**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: June 27, 2013

Time: 10:00 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, 2012 and the auditors’ report thereon;

2. Elect directors;

3. Appoint auditors and authorize the directors to fix their remuneration; and

4. 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 June 25, 2013 or with the Secretary of the Corporation before the commencement of the Meeting or at any adjournment thereof.

DATED at Montreal, Québec
May 23, 2013

BY ORDER OF THE BOARD OF DIRECTORS

*(signed) Jacques L’Ecuyer*

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. (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 May 23, 2013. 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 June 25, 2013 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 June 25, 2013 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, 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 May 23, 2013 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 May 22, 2013 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 May 23, 2013, 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:

| Name and place of residence | Number of shares held | Percentage |
|---|---|---|
| Jacques L'Ecuyer(1)............................................................ Montreal, Québec, Canada | 16,312,188 | 19.44% |
| Invesco Canada Ltd.(2)…………………………………….. Toronto, Ontario, Canada | 10,137,746 | 12.08% |
| Investissement Québec(2)………………………………….. Montreal, Québec, Canada | 8,626,613 | 10.30% |

(1) The information is taken from the SEDI website at www.sedi.ca, on May 23, 2013. 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 May 23, 2013. The information taken from the SEDAR website is not within the direct knowledge of the Corporation.

## ELECTION OF DIRECTORS

The Board of Directors currently consists of five 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 successor, unless he resigns or his office becomes vacant by removal, death or other cause. All of the persons named in the table below are currently directors of the Corporation.

### Majority Voting Policy

The Board of Directors has adopted a 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.

The following table sets out the name and municipality of residence of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his principal occupation, the year in which he first became a director of the Corporation, and the number of voting shares of the Corporation that such person has advised are beneficially owned, directly or indirectly, or over which control or direction is exercised by him as at the date indicated below.

| Name, municipality of residence and position with the Corporation | Principal occupation | First year as director | Number of common shares beneficially owned or over which control is exercised as at May 23, 2013[1] |
|---|---|---|---|
| Jacques L'Ecuyer........................................<br>Montreal, Québec, Canada<br>President, Chief Executive Officer and Director | President and Chief Executive Officer of the Corporation | 1999 | 16,312,188 |
| Jean-Marie Bourassa[2]................................<br>Montreal, Québec, Canada<br>Director | Managing Partner<br>Bourassa Boyer Inc.<br>(chartered accountants) | 2007 | 200,000 |
| John Davis[2][3] ............................................<br>Beaconsfield, Québec, Canada<br>Director | Retired Executive | 2000 | 5,000 |
| Pierre Shoiry[3] ............................................<br>Town of Mount Royal, Québec, Canada<br>Director | President and Chief Executive Officer<br>Genivar Inc.<br>(engineering services firm) | 2007 | 33,300 |
| Dennis Wood[2][3] ........................................<br>Magog, Québec, Canada<br>Chairman of the Board of Directors | President and Chief Executive Officer<br>Les Placements Dennis Wood Inc.<br>(holding company) | 2007 | 120,000 |

| **Name, municipality of residence and position with the Corporation** | **Principal occupation** | **First year as director** | **Number of common shares beneficially owned or over which control is exercised as at May 23, 2013**[(1)] |
|---|---|---|---|
| The Honourable Jean Bazin......................... Montreal, Québec, Canada Director | Chairman of the Board of Directors Investissement Québec Counsel Dentons | - | - |

(1) This information was provided to the Corporation by the respective directors or was taken from the SEDI website at www.sedi.ca. The information taken from the SEDI website is not within the direct knowledge of the Corporation.
(2) Member of the Audit Committee.
(3) Member of the Compensation Committee.

