

# PRESS RELEASE

## Sherritt Reports Fourth-Quarter and Year-Ended December 31, 2013 Results

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*All amounts are Canadian dollars unless otherwise indicated.*

# Sherritt International Corporation Reports Fourth-Quarter and Year-Ended December 31, 2013 Results

*All amounts are Canadian dollars unless otherwise indicated*

**Toronto, February 19, 2014** – Sherritt International Corporation (“Sherritt” or the “Corporation”) (TSX: S) today reported an annual adjusted loss of \$60.0 million (\$0.21 per share) compared to adjusted earnings of \$103.1 million (\$0.35 per share) in 2012. On December 24, 2013, Sherritt announced the sale of its Coal business for estimated proceeds of \$946 million. As a result of this transaction, the Coal business has been reclassified as a discontinued operation, the net assets of Coal were recognized at fair value and an impairment charge of \$466.8 million was recognized at year end. This adjustment, as well as other items affecting earnings is described in the summary tables, below. The adjusted fourth-quarter 2013 net loss was \$38.1 million (\$0.13 per share), compared with an adjusted loss of \$4.6 million (\$0.01 per share) in fourth-quarter 2012.

David Pathe, President and CEO, said, “Sherritt simplified its asset base, increased its financial flexibility, reduced its cost structure and delivered strong operating performance in our Metals and Oil and Gas businesses in 2013. In 2014, we will focus on strengthening our balance sheet through debt and additional cost reduction initiatives, while investing prudently in the areas of core strengths – Metals and Cuba. Our efforts will be directed to building the long-term competitiveness and value of our businesses, while maintaining our financial flexibility in light of persistently challenging market conditions.”

## Highlights and Significant Items

- Full-year 2013 finished nickel and cobalt production increased by 47% and 26%, respectively, over 2012.
- Affirmed strategic focus of the Corporation on the nickel and Cuban businesses, where it has differentiating experience and expertise. Consequently, in the fourth quarter, the Corporation entered into agreements to divest the Coal business. Total consideration from the Coal transaction of \$946 million, including cash consideration of \$793 million, will further enhance the financial flexibility of the core businesses. Sherritt is seeking to close the Coal transaction at the end of first-quarter 2014.
- Further advanced the optimization of the existing core Metals business with three major developments:
  1. Ambatovy delivered average ore throughput of approximately 53% of nameplate capacity during fourth-quarter 2013 -- the highest average quarterly throughput recorded at the operations to date.
  2. Ambatovy achieved commercial production, (70% of ore throughput nameplate capacity in the PAL circuit, averaged over 30 days) in January 2014.
  3. Moa Joint Venture commenced the mobilization of resources for the construction of the 2,000 tonne per day acid plant at Moa during the quarter. Construction is scheduled to begin in third-quarter 2014, and to be completed in late 2015, and is expected to result in a 20% cost reduction in the existing business.
- Optimized the core businesses through significant, and permanent, cost structure reductions, increased financial flexibility and preservation of liquidity for debt reduction and prudent investment:
  1. Realized approximately \$23 million in savings in general and administrative and other costs.
  2. Eliminated \$20 million of previously planned capital spending and deferred an additional \$40 million of capital spending.
  3. Targeting \$33 million in cost reductions for 2014.
  4. Notified our partner that Sherritt will not be pursuing the Sulawesi Nickel Project. Sherritt has no further funding obligations with respect to the Project as of February 1, 2014 and, as a result, eliminated future funding of approximately \$70 million to 2017 under the project agreements.
  5. Sherritt’s Board of Directors has declared a quarterly cash dividend of \$0.01 per common share, payable on April 14, 2014 to shareholders of record as of March 31, 2014. The reduction in the quarterly dividend payment is prudent in the face of persistently low commodity prices and will enable Sherritt to meet near-term funding requirements (funding of

Ambatovy's operating cash flow shortfall and project finance repayments) and enhance the Corporation's financial flexibility. At the modified payout level, the annual cost of the dividend will be reduced by approximately \$39 million in 2014. Sherritt's Board will set future dividends based on operating cash flow and market conditions and in recognition of the importance of a dividend to Sherritt shareholders. For further information, please see the "Liquidity and Capital Resources" section of this release.

- Provided a positive outlook for 2014, including significant projected increases in nickel and cobalt production and electricity generation, and a modest expected decrease in oil production.

### Adjusted results

Earnings have been segregated into continuing and discontinued operations following re-categorization of the Coal business as a discontinued operation. Fourth-quarter and full-year earnings on this basis are presented below.

