black-Scholes option pricing model at the time of grant, using the same assumptions used for determining the equity-based compensation expense with respect to options granted to officers of the Corporation presented in the Corporation's financial statements for the fiscal year ended December 31, 2013, in accordance with the International Financial Reporting Standards (IFRS). These assumptions are:

risk free interest rate:	1.01%
expected life of options:	1 year
expected volatility:	59%
dividend rate:	0.0%
exercise price	\$2.20

(4) The Corporation does not have any non-equity long-term incentive plan for directors.

(5) The Corporation does not provide directors with any retirement benefits.

(6) The Corporation does not provide directors with any other form of compensation.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out for each Director all awards outstanding as at December 31, 2013.

Name	Option-based awards ⁽¹⁾				Share-based awards ⁽³⁾		
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed
Dennis Wood	30,000	5.47	January 16, 2015	—	—	—	—
Chairman of the Board,	30,000	4.91	June 7, 2016	—	—	—	—
member of the Audit	30,000	8.64	September 1, 2017	—	—	—	—
Committee and	87,500	2.22	November 7, 2018	14,000	—	—	—
Compensation Committee	87,500	2.20	May 16, 2019	15,750	—	—	—
Jean-Marie Bourassa	25,000	5.47	January 16, 2015	—	—	—	—
Chairman of the Audit	25,000	4.91	June 7, 2016	—	—	—	—
Committee	25,000	8.64	September 1, 2017	—	—	—	—
	62,500	2.22	November 7, 2018	10,000	—	—	—
	62,500	2.20	May 16, 2019	11,250	—	—	—
John Davis	25,000	5.47	January 16, 2015	—	—	—	—
Member of the Audit	25,000	4.91	June 7, 2016	—	—	—	—
Committee and Chairman of	25,000	8.64	September 1, 2017	—	—	—	—
the Compensation	62,500	2.22	November 7, 2018	10,000	—	—	—
Committee	62,500	2.20	May 16, 2019	11,250	—	—	—
Pierre Shoiry	20,000	5.47	January 16, 2015	—	—	—	—
Member of the	20,000	4.91	June 7, 2016	—	—	—	—
Compensation Committee	20,000	8.64	September 1, 2017	—	—	—	—
	62,500	2.22	November 7, 2018	10,000	—	—	—
	62,500	2.20	May 16, 2019	11,250	—	—	—
Jean Bazin	—	—	—	—	—	—	—
Director	—	—	—	—	—	—	—
Jacques L'Ecuyer	—	—	—	—	—	—	—
President and CEO	—	—	—	—	—	—	—

(1) Options become 100% vested on the first anniversary of their grant date.

(2) This column sets out the aggregate value of in-the-money unexercised options as at December 31, 2013, calculated based on the difference between the closing price of the common shares on the Toronto Stock Exchange as at December 31, 2013 (\$2.38), the last trading day in the 2013 fiscal year, and the exercise price of the stock options.

(3) The Corporation does have a share-based compensation plan in the form of the RSU Plan. As at December 31, 2013, no RSUs have been granted to the directors under the RSU Plan.

Incentive-Plan Awards - Value Vested or Earned during the Year

The following table sets out, for each director, the value of option-based awards and share-based awards which vested during the fiscal year ended December 31, 2013 and the value of non-equity incentive plan compensation earned during the fiscal year ended December 31, 2013.

Name	Option-based awards - Value vested during the year(\$) ⁽¹⁾	Share-based awards - Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation - Value earned during the year (\$) ⁽³⁾
Dennis Wood	53,375	—	—
Jean-Marie Bourassa	38,125	—	—
John Davis	38,125	—	—
Pierre Shoiry	38,125	—	—
Jean Bazin	—	—	—
Jacques L'Ecuyer	—	—	—

(1) The options vest at a rate of 100% on the first anniversary of their date of grant. This amount corresponds to the difference between the closing price of the common shares of the Corporation on the Toronto Stock Exchange on the vesting date or the last day before the vesting date, namely: \$2.83 on November 7, 2013 and the exercise prices of \$2.22. The actual gain, if any, will depend on the value of the common shares on the dates on which the options are exercised. See "Long-Term Incentive Plan (Stock Options)" above.

