SC2 INC.
(Applicant)

- and -

TORONTO STOCK EXCHANGE
(Respondent)

APPLICATION FOR REVIEW

APPLICATION
FOR REVIEW OF DECISION OF TORONTO STOCK EXCHANGE

OF SC2 INC.
(Sections 8, 21.7 and 21(5), *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act"))

A. ORDER SOUGHT

The applicant, SC2 Inc. ("SC2"), a significant shareholder of Sherritt International Corporation ("Sherritt"), request(s) that the Tribunal make the following order(s):

1. That the decision of the Toronto Stock Exchange ("TSX") disclosed by Sherritt on April 9, 2025 (the "Decision") conditionally approving the listing of up to 99,000,000 common shares of Sherritt (the "New Shares") be set aside (the "Order");

2. In the alternative, that the Tribunal vary the Decision and order that Sherritt and the Chair of the Sherritt Annual General Meeting ("AGM") scheduled to be convened on June 10, 2025 (the "2025 AGM") are prohibited from considering the New Shares at the 2025 AGM for the purpose of voting on any matter, unless, in the interim, holders of the common shares of Sherritt ("shares") prior to the issuance and listing of the New Shares have voted to approve the issuance of the New Shares;

3. In the further alternative, that the Tribunal vary the Decision and order that the record date for the AGM shall be March 26, 2025; and

4. Such further and additional relief as may be advised.

B. GROUNDS

The grounds for the request and the reasons for seeking a review are:

1. SC2 is directly affected by the Decision. It was, at the time of the Decision, and remains a significant shareholder of Sherritt with beneficial ownership of, or control or direction over, 40,044,000 shares of Sherritt, representing approximately 10.08% of the then issued and outstanding shares. SC2, in combination with Ewing Morris & Co. Investment Partners Ltd. ("Ewing Morris"), with which SC2 may be considered a joint actor, have beneficial ownership of, or control and/or direction over a total of 59,047,570 shares, representing approximately 14.9% of the then issued and outstanding shares.

2. TSX is recognized exchange pursuant to section 21 of the Act.

3. Sherritt is a reporting issuer as defined in section 1(1) of the Act. At all material times its common shares ("shares") were listed and posted for trading on the TSX. As at the date of the Decision 397,288,680 shares were issued and outstanding.

4. Since its incorporation in early 2024, SC2 has made efforts to secure changes to the composition of the board of directors of Sherritt ("Board") with a view to improving its governance practices and oversight of management. SC2's efforts have been rebuffed by Sherritt and the Board.

5. This includes, for example, Sherritt's response to the December 31, 2024 requisition by SC2 and Ewing Morris that the Board call a special meeting of shareholders to vote on the removal of three of the existing members of the Board and the election of three other candidates (the "Requisition"). On January 8, 2025, Sherritt purported to reject the Requisition due to technical deficiencies, notwithstanding that SC2 was in fact the owner of at least 5% of the issued and outstanding shares of Sherritt. In order to head off further efforts by SC2 to replace Board members in advance of the 2025 AGM, only one week later Sherritt announced that the 2025 AGM would be on May 13, 2025 with a record date of March 26, 2025. This announcement was at least six weeks earlier than the date upon which Sherritt typically announced its AGM.

6. Subsequently, in a March 4, 2025 News Release, Sherritt announced two transactions:

(a) a "CBCA Transaction" to extend the maturities of its notes obligations and reduce Sherritt's total outstanding notes obligations to be implemented through a corporate plan of arrangement (the "CBCA Plan") requiring both noteholder and court approval; and

(b) a "Subsequent Exchange Transaction" that was not part of the CBCA Transaction, would be completed immediately after completion of the CBCA Transaction and which would result in the issuance of the New Shares, representing up to 19.9% of Sherritt's total issued and outstanding shares.

7. On the same date, Sherritt also announced that it was deferring its previously scheduled Annual General Meeting ("AGM") from May 13, 2025 (with a record date of March 26, 2025) to June 10, 2025 (with a record date of April 30, 2025).

8. While not disclosed by Sherritt, it is evident that the issuance of the New Shares and deferral of the 2025 AGM was to permit the New Shares to be voted at the June 2025 AGM for the purpose of entrenching management and the Board.

9. Among other things, the News Release disclosed the following:

(a) The CBCA Transaction would involve the exchange of Senior Secured Notes and unsecured Junior Notes for Amended Senior Secured Notes, all as defined in the News Release.

(b) The Board of Sherritt unanimously recommended that the holders of both Senior Secured Notes and Junior Notes vote in favour of the CBCA Transaction at Noteholder Meetings to be held on April 4, 2025;

(c) The Board had obtained an opinion from an independent financial advisor that (1) the CBCA Transaction was fair, from a financial point of view, to Sherritt; (2) the consideration provided to Senior Secured Noteholders and Junior Noteholders was fair, from a financial point of view, and (3) both groups of noteholders would be in a better position, from a financial point of view, under the CBCA Transaction than if Sherritt was liquidated.