	Q4 2013		Q4 2012	
	\$ millions	\$/share	\$ millions	\$/share
Net earnings (loss) from continuing operations	(\$ 136.8)	(\$ 0.46)	\$ 7.2	\$ 0.02
Net (loss) from discontinued operations	( 537.0)	( 1.81)	( 24.1)	( 0.08)
Adjusting items <sup>(1)</sup>	635.7	2.14	12.3	0.05
Adjusted net (loss) <sup>(2)</sup>	(\$ 38.1)	(\$ 0.13)	(\$ 4.6)	(\$ 0.01)

(1) For itemization of adjusting items, see the "Adjusting items" table, below.

(2) For additional information, see the "Non-GAAP Measures" section of this release.

	Twelve Months Ended, December 31,			
	2013		2012	
	\$ millions	\$/share	\$ millions	\$/share
Net earnings (loss) from continuing operations	(\$ 158.5)	(\$ 0.53)	\$ 12.3	\$ 0.04
Net earnings (loss) from discontinued operations	( 501.8)	( 1.69)	21.4	0.07
Adjusting items <sup>(1)</sup>	600.3	2.01	69.4	0.24
Adjusted net earnings (loss) <sup>(2)</sup>	(\$ 60.0)	(\$ 0.21)	\$ 103.1	\$ 0.35

(1) For itemization of non-recurring items, see the "Adjusting items" table, below.

(2) For additional information, see the "Non-GAAP Measures" section of this release.

The adjusting items included in the tables above for fourth-quarter and full-year 2013 net earnings are presented below:

ADJUSTING ITEMS (after-tax, units as noted)	Q4 2013		Twelve months ended December 31, 2013	
	(\$ millions)	(\$/share, basic)	(\$ millions)	(\$/share, basic)
Coal - Impairment of assets	466.8	1.57	466.8	1.57
Coal - Obed Mountain Mine response costs	52.2	0.18	52.2	0.18
Coal - Gain on termination of Highvale mining contract	-	-	(16.3)	(0.05)
Coal - Restructuring expenses	-	-	4.2	0.01
Metals - Impairment of Phase 2 expansion costs	29.3	0.10	29.3	0.10
Power - Impairment of Power assets (Energas)	22.1	0.07	22.1	0.07
Power - Reclassification of Boca de Jaruco Project costs	8.5	0.03	8.5	0.03
Power - Provision for Madagascar receivable	-	-	9.9	0.03
Power - Impairment of Madagascar assets	-	-	7.3	0.02
Corporate - De-recognition of deferred tax asset	50.3	0.17	28.8	0.10
Corporate - Call option fair value adjustment	12.0	0.04	1.2	-
Corporate - Gain on release of Mineral Products ERO	-	-	(2.6)	(0.01)
Unrealized foreign exchange (gain) loss	(5.5)	(0.02)	(11.1)	(0.04)
Total adjusting items (net of tax)	\$ 635.7	\$ 2.14	\$ 600.3	\$ 2.01

## SUMMARY FINANCIAL DATA

(\$ millions unless otherwise noted)	Q4 2013	Q4 2012	Twelve months ended December 31,	
			2013	2012
Revenue	108.6	130.3	448.5	475.3
Adjusted EBITDA <sup>(1)</sup>	42.8	79.5	216.7	341.7
Earnings (loss) from operations and associate and joint venture	(37.7)	37.0	34.5	200.3
Net earnings (loss) from continuing operations	(136.8)	7.2	(158.5)	12.3
Net earnings (loss) from discontinued operations, net of tax	(537.0)	(24.1)	(501.8)	21.4
Net earnings (loss)	(673.8)	(16.9)	(660.3)	33.7
Basic and diluted earnings (loss) per share (\$ per share)				
Net earnings (loss) from continuing operations	(0.46)	0.02	(0.53)	0.04
Net earnings (loss)	(2.27)	(0.06)	(2.23)	0.11
Adjusted operating cash flow – total (\$ per share) <sup>(1)</sup>	(0.14)	0.17	0.51	0.83
Net working capital balance <sup>(2)</sup>	481.8	908.4	481.8	908.4
Spending on capital and intangibles <sup>(3)</sup>	34.6	29.6	101.7	86.9
Total assets	6,457.8	6,587.8	6,457.8	6,587.8
Shareholders' equity	3,107.2	3,645.9	3,107.2	3,645.9
Long-term debt to total assets (%)	39%	32%	39%	32%
Weighted-average number of shares (millions)				
Basic	296.9	296.5	296.7	296.3
Diluted	297.3	297.0	297.1	296.8

(1) For additional information see the 'Non-GAAP Measures' section of this release.