- (2) The Corporation does have a share-based compensation plan in the form of the RSU Plan. As at December 31, 2013, no RSUs have been granted to the directors under the RSU Plan.
- (3) The Corporation does not have any non-equity incentive plan for directors.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2013 with respect to plans of the Corporation pursuant to which equity securities of the Corporation are authorized for issuance.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by securityholders	1,637,951	4.19	3,362,049
Equity compensation plan not approved by securityholders	—	—	—
Total	1,637,951	4.19	3,362,049

Stock Option Plan

On April 11, 2011, the Corporation adopted the Stock Option Plan replacing the one in place since October 2007. The only change was to the maximum number of options that can be granted, which cannot exceed 5,000,000. In 2012, the Board of Directors adopted minor amendments to the Stock Option Plan. The aggregate number of shares which could be issued upon the exercise of options granted under the 2007 plan could not exceed 10% of the issued shares of the Corporation at the time of granting the options. At an annual general and special meeting of shareholders of the Corporation held on October 6, 2011, shareholders approved the 2011 plan which is referred to herein as the Stock Option Plan. The Stock Option Plan is administered by the Board of Directors of the Corporation. The following is a description of certain features of the Stock Option Plan, as required by the Toronto Stock Exchange:

- (a) the maximum number of common shares that can be issued upon the exercise of options granted under the Stock Option Plan is 5,000,000, currently representing 5.96% of the issued and outstanding shares of the Corporation on April 4, 2014;
- (b) no option may be granted under the Stock Option Plan to any optionee unless the number of the common shares: (i) issued to “insiders” within any one-year period; and (ii) issuable to “insiders” at any time, under the Stock Option Plan, or when combined with all of the Corporation’s other security-based compensation arrangements, could not exceed 10% of the total number of issued and outstanding common shares of the Corporation. For the purpose of the Stock Option Plan, the term “insiders” means “reporting insiders” as defined in National Instrument – 55-104 Insider Reporting Requirements and Exemptions;
- (c) the exercise price of options granted under the Stock Option Plan is set at the time of the grant of the options, but cannot be less than the volume weighted average trading price of the common shares of the Corporation on the Toronto Stock Exchange for the five trading days immediately preceding the day on which an option is granted;
- (d) the maximum period during which an option may be exercised is ten years from the date on which it is granted;
- (e) at the time of granting an option, the Board of Directors, at its discretion, may set a “vesting schedule”, that is, one or more dates from which an option may be exercised in whole or in part;

- (f) options granted under the Stock Option Plan are not transferable other than by will or by the laws of succession of the domicile of the deceased optionee;
- (g) if an optionee's employment or service provider relationship with the Corporation is terminated for cause, options not then exercised terminate immediately;
- (h) if an optionee dies, retires or becomes, in the determination of the Board of Directors, permanently disabled, options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death, retirement or permanent disability, as the case may be, for a period of one year after the date of death, retirement or permanent disability;
- (i) upon an optionee's employment, office, directorship or service provider relationship with the Corporation terminating or ending other than by reason of death, retirement, permanent disability or termination for cause, options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of such termination, for a period of 30 days after such date;
- (j) the Stock Option Plan does not provide for financial assistance from the Corporation to option holders;
- (k) if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise of an option by an optionee, then the optionee shall, concurrently with the exercise of the option:
 - (i) pay to the Corporation, in addition to the exercise price for the options, sufficient cash as is determined by the Corporation, in its sole discretion, to be the amount necessary to fund the required tax remittance;
 - (ii) authorize the Corporation, on behalf of the optionee, to sell in the market, on such terms and at such time or times as the Corporation determines, in its sole discretion, such portion of the common shares being issued upon exercise of the option as is required to realize cash proceeds in an amount necessary to fund the required tax remittance; or
 - (iii) make other arrangements acceptable to the Corporation, in its sole discretion, to fund the required tax remittance;
- (l) in the event that the Corporation proposes to amalgamate or merge with another company (other than a wholly-owned subsidiary of the Corporation), or to liquidate, dissolve or wind-up, or in the event that an offer to purchase common shares is made to all shareholders of the Corporation, the Corporation has the right, upon written notice, to permit the exercise of all options outstanding under the Stock Option Plan within a 20 day period following the date of such notice and to determine that upon the expiry of such 20 day period, all options terminate and cease to have effect;
- (m) approval by the shareholders of the Corporation is required for the following amendments to the Stock Option Plan: (i) amendments to the number of shares issuable under the Stock Option Plan, including an increase to a maximum percentage or number of shares; (ii) any amendment to the Stock Option Plan that increased the length of the blackout extension period; (iii) any amendment which reduces the exercise price or purchase price of an option; (iv) any amendment extending the term of an option held by an "insider" beyond its original expiry date except as otherwise permitted by the Stock Option Plan; and (v) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange); and
- (n) the Board of Directors of the Corporation may make the following types of amendments to the Stock Option Plan without seeking approval from the shareholders of the Corporation: (i) amendments of a "housekeeping" or ministerial nature, including any amendment for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange); (iii) amendments necessary in order for options to qualify for