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, with the exception of Mr. Dennis Wood, who: (i) has since 2001 been a director of GBO Inc. (formerly Groupe Bocenor Inc.), a window and door manufacturer, which in February 2004 made a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada), which proposal was accepted by the creditors in July 2004 and approved by the Superior Court of Québec in August 2004; and (ii) is a director of Blue Mountain Wallcoverings Group Inc., which in March 2009 was granted an initial order pursuant to section 11 of the *Companies' Creditors Arrangement Act* (Canada), providing creditor protection to the company and its subsidiaries; 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, 2012, the Corporation's Named Executive Officers are Jacques L'Ecuyer, President and CEO, David Langlois, CFO, Marc Binet, former 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 Genivar 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 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 2007 Stock Option Plan (the "**2007 Plan**"), the 2011 Stock Option Plan (the "**2011 Plan**") and the Restricted Share Unit Plan (the "**RSU Plan**"), which was adopted in 2010. On April 11, 2011, the Corporation adopted the 2011 Plan to replace the 2007 Plan, which had been in place since October 2007. The 2011 Plan was ratified, confirmed and approved by the Corporation's shareholders at the annual general and special meeting of shareholders held on October 6, 2011.

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 plans 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 2011 Plan and 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 works 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 and CFO also oversee the financial, accounting, legal and regulatory aspects of the 2011 Plan and RSU Plan, including maintaining a record of options 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 2012, the Compensation Committee 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 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 2012, 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:

| **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 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. 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. The Corporation's annual incentive (bonus) opportunity is in line with the first quartile of bonus opportunities offered by the companies included in the Comparative Group for the CEO and CFO.

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, 2012, as in previous years, the target bonus was based on achieving a certain level of Adjusted EBITDA (which the Corporation defines as earnings (losses) attributable to equity holders of the Corporation before financing costs, interest income, gain and loss on foreign exchange, income taxes, amortization and impairment of property plant and equipment and intangible assets and inventory write-down) 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 objectives for the fiscal year ended December 31, 2012, approved by the Board of Directors and the results achieved by the Corporation:

| In thousands of American dollars | Target | Result | Evaluation of Performance |
|---|---|---|---|
| Adjusted EBITDA ........................................................ | $60,000 | $37,856 | 63.1% |

The target Adjusted EBITDA for 2012 was not achieved. Adjusted EBITDA is not the only objective 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 and cost control, which also factor into the bonus calculation, which were variously achieved. However, in light of the over-riding impact of the low Adjusted EBITDA, compounded by write downs in the metals held in inventory, the Compensation Committee recommended, and the Board of Directors agreed, that no bonus for 2012 would be paid to the CEO and CFO. However, a bonus was paid to each of the Vice President, Strategic Supply, and to the Vice President, Business Unit – Eco-Friendly Materials, due to prior contractual commitments.

*Long-Term Incentive Plans*

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

Stock Options

Pursuant to the 2011 Plan, options may be granted by the Board of Directors, from time to time, to executives and other key employees. Minor amendments to the 2011 Plan were adopted by the Board of Directors in November 2012.

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 "Executive Compensation Policy" above for a discussion of the role of executive officers in setting and administering the 2011 Plan.

RSUs

On June 7, 2010, the Board of Directors of the Corporation adopted the RSU Plan to complement the 2007 Plan, which was replaced by the 2011 Plan in April 2011. 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 2011 Plan combined with those of 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 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 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 $4,856 in Executive Compensation-Related Fees in the fiscal year ended December 31, 2012.

**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 $495 in "All Other Fees" in the fiscal year ended December 31, 2012.

**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 Compensation Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