(2) Net working capital is calculated as total current assets less total current liabilities.

(3) Spending on capital and intangibles includes accruals and does not include spending on the Ambatovy Joint Venture or service concession arrangements.

## SUMMARY SALES DATA

(units as noted)	Q4 2013	Q4 2012	Twelve months ended December 31,	
			2013	2012
<b>Sales volumes</b>				
Nickel – Moa Joint Venture (thousands of pounds, 50% basis) <sup>(1)</sup>	9,517	9,694	36,855	37,754
Cobalt – Moa Joint Venture (thousands of pounds, 50% basis) <sup>(1)</sup>	906	1,027	3,683	4,123
Oil (boepd, net working-interest production)	11,555	10,816	11,331	11,336
Electricity (GWh, 33 1/3% basis)	146	162	589	628
Thermal coal – Prairie Operations (millions of tonnes)	4.8	8.3	20.3	30.8
Thermal coal – Mountain Operations (millions of tonnes)	0.7	0.8	3.3	3.5
<b>Average-realized prices<sup>(2)</sup></b>				
Nickel (\$/lb) <sup>(1)</sup>	6.42	7.49	6.86	7.82
Cobalt (\$/lb) <sup>(1)</sup>	12.33	11.14	12.50	12.94
Oil (\$/boe)	69.06	67.04	68.98	71.38
Electricity (\$/MWh)	43.09	40.83	42.63	41.32
Thermal coal – Prairie Operations (\$/tonne)	18.54	17.31	18.32	17.48
Thermal coal – Mountain Operations (\$/tonne)	84.84	98.21	87.84	101.65

(1) Sales volumes and average realized prices do not include the impact of the Ambatovy Joint Venture.

(2) For additional information, see the "Non-GAAP Measures" section of this release.

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## CORPORATE AND OTHER

During 2013, the Corporation took steps to optimize the performance of the core businesses through significant, and permanent, cost structure reductions, as well as to increase financial flexibility and preserve liquidity for debt reduction and prudent investment.

As a result of these actions, Sherritt achieved approximately \$23 million in savings in general and administrative and other costs in 2013 and is targeting \$33 million in cost reductions in 2014. Capital expenditures were reduced by approximately \$60 million, comprising an elimination of \$20 million of spending and an additional \$40 million in deferrals.

Sherritt has notified its partner that the Corporation will not be pursuing the Sulawesi Nickel Project and that as of February 1, 2014, Sherritt has no further funding obligations with respect to the Project. As a result, the Corporation will achieve savings of approximately \$70 million over the next four years compared to the funding schedule in the earn-in agreement with the partner. The decision not to pursue the greenfield Sulawesi Project was made in order to better enable Sherritt to focus on opportunities in its core Metals and Cuban energy businesses, the view that nickel assets can be purchased on more attractive terms than they can be built, and an overall corporate focus on preserving liquidity.

## LIQUIDITY, CAPITAL RESOURCES AND USE OF PROCEEDS FROM COAL TRANSACTION

Cash, cash equivalents and short-term investments were \$651.8 million at December 31, 2013. This does not include cash, cash equivalents and short-term investments of \$62.9 million (100% basis) held by the Moe Joint Venture, \$36.6 million (100% basis) held by the Ambatovy Joint Venture, or the \$793 million of cash proceeds from the pending sale of the Coal business.

Sherritt intends to use the proceeds of the Coal transaction to pay down a significant portion of the Company's outstanding debentures and to retain sufficient flexibility to fund Ambatovy and take advantage of potential investment opportunities in its core businesses. The \$525 million revolving credit facility used primarily for letters of credit and short-term funding for the Coal business will be terminated on the closing of the Coal sale requiring repayment of \$300 million of outstanding borrowings. Debt covenants related to the use of proceeds from asset sales require that within 360 days of an asset sale, Sherritt must either acquire assets, either through investment in existing businesses or through acquisition, or repay term or revolving debt. Remaining proceeds after 360 days must be used to make an offer to purchase/redeem debentures, pro-rata, at 101%. Sherritt has said that any potential asset purchase would have to satisfy certain investment criteria, including that any such investment be in a cash-generating metals business and exceed the benefit of reducing debt and strengthening the balance sheet. (Additional criteria are listed in the company's recent investor presentation, available on its website.)

Total long-term debt at December 31, 2013 was \$2.1 billion, including approximately \$1.0 billion related to non-recourse Ambatovy partner loans to Sherritt. During the year, the Corporation drew down an additional \$257.0 million on its Coal revolving credit facility and a total of \$65 million on the revolving-term credit and line of credit to maximize liquidity.