favourable treatment under applicable taxation laws; (iv) amendments respecting administration of the Stock Option Plan; (v) any amendment to the vesting provisions of the Stock Option Plan or any option; (vi) any amendment to the early termination provisions of the Stock Option Plan or any option, whether or not such option is held by an “insider” of the Corporation, provided such amendment does not entail an extension beyond the original expiry date; (vii) the addition of any form of financial assistance by the Corporation for the acquisition by all or certain categories of eligible participants of shares under the Stock Option Plan, and the subsequent amendment of any such provisions; (viii) the addition or modification of a cashless exercise feature, payable in cash or shares of the Corporation; (ix) amendments necessary to suspend or terminate the Stock Option Plan; and (x) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No person who is, or who was at any time during the fiscal year ended December 31, 2013, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended December 31, 2013, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year ended December 31, 2013 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Management Proxy Circular, “informed person” means: (i) a director or executive officer of the Corporation; (ii) a director or executive officer of a person or corporation that is itself an informed person or subsidiary of the Corporation; (iii) any person or corporation who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or corporation as underwriter in the course of a distribution; and (iv) the Corporation if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the best of the Corporation’s knowledge, no informed person of the Corporation, and no associate or affiliate of the foregoing persons, at any time since the beginning of the Corporation’s last completed financial year, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of the Corporation’s last completed financial year that has materially affected the Corporation, or in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at this Meeting.

AUDIT COMMITTEE INFORMATION

Reference is made to the section entitled “Audit Committee” of the Corporation’s Annual Information Form for the fiscal year ended December 31, 2013 for required disclosure relating to the Audit Committee. The Annual Information Form is available on SEDAR at www.sedar.com and can be obtained by contacting the Secretary of the Corporation at 4385 Garand, Montreal, Québec H4R 2B4, telephone (514) 856-0644.

APPOINTMENT OF AUDITORS

Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Corporation, at such remuneration as may be determined by the Board of Directors. PricewaterhouseCoopers LLP, Chartered Accountants, have served as the auditors of the Corporation since September 3, 2010.

RATIFICATION OF AMENDMENT TO BY-LAWS TO PROVIDE FOR ADVANCE NOTICE REQUIREMENTS FOR THE NOMINATION OF DIRECTORS

On February 25, 2014, the Board of Directors approved an amendment to By-Law No. 1 of the Corporation (the “**By-Law Amendment**”) to add an advance notice requirement in circumstances where nominations of individuals for election to the Board of Directors are made by shareholders of the Corporation other than pursuant to: (a) a requisition to call a shareholders

meeting made pursuant to the provisions of the Canada Business Corporations Act (the “**Act**”); or (b) a shareholder proposal made pursuant to the provisions of the Act (the “**Advance Notice Requirement**”).

The By-Law Amendment became effective upon its approval by the Board of Directors. However, pursuant to the provisions of the Act, the By-Law Amendment will cease to be effective unless approved, ratified and confirmed by a resolution adopted by a simple majority of the votes cast by shareholders at the Meeting. The full text of the By-Law Amendment is set forth in Schedule “A” to this Management Information Circular.

Among other things, the Advance Notice Requirement fixes a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Corporation must be given not less than 30 and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 40 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Corporation and the Board of Directors believe that the Advance Notice Requirement provides a clear process for shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information, allowing the Corporation and the shareholders to evaluate all nominees’ qualifications and suitability as a director of the Corporation. The purpose of the Advance Notice Requirement is to treat all shareholders fairly by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and sufficient information with respect to all nominees and can thereby exercise their voting rights in an informed manner. In addition, the Advance Notice Requirement should assist in facilitating an orderly and efficient meeting process.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Requirement.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to adopt a resolution in substantially the form set out below (the “**By-Law Amendment Resolution**”), approving, ratifying and confirming the By-Law Amendment:

“BE IT RESOLVED THAT:

1. the amendment to By-Law No. 1 of the Corporation, substantially in the form set out in the Management Proxy Circular of the Corporation dated April 4, 2014, be and is hereby approved, ratified and confirmed;
2. the restatement of the Corporation’s By-Law No. 1 to reflect the foregoing amendment be and is hereby authorized; and
3. any director or officer of the Corporation, be, and each of them is hereby, authorized and directed for and on behalf and in the name of the Corporation, to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to give effect to this resolution.”