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 year ended December 31, 2012, for the seven-month fiscal year ended December 31, 2011 and for the fiscal year ended May 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 ($)[3] | Non-Equity Incentive Plan Compensation ($) Annual Incentive Plans[4] | Non-Equity Incentive Plan Compensation ($) Long-Term Incentive Plans[5] | Pension Value ($)[6] | All other Compensation ($)[7] | Total Compensation ($) |
|---|---|---|---|---|---|---|---|---|---|
| Jacques L'Ecuyer President & CEO | Dec. 2012 | 325,000 | — | — | — | — | — | — | 325,000 |
| | Dec. 2011 | 187,500 | — | — | — | — | — | — | 187,500 |
| | May 2011 | 250,116 | — | — | 187,500 | — | — | — | 437,616 |
| David Langlois CFO | Dec. 2012 | 225,000 | 32,814 | 23,584 | — | — | — | 4,500 | 285,898 |
| | Dec. 2011 | 130,760 | 56,232 | 47,532 | 35,000 | — | — | 2,469 | 271,813 |
| | May 2011 | 142,528 | 35,006 | 10,727 | 57,000 | — | — | 1,535 | 246,796 |
| Marc Binet[8] Vice President, Specialty Products | Dec. 2012 | — | — | — | — | — | — | 534,940 | 534,940 |
| | Dec. 2011 | — | — | — | 203,854 | — | — | 370,643 | 574,497 |
| | May 2011 | — | — | — | — | — | — | — | — |
| Sean Fuller[9] Vice President, Strategic Supply | Dec. 2012 | 290,462 | — | — | 87,115 | — | — | 173,086 | 550,663 |
| | Dec. 2011 | 164,534 | — | — | 110,922 | — | — | 47,888 | 323,345 |
| | May 2011 | — | — | — | — | — | — | — | — |
| Sebastian Voigt Vice President, Business Unit – Eco-Friendly Materials | Dec. 2012 | 314,825 | — | — | 109,225 | — | — | 25,585 | 449,635 |
| | Dec. 2011 | 178,137 | — | — | 141,993 | — | — | 20,659 | 340,789 |
| | May 2011 | — | — | — | — | — | — | — | — |

(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 month immediately prior to the grant. See "Long-Term Incentive Plan — RSUs" above. It should be noted 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 at the time of grant. These figures do not reflect the current value of the stock options or the value, if any, that may be realized if and when the stock options are exercised. The value of the option 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, 2012, December 31, 2011 and May 31, 2011 in accordance with generally accepted accounting principles. These assumptions are:

| | Dec. 2012 | Dec. 2011 | May 2011 |
|---|---|---|---|
| risk-free interest rate | 1.45% | 1.07% | 2.325% |
| expected life of options | 4 years | 4 years | 4 years |
| expected volatility | 44% | 53% | 40% |
| dividend rate | 0.0% | 0.0% | 0.0% |
| exercise price | $3.61 | $8.64 | $4.91 |

(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) This amount represents the Corporation's contribution to the Deferred Profit Sharing Plan for the Named Executive Officer. See "Elements of Executive Compensation" above. 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. Binet, who was paid as a consultant (see "All Other Compensation"), left the Corporation on December 17, 2012.

(9) Mr. Fuller is an expat located in Hong Kong and "All Other Compensation" includes (i) insurance, car and school fees for the seven-month fiscal year ended December 31, 2011 and (ii) insurance, car, school fees and a bonus paid due to prior contractual commitments for the fiscal year ended December 31, 2012.

### Incentive Plan Awards

The following table sets out the details of all stock options held by the Named Executive Officers as at December 31, 2012.

| | Option-Based Awards ($) | | | | Share-Based Awards[2] ($) | | |
|---|---|---|---|---|---|---|---|
| **Name** | **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 | 80,000<br>6,363<br>13,951<br>18,199 | 5.11<br>4.91<br>8.64<br>3.61 | November 23, 2015<br>June 7, 2016<br>September 1, 2017<br>April 1, 2018 | —<br>—<br>—<br>— | 20,707 | 55,495 | — |
| Marc Binet[3] | — | — | — | — | — | — | — |
| Sebastian Voigt | — | — | — | — | — | — | — |
| Sean Fuller | — | — | — | — | — | — | — |

(1) This column sets out the aggregate value of in-the-money unexercised options as at December 31, 2012, calculated based on the difference between the closing price of the common shares on the Toronto Stock Exchange as at December 31, 2012 ($2.68), the last trading day in the 2012 fiscal year, and the exercise price of the stock options.

(2) This column sets out the market value of the RSUs as at December 31, 2012, calculated based on the closing price of the common shares on the Toronto Stock Exchange as at December 31, 2012 ($2.68), the last trading day in the 2012 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. Binet left the Corporation on December 17, 2012.