(d) In the Subsequent Exchange Transaction, holders of certain Senior Secured Notes and Junior Notes ("Subsequent Exchange Noteholders") who had agreed to support the CBCA Transaction and vote in favour of the CBCA Plan had entered into a consent and support agreement with Sherritt and would exchange a portion of their Amended Senior Secured Notes received under the CBCA Plan for the New Shares at a specified exchange price,

with such shares not exceeding 19.9% of the total shares outstanding following implantation of the Subsequent Exchange Transaction.

(e) Upon implementation of the Subsequent Exchange Transaction, Sherritt and one of the Subsequent Exchange Noteholders would enter into an Investor Rights Agreement ("IRA") which would, among other things, provide that Subsequent Exchange Noteholder with certain rights as long as it holds at least 10% of the outstanding shares, including the right to nominate one individual for election or appointment to the Board and a pre-emptive right to participate in further share offerings by Sherritt, and require the Subsequent Exchange Noteholder to refrain from certain actions or share acquisitions.

(f) The Subsequent Exchange Transaction does not form part of the CBCA Transaction or CBCA Plan and is conditional upon implementation of the CBCA Transaction.

(g) Sherritt expects that the Subsequent Exchange Transaction will be completed immediately following implementation of the CBCA Transaction.

10. The News Release made no mention of any plan by Sherritt to convene a meeting of holders of its shares to vote on the issuance of the New Shares, nor has such a meeting been announced.

11. The News Release made no mention of the Board having obtained any opinion from an independent financial advisor that the Subsequent Exchange Transaction and issuance of the New Shares is fair, from a financial point of view, to existing holders of the shares, nor has such an opinion been disclosed by Sherritt.

12. Details of the CBCA Transaction and the Subsequent Exchange Transaction consistent with the disclosures in the News Release were provided in Sherritt's Management Information Circular for the Noteholders' meetings dated March 4, 2025.

13. The Exchange Agreements with the Subsequent Exchange Noteholders posted on SEDAR disclose that of the New Shares to be issued, 67,000,000 will be issued to one of the Subsequent Exchange Noteholders ("Noteholder 1"), representing approximately 17% of the shares of Sherritt that were then outstanding, and 13.5% of the issued and outstanding shares upon implementation of the Subsequent Exchange Transaction. The remaining 32,000,000 shares will be issued to Noteholder 2. Those shares represent approximately 8% of the issued and outstanding shares that were then outstanding, and 6.4% of the issued and outstanding shares upon implementation of the Subsequent Exchange Transaction.

14. The IRA posted on SEDAR disclosed that pursuant to the IRA, Noteholder 1:

(a) Is prohibited from selling any of its shares for a period of 4 months;

(b) Is required to vote its shares in favour of all directors nominated by the Board at any director election meeting until June 30, 2026;

(c) Will have the right to require the Board to appoint up to one of nine Board members as its nominee, and for so long as it has beneficial ownership of at least 10% of the issued and outstanding shares of Sherritt, shall have the right to nominate one individual for election or appointment to the Board and Sherritt shall be required to use commercially reasonable efforts to solicit proxies in favour of the nominee of Noteholder 1; and

(d) Is prohibited from taking steps that could result in changes to the composition of the Board not supported by the Board, including participating (other than with Sherritt) in any

solicitation of proxies with respect to the voting securities of Sherritt, submitting any shareholder proposal or acting jointly or in concert with others in respect of the foregoing.

15. The provisions of the IRA are designed to entrench the Board and management of Sherritt, at least in the short term. They have the effect of guaranteeing that Noteholder 1 will vote its 13.5% block of shares in support of the slate of directors that will be nominated by the Board at the June 2025 AGM.

16. The issuance of the New Shares, in particular, the 67,000,000 shares to Noteholder 1, will materially affect control of Sherritt. Given the historically low shareholder representation at Sherritt's AGMs, its 13.5% block of shares is reasonably expected to influence the outcome of the vote at the June 2025 AGM, and potentially at AGMs over the next several years.

17. The quality of the marketplace will be impacted by the issuance and listing of the New Shares which treats existing shareholders, including the applicant, unfairly. This is evidenced by the following:

(a) The Subsequent Exchange Transaction will result in approximately 25% more common shares of Sherritt being issued, resulting in significant dilution and corresponding loss of value for existing shareholders.

(b) Shareholder 1 is receiving preferential treatment pursuant to the terms of the IRA that it will enter into with Sherritt (see the description above). No other common shareholder has the privileges being granted to it pursuant to the IRA, including the ability to nominate or appoint a member of the Board. In addition, the IRA contains provisions that will protect Shareholder 1 from further dilution by giving it a pre-emptive right to acquire additional

shares (including in a bought deal offering) to enable it to maintain its 13.5% equity interest in the common shares of Sherritt so long as it beneficially owns at least 10% of the number of then-issued and outstanding common shares.

(c) Sherritt has offered no explanation for its preferential treatment of Noteholder 1.