To be effective, the By-Law Amendment Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting.

The Board of Directors believes that the By-Law Amendment is in the best interests of the Corporation and therefore unanimously recommends that shareholders vote in favour of the By-Law Amendment Resolution. It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote the proxy in favour of the By-Law Amendment Resolution at the Meeting.

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides that the Corporation must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated April 4, 2014 the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is January 4, 2015.

The foregoing is a summary only. Shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgement.

CORPORATE GOVERNANCE

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation’s required annual disclosure of its corporate governance practices.

1. Board of Directors

(a) *Disclose the identity of directors who are independent.*

The Board of Directors considers that Jean-Marie Bourassa, and Pierre Shoiry, who are currently directors, as well as Jennie S. Hwang, Nathalie Le Prohon and James T. Fahey, who are proposed as new nominees are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*.

(b) *Disclose the identity of directors who are not independent, and describe the basis for that determination.*

The Board of Directors considers that Jacques L’Ecuyer is not independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*, in that he is a senior officer of the Corporation.

(c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

The Board of Directors considers that of the six current and proposed directors, five are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. Accordingly, a majority of the Board of Directors is independent.

In addition, all three current members of the Audit Committee of the Board of Directors are independent directors. The current members of the Audit Committee are Jean-Marie Bourassa, John Davis and Dennis Wood.

At each meeting of the Board of Directors, the independent directors meet without the non-independent director or members of management of the Corporation present.

- (d) *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following directors or nominee are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Jean-Marie Bourassa	Savaria Corporation
Pierre Shoiry	WSP Global Inc.
Jennie S. Hwang	Ferro Corporation Case Western Reserve University U.S. National Materials and Manufacturing Board Assessment Panels on Army Research Laboratory of the U.S. Department of Defense (Chair)
Nathalie Le Prohon	ACCEO Solutions BlackRock Metals Casavant Frères Groupe Conseil OSI (Chair) Québec Breast Cancer Foundation (Chair)
James T. Fahey	Semiconductor North American Advisory Board

- (e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

At each meeting of the Board of Directors, the independent directors meet without the non-independent directors or members of management of the Corporation present. During the fiscal year ended December 31, 2013, the independent directors met without the non-independent directors 6 times.

- (f) *Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.*

Dennis Wood, the Chairman of the Board of Directors, is an independent director. The responsibilities of the Chairman include chairing all meetings of the Board of Directors.

- (g) *Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.*

During the period from January 1, 2013 to December 31, 2013, the Board of Directors held 6 meetings, the Audit Committee held 4 meetings and the Compensation Committee held 1 meeting. Overall directors attended 100% of the meetings held by the Board of Directors and its committees. The following table presents a detailed record of the number of board meetings and committee meetings attended by each director.

Director	Board of Directors (6 meetings)		Audit Committee (4 meetings)		Compensation Committee (1 meeting)		Total Attendance
	Number	%	Number	%	Number	%	%
Jacques L'Ecuyer	6	100%	—	—	—	—	100%
Jean-Marie Bourassa	6	100%	4	100%	—	—	100%
John Davis	6	100%	4	100%	1	100%	100%
Pierre Shoiry	6	100%	—	—	1	100%	100%
Dennis Wood	6	100%	4	100%	1	100%	100%
Jean Bazin ⁽¹⁾	2	100%	—	—	—	—	100%

(1) Mr. Bazin was elected to the Board of Directors on June 27, 2013 at the Corporation's Annual General and Special Meeting of shareholders. Two meetings of the Corporation's Board of Directors were held in 2013 following his election.

2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

There is no specific mandate for the Board of Directors, since the Board has plenary power. Any responsibility that is not delegated to senior management or a committee of the Board remains with the Board of Directors.

3. Position Description

(a) *Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.*

The Board of Directors has developed written position descriptions for the Chairman of the Board of Directors and the chair of each committee of the Board of Directors.