### 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, 2012 and the value of non-equity incentive plan compensation earned during the fiscal year ended December 31, 2012.

| **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 | — | — | — |
| David Langlois | — | — | — |
| Marc Binet[4] | — | — | — |
| Sebastian Voigt | — | — | 109,225 |
| Sean Fuller | — | — | 87,115 |

(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: $2.50 on June 6, 2012, $1.84 on August 31, 2012 and $2.51 on November 23, 2012. 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, 2012 is calculated based on the closing price of the common shares on the Toronto Stock Exchange as at December 31, 2012 ($2.68), the last trading day in the 2012 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. Binet left the Corporation on December 17, 2012.

### 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, 2012.

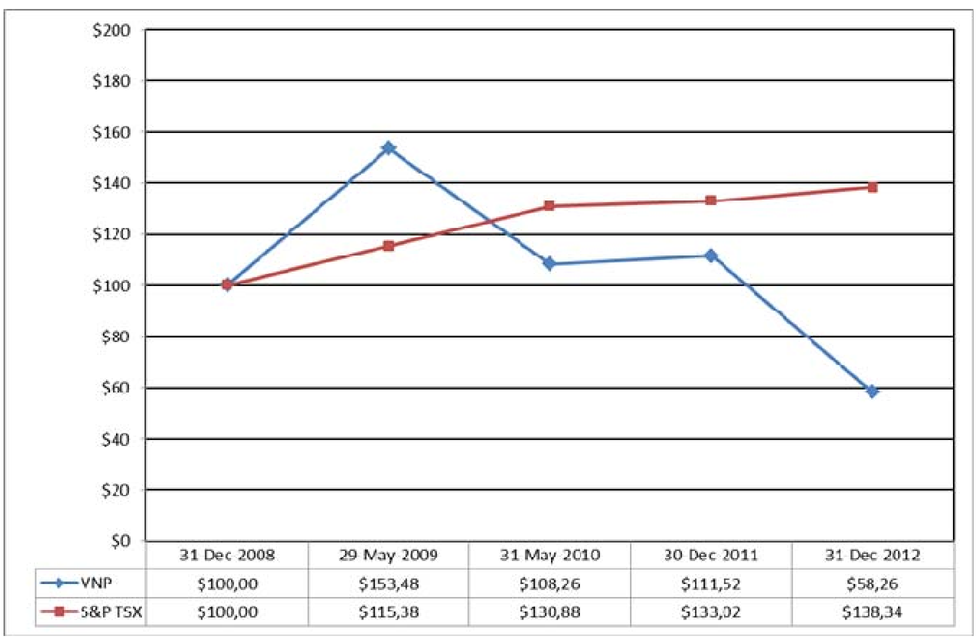
| | | **Severance entitlement (number of months' base salary)** | | **Severance payable as of December 31, 2012** | |
|---|---|---|---|---|---|
| **Name** | **Original employment date** | **Minimum** | **Maximum** | **Number of months' salary** | **Amount** |
| Jacques L'Ecuyer | June 1, 2000 | 13 months | 20 months | 20 months | $541,667 |
| David Langlois | 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 $78,706(1) |
| Sean Fuller | April 11, 2011 | 12 months | 12 months | 12 months | $290,462 |

(1) Subject to applicable German labours laws.

Had a Named Executive Officer's employment been terminated on December 31, 2012, any unvested options 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, 2012, the last trading day in the 2012 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 and RSUs granted during the period is directly linked to the Corporation's share price increase during and beyond this period.

Named Executive Officer total compensation is broadly consistent with the Company's trend in performance in that it increased in 2009 from the previous year, decreased in 2010 and increased again in 2011. The Corporation's 2012 performance is independent from the Name Executive Officers' performance, which explains why the Name Executive Officers' 2012 remuneration 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, 2013, 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 are entitled to an attendance fee of $1,000 for each meeting of the Audit Committee attended.

The aggregate amount of such fees incurred by the Corporation for the fiscal year ended December 31, 2012 was $126,000.