(d) Sherritt has not disclosed the identity of Noteholder 1, making it impossible for SC2 and other shareholders to ascertain the precise relationship between Noteholder 1 and Sherritt, including whether any Sherritt insiders have a relationship with Noteholder 1 and the extent of any other prejudice to the interests of existing shareholders that may exist.

(e) Unlike the Senior Secured Noteholders and Junior Noteholders, Sherritt has not sought an independent opinion that the issuance of the New Shares to Noteholder 1 and Noteholder 2 is in the best interests, from a financial point of view (or indeed any point of view) to the existing common shareholders.

(f) Unlike the Senior Secured Noteholders and Junior Noteholders in relation to the CBCA Transaction, the Board of Sherritt does not suggest that the Subsequent Exchange Transaction is in the best interests of the shareholders. It is evident that it is not.

(g) The New Shares being issued in the Subsequent Exchange Transaction, in particular, the 67,000,000 common shares being issued to Noteholder 1, will impact the vote at the upcoming AGM and impair SC2's ability to advocate for and effect changes to Sherritt's governance and executive compensation practices.

(h) It is evident that the issuance of the New Shares, timing of the Subsequent Exchange Transaction, and the new date (and record date) for the June AGM were set for the purpose of impacting the vote at the AGM with a view to defeating any opposition to the slate of directors proposed by Sherritt, including any opposition by SC2.

(i) Unlike the Senior Secured Noteholders and Junior Noteholders, Sherritt is not convening a meeting of the common shareholders to seek their consent to a resolution authorizing the issuance of the New Shares.

(j) To require a vote of common shareholders would not impact Sherritt's ability to proceed with the CBCA Transaction. Sherritt has stated publicly that the Subsequent Exchange Transaction is not part of the CBCA Plan or CBCA Transaction.

18. The CBCA Plan was approved by the Ontario Superior Court on April 9, 2025**,** following a vote of noteholders on April 4, 2025.

19. The TSX proceeded on an incorrect principle in deciding to permit the New Shares to be listed.

20. The TSX erred in law in deciding to permit the New Shares to be listed;

21. The TSX overlooked material evidence in deciding to permit the New Shares to be listed.

22. It is in the public interest that shareholders of Sherritt receive fair treatment in connection with the Subsequent Exchange Agreement, in particular the opportunity to vote on the issuance of the New Shares.

23. The process adopted by the TSX in deciding to permit the New Shares to be listed was unfair to the applicant:

(a) In correspondence to the TSX on March 11 and 21, 2025, the applicant made detailed submissions in support of its position that pursuant to the TSX Company Manual, acceptance of any notice delivered by Sherritt in relation to its proposed issuance of the

New Shares should be conditional upon Sherritt obtaining the approval of its existing shareholders to the issuance of the New Shares.

(b) The applicant was denied any opportunity to respond to any information or submissions made by Sherritt to the TSX in response to its correspondence.

(c) The applicant only learned of the conditional listing of the New Shares by reading Sherritt's April 9, 2025 news release. It has not been provided with the reasons of the TSX in support of its decision to permit the New Shares to be listed.

24. The applicant reserves its right, following receipt of the record of the TSX and the reasons for its Decision, to amend the grounds for the application.

25. The Act, sections 8, 21.7 and 21(5).

26. TSX Company Manual, Part I (Interpretation) and sections 601 to 605.

27. Such further and other grounds as may be advised.

C. DOCUMENTS AND EVIDENCE

1. In addition to evidence contained in the record of the original proceeding, the applicant(s) intend(s) to bring a motion to seek to rely on the following documents and evidence at the hearing:

(a) Affidavit of Casey McKenzie to be sworn after receipt of the TSX Record and reasons for the Decision; and

(b) Such further and other evidence as may be advised.

April 15, 2025

Date

CRAWLEY MACKEWN BRUSH LLP
Barristers & Solicitors
Suite 800, 179 John Street
Toronto, ON M5T 1X4

Alistair Crawley (LSO#: 38726D)
acrawley@cmblaw.ca
Tel: 416.217.0806
Melissa MacKewn (LSO#: 39166E)
mmackewn@cmblaw.ca
Tel: 416.217.0840
Linda Fuerst (LSO#: 22718U)
lfuerst@cmblaw.ca
Tel: 416.217.0853.

Tel: 416.217.0110

Lawyers for the Applicant, SC2 Inc.

TO: **TORONTO STOCK EXCHANGE**
300-100 Adelaide Street West
Toronto ON M5H 1S3

Attention: Joanna Akkawi, Senior Manager, TSX Listings
Joanna.Akkawi@tmx.com
416.947.4248

AND TO: **GOODMANS LLP**
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto ON M5H 2S7

Attention: Robert Chadwick
RChadwick@goodmans.ca
416.597.4285

Lawyers for Sherritt International Corporation

AND TO: **ONTARIO SECURITIES COMMISSION**
20 Queen Street West, 20th Floor
Toronto ON M5H 3R4

originalservice@osc.gov.on.ca