The Chairman of the Board of Directors is responsible for setting the agenda for, and chairing meetings of, the Board of Directors. In addition, the Chairman of the Board of Directors is responsible for the management, development and effective performance of the Board and provides leadership to the Board in all aspects of its work.

The primary role and responsibility of the chair of each committee of the Board of Directors is to: (i) in general, ensure that the committee fulfills its mandate, as determined by the Board of Directors; (ii) chair meetings of the committee; (iii) report thereon to the Board of Directors; and (iv) act as liaison between the committee and the Board of Directors and, if necessary, management of the Corporation.

(b) *Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the board and Chief Executive Officer have not developed such position description, briefly describe how the board delineates the role and responsibilities of the Chief Executive Officer.*

The Board of Directors has developed a written position description and has set objectives for the CEO. The CEO's objectives constitute a mandate on a year-to-year basis. These objectives include a general mandate to maximize shareholder value. The Board of Directors approves the CEO's objectives for the Corporation on an annual basis.

4. Orientation and Continuing Education

(a) *Briefly describe what measures the board takes to orient new directors regarding*

(i) *the role of the board, its committees and its directors; and*

(ii) *the nature and operation of the issuer's business.*

The Board of Directors considers that orienting and educating new directors is an important element of ensuring responsible governance. New directors are to be provided with the Corporation's continuous disclosure documents, copies of the charters of each of the Committees, copies of the position descriptions of the Chairman of the Board, President and CEO and the Chairman of each of the Committees, and are invited to attend orientation sessions in the form of informal meetings with members of the Board and senior management, complemented by presentations on the main areas of the Corporation's business to improve their understanding of the Company's business.

(b) *Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

The Board does not formally provide continuing education to its directors. The directors are experienced members, including four who are directors of other reporting issuers. The Board of Directors relies on professional assistance when judged necessary in order to be educated or updated on a particular topic.

Also, the following site visits were organized in 2013 and 2014:

Site	Director or Nominee	Date
Eisenhüttenstadt, Germany	Dennis Wood Pierre Shoiry John Davis Jean Bazin	July 2013
Lübeck, Germany	Dennis Wood Pierre Shoiry John Davis Jean Bazin	July 2013
Tilly, Belgium	Dennis Wood Pierre Shoiry John Davis Jean Bazin	July 2013
Montreal, Québec, Canada	Jennie S. Hwang Nathalie Le Prohon	November 2013 February 2014

5. Ethical Business Conduct

(a) *Disclose whether or not the board has adopted a written code for the directors, officers and employees.*

The Board of Directors adopted a Code of Ethics on April 7, 2009 applicable to directors, senior officers and employees of the Corporation. The text of the *Code of Ethics* is available at www.sedar.com and www.5nplus.com.

(b) *Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

Under the *Canada Business Corporations Act*, to which the Corporation is subject, a director or officer of the Corporation must disclose to the Corporation, in writing or by requesting that it be entered in the minutes of meetings of the Board of Directors, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with the Corporation, if the director or officer: (i) is a party to the contract or transaction; (ii) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (iii) has a material interest in a party to the contract or transaction. Subject to limited

exceptions set out in the *Canada Business Corporations Act*, the director cannot vote on any resolution to approve the contract or transaction.

Further, it is the policy of the Corporation that an interested director or officer recuses himself or herself from the decision-making process pertaining to a contract or transaction in which he or she has an interest.

- (c) *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

The directors are apprised of the activities of the Corporation and ensure that it conducts such activities in an ethical manner. The directors encourage and promote an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary actions for violations of ethical business conduct.

6. Nomination of Directors

- (a) *Describe the process by which the board identifies new candidates for board nomination.*

When the Board of Directors determines that new candidates for board nomination are advisable, it approves an outline of the skill-set and background which are desired in a new candidate. Board members or management have an opportunity to suggest candidates for consideration. Prospective candidates are interviewed by the Chairman and other Board members on an *ad hoc* basis. An invitation to join the Board is then extended only after the Board had reached a consensus on the appropriateness of the candidates.

- (b) *Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

The Board of Directors does not have a nominating committee. The independent directors play a predominant role in the nomination process.

- (c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The Board of Directors does not have a nominating committee.

7. Compensation

- (a) *Describe the process by which the board determines the compensation for the issuer's directors and officers.*

The Compensation Committee is mandated to review and recommend to the Board of Directors for approval the remuneration of directors. The Compensation Committee considers time commitment, comparative fees and responsibilities in determining remuneration. See "Compensation of Directors" above.