The following table provides information for the financial year ended December 31, 2012 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<br>Chairman of the Board, member of the Audit Committee and Compensation Committee | 2012 | 41,000 | — | 80,925 | — | — | — | 121,925 |
| Jean-Marie Bourassa<br>Chairman of the Audit Committee | 2012 | 29,000 | — | 57,803 | — | — | — | 86,803 |
| John Davis<br>Member of the Audit Committee and Chairman of the Compensation Committee | 2012 | 31,000 | — | 57,803 | — | — | — | 88,803 |
| Pierre Shoiry<br>Member of the Compensation Committee | 2012 | 25,000 | — | 57,803 | — | — | — | 82,803 |

(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, 2012, 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, 2012, in accordance with generally accepted accounting principles. These assumptions are:

| | |
|---|---|
| risk free interest rate: | 1.07% |
| expected life of options: | 1 year |
| expected volatility: | 53% |
| dividend rate: | 0.0% |
| exercise price | $2.22 |

(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, 2012.

| | Option-based awards[1] | | | | Share-based awards[3] | | |
|---|---|---|---|---|---|---|---|
| Name | 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 | 80,000 | 3.00 | December 20, 2013 | — | — | — | — |
| Chairman of the Board, | 30,000 | 5.47 | January 16, 2015 | — | — | — | — |
| member of the Audit | 30,000 | 4.91 | June 7, 2016 | — | — | — | — |
| Committee and | 30,000 | 8.64 | September 1, 2017 | — | — | — | — |
| Compensation Committee | 87,500 | 2.22 | November 7, 2018 | 40,250 | — | — | — |
| 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 | 28,750 | — | — | — |
| John Davis | 60,000 | 3.00 | December 20, 2013 | — | — | — | — |
| Member of the Audit | 25,000 | 5.47 | January 16, 2015 | — | — | — | — |
| Committee and Chairman of | 25,000 | 4.91 | June 7, 2016 | — | — | — | — |
| the Compensation | 25,000 | 8.64 | September 1, 2017 | — | — | — | — |
| Committee | 62,500 | 2.22 | November 7, 2018 | 28,750 | — | — | — |
| Pierre Shoiry | 60,000 | 3.00 | December 20, 2013 | — | — | — | — |
| Member of the | 20,000 | 5.47 | January 16, 2015 | — | — | — | — |
| Compensation Committee | 20,000 | 4.91 | June 7, 2016 | — | — | — | — |
| | 20,000 | 8.64 | September 1, 2017 | — | — | — | — |
| | 62,500 | 2.22 | November 7, 2018 | 28,750 | — | — | — |
| 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, 2012, calculated based on the difference between the closing price of the common shares on the Toronto Stock Exchange as at December 31, 2012 ($2.68), the last trading day in the 2012 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, 2012, 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, 2012 and the value of non-equity incentive plan compensation earned during the fiscal year ended December 31, 2012.

| Name | Value vested during the year($) [1] | Share-based awards – Value vested during the year ($) | Non-equity incentive plan compensation – Value earned during the year ($) |
|---|---|---|---|
| Dennis Wood | — | — | — |
| Jean-Marie Bourassa | — | — | — |
| John Davis | — | — | — |
| Pierre Shoiry | — | — | — |
| 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: $1.84 on August 31, 2012 and the exercise prices of $8.64. 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, 2012, no RSUs have been granted to the directors under the RSU Plan.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2012 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 | 1,585,448 | 4.67 | 3,414,552 |
| Equity compensation plan not approved by securityholders | — | — | — |
| **Total** | 1,585,448 | 4.67 | 3,414,552 |

**2011 Stock Option Plan**

On April 11, 2011, the Corporation adopted the 2011 Plan replacing the 2007 Plan in place since October 2007, with the same features as the 2007 Plan with the exception of a maximum number of options granted which cannot exceed five million. In 2012, the Board of Directors adopted minor amendments to the 2011 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. The 2011 Plan is administered by the Board of Directors of the Corporation. The following is a description of certain features of the 2011 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 2011 Plan is 5,000,000, currently representing 5.96% of the issued and outstanding shares of the Corporation on May 23, 2013;