With respect to the compensation of the Corporation's officers, see "Executive Compensation" above.

- (b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Compensation Committee is composed entirely of independent directors within the meaning of National Instrument 52-110 *Audit Committees*. The current members of the Compensation Committee are John Davis, Pierre Shoiry and Dennis Wood.

- (c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The Compensation Committee's primary role and responsibility concerns human resources and compensation policies and processes. Among the main responsibilities of the Compensation Committee is recommending the compensation of the Corporation's executive officers to the Board of Directors.

If the Compensation Committee considers it necessary, it may investigate and review any human resources or compensation matter relating to the Corporation. The Compensation Committee may, with approval of the Board of Directors, retain outside experts and engage special legal counsel, if necessary.

- (d) *If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.*

The Compensation Committee of the Corporation retained PCI-Perrault Consulting Inc. to advise with respect to the Corporation's compensation policy, including the appropriate number of stock options to be granted to employees of the Corporation. See "Executive Compensation" above.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board does not have committees other than the Audit Committee and Compensation Committee.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

Assessments are not conducted on a regular basis. The Board of Directors from time-to-time examines and comments on its effectiveness and that of its committees and makes adjustments when warranted.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2013, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the latest Annual Information Form of the Corporation together with any document, or the pertinent pages of any document, incorporated by reference therein;
- (b) the comparative financial statements of the Corporation for the fiscal year ended December 31, 2013 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to December 31, 2013 and Management's Discussion and Analysis with respect thereto; and
- (c) this Management Proxy Circular,

please send your request to:

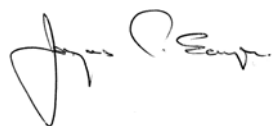
5N Plus Inc.
4385 Garand
Montreal, Québec
H4R 2B4

Telephone: (514) 856-0644

Telecopier: (514) 856-9611

AUTHORIZATION

The contents and the mailing of this Management Proxy Circular have been approved by the Board of Directors of the Corporation.

A handwritten signature in black ink, appearing to read "Jacques L'Ecuyer". The signature is stylized with a large initial "J" and a long horizontal stroke.

Jacques L'Ecuyer
President and Chief Executive Officer

Montreal, Québec
April 4, 2014

SCHEDULE "A"

BY-LAW NO. 2

A by-law amending By-law No. 1 to provide for advance notice requirements for the nomination of directors of

5N Plus Inc. (the Corporation)

By-Law No. 1 of the Corporation is hereby amended by adding the following Section 10A:

10A. NOMINATIONS OF DIRECTORS

10A. 1. Subject only to the *Canada Business Corporations Act* (the **Act**) and the articles of the Corporation, only individuals who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of individuals for election to the board of directors of the Corporation (the **Board**) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors. Such nominations may be made in the following manner:

- a. by or at the direction of the Board, including pursuant to a notice of meeting;
- b. by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of meeting of the shareholders of the Corporation made in accordance with the provisions of the Act; or
- c. by any person (a **Nominating Shareholder**): (A) who, at the close of business on the date of the giving of the notice provided below in this Section 10A and on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in this Section 10A.

10A. 2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation in accordance with this Section 10A.

10A. 3. To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

- a. in the case of an annual meeting of shareholders, not less than 30 and not more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 40 days after the date on which the first public announcement (the **Notice Date**) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
- c. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

- 10A. 4. To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:
- a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (D) a statement as to whether he or she would be "independent" of the Corporation (within the meaning of Sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director of the Corporation at such meeting and the reasons and basis for such determination; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
 - b. as to the Nominating Shareholder giving the notice, (A) any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation; (B) the class or series and number of shares in the capital of the Corporation which are controlled or over which direction is exercised, directly or indirectly, or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available by the Corporation and shall have occurred) and as of the date of such notice; and (C) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed director nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed director nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder of the Corporation's understanding of the independence, or lack thereof, of such proposed director nominee.

- 10A. 5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 10A; provided, however, that nothing in this Section 10A shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of the Corporation of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

- 10A. 6. For purposes of this Section 10A:

- a. "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
- b. "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province of Canada.

- 10A. 7. Notwithstanding any other provision of this Section 10A, notice given to the Secretary of the Corporation may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary of the Corporation at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Montreal time) on

a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

10A. 8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section 10A.

This By-Law No. 2 is enacted by the directors of the Corporation on February 25, 2014 and is effective on such date.