(b) no option may be granted under the 2011 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 2011 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 2011 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 2011 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 2011 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 or permanent disability, as the case may be, for a period of one year after the date of death 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, 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 2011 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 2011 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 2011 Plan: (i) amendments to the number of shares issuable under the 2011 Plan, including an increase to a maximum percentage or number of shares; (ii) any amendment to the 2011 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 2011 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 2011 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 2011 Plan or to correct or supplement any provision of the 2011 Plan that is inconsistent with any other provision of the 2011 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 2011 Plan; (v) any amendment to the vesting provisions of the 2011 Plan or any option; (vi) any amendment to the early termination provisions of the 2011 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 2011 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 2011 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, 2012, 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, 2012, 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, 2012 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, 2012 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.

## 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 May 23, 2013 the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is February 23, 2014.

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, John Davis, Pierre Shoiry and Dennis Wood 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. The Board of Directors considers that The Honourable Jean Bazin is not independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*, in that he is Chairman of Investissement Québec, the Corporation's third largest shareholder.

*(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 four of the six directors 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 members of the Audit Committee of the Board of Directors are independent directors. The 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 | Genivar Inc. |

| | |
|---|---|
| Dennis Wood | Azimut Exploration Inc.<br>GBO Inc.<br>The Jean Coutu Group (PJC) Inc.<br>Transat A.T. Inc. |
| The Honourable Jean Bazin | Investissement Québec<br>Laurentian Bank of Canada<br>Lambert Somec Inc.<br>The Canadian Association of Former Parliamentarians (CAFP) |

(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, 2012, the independent directors met without the non-independent directors 4 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, 2012 to December 31, 2012, the Board of Directors held 7 meetings, the Audit Committee held 4 meetings and the Compensation Committee held 2 meetings. Overall directors attended 94.29% 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.

| | **Board of Directors (7 meetings)** | | **Audit Committee (4 meetings)** | | **Compensation Committee (2 meeting)** | | **Total Attendance** |
|---|---|---|---|---|---|---|---|
| **Director** | **Number** | **%** | **Number** | **%** | **Number** | **%** | **%** |
| Jacques L'Ecuyer | 7 | 100% | — | — | — | — | 100% |
| Jean-Marie Bourassa | 7 | 100% | 4 | 100% | — | — | 100% |
| John Davis | 7 | 100% | 4 | 100% | 2 | 100% | 100% |
| Pierre Shoiry | 7 | 100% | — | — | 2 | 100% | 100% |
| Dennis Wood | 6 | 86% | 4 | 100% | 2 | 100% | 93% |
| Frank Fache(1) | 2 | 67% | — | — | — | — | 67% |
| Laurent Raskin(1) | 3 | 100% | — | — | — | — | 100% |

(1) Messrs. Fache and Raskin resigned as directors of the Corporation on September 6, 2012. Three meetings of the Corporation's Board of Directors were held in 2012 prior to their resignation.

## 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 Corporation provides orientation for new appointees to the Board of Directors and committees 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.

*(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.

## 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 Business Conduct and Ethics on April 7, 2009 applicable to directors, senior officers and employees of the Corporation. The text of the *Code of Business Conduct and Ethics* is available at 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.*

Since December 20, 2007, the date of the closing of the Corporation's initial public offering, there have been no new directors appointed to the Board of Directors, with the exception of Frank Fache, who was appointed a director of the Corporation on April 11, 2011, Laurent Raskin, who was elected a director of the Corporation on October 6, 2011, following the acquisition of MCP and The Honourable Jean Bazin, who is Investissement Québec's nominee. The Board of Directors retains the responsibility for identifying new candidates for Board nomination.

When the Board of Directors determines that new candidates for board nomination are advisable, the process by which the Board of Directors identifies new candidates for board nomination begins with the approval by the Board of 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 were interviewed by the Chairman and other Board members on an *ad hoc* basis. An invitation to join the Board was 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 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, 2012, 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, 2012 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to December 31, 2012 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.

*(signed) Jacques L'Ecuyer*

Jacques L'Ecuyer
President and Chief Executive Officer

Montreal, Québec
May 23, 2013