# Review of Operations

## METALS

(\$ millions unless otherwise noted)	Q4 2013	Q4 2012	Twelve months ended December 31,	
			2013	2012
<b>Production</b>				
Mixed sulphides (Ni+Co contained, tonnes)				
Moa Joint Venture (50% basis)	4,494	4,742	18,187	19,027
Ambatovy Joint Venture (40% basis)	3,644	1,988	11,699	3,589
<b>Total</b>	<b>8,138</b>	<b>6,730</b>	<b>29,886</b>	<b>22,616</b>
Nickel (tonnes)				
Moa Joint Venture (50% basis)	4,428	4,439	16,771	17,132
Ambatovy Joint Venture (40% basis)	2,690	1,361	10,059	2,278
<b>Total</b>	<b>7,118</b>	<b>5,800</b>	<b>26,830</b>	<b>19,410</b>
Cobalt (tonnes)				
Moa Joint Venture (50% basis)	435	486	1,660	1,896
Ambatovy Joint Venture (40% basis)	206	133	833	197
<b>Total</b>	<b>641</b>	<b>619</b>	<b>2,493</b>	<b>2,093</b>
Fertilizer (tonnes)				
Moa Joint Venture (50% basis)	24,454	22,325	92,631	94,059
Fort Site (100% basis)	43,634	40,643	166,536	169,859
Ambatovy Joint Venture (40% basis)	5,005	6,329	26,164	6,329
<b>Total</b>	<b>73,093</b>	<b>69,297</b>	<b>285,331</b>	<b>270,247</b>
<b>Sales<sup>(1)</sup></b>				
Nickel (thousands of pounds, 50% basis)	9,517	9,694	36,855	37,754
Cobalt (thousands of pounds, 50% basis)	906	1,027	3,683	4,123
Fertilizer (tonnes)				
Moa Joint Venture (50%)	20,096	26,045	70,835	85,857
Fort Site (100%)	20,429	39,076	99,257	97,636
<b>Total</b>	<b>40,525</b>	<b>65,121</b>	<b>170,092</b>	<b>183,493</b>
<b>Reference prices</b>				
Nickel (US\$/lb)	6.31	7.70	6.81	7.95
Cobalt (US\$/lb) <sup>(2)</sup>	12.60	11.95	12.77	13.48
<b>Average-realized prices<sup>(1)</sup></b>				
Nickel (\$/lb)	6.42	7.49	6.86	7.82
Cobalt (\$/lb)	12.33	11.14	12.50	12.94
<b>Unit operating costs (US\$/lb)<sup>(1)(5)</sup></b>				
Mining, processing and refining costs	6.19	6.57	6.56	6.55
Third-party feed costs	0.15	0.12	0.17	0.10
Cobalt by-product credits	(1.12)	(1.19)	(1.21)	(1.41)
Other	0.20	0.30	-	(0.30)
<b>Net direct cash costs of nickel (NDCC)<sup>(3)</sup></b>	<b>5.42</b>	<b>5.20</b>	<b>5.52</b>	<b>4.94</b>
Natural gas (\$/GJ)	3.64	3.18	3.21	2.39
Fuel oil (US\$/tonne)	614	636	623	666
Sulphur (US\$/tonne)	152	253	203	263
Sulphuric acid (US\$/tonne)	140	176	148	185
<b>Revenue</b>				
Nickel	\$ 61.1	\$ 72.6	\$ 252.6	\$ 295.4
Cobalt	11.2	11.5	46.1	53.4
Fertilizer, other	22.3	38.7	104.0	120.9
Metal marketing <sup>(4)</sup>	7.0	17.1	28.0	17.1
<b>Total revenue</b>	<b>101.6</b>	<b>139.9</b>	<b>430.7</b>	<b>486.8</b>

## METALS (continued)

(\$ millions unless otherwise noted)	Q4 2013	Q4 2012	Twelve months ended December 31,	
			2013	2012
Adjusted EBITDA <sup>(5)</sup>	8.9	29.9	53.9	133.1
Depletion, depreciation and amortization	10.1	10.1	41.5	39.0
Earnings (loss) from operations and associate	(37.9)	19.8	(24.3)	94.1
Spending on capital <sup>(1)</sup>	14.5	13.6	36.1	31.9

(1) Sales volumes, realized prices, unit operating costs and spending on capital do not include the impact of the Ambatovy Joint Venture.

(2) Average Metal Bulletin - Low Grade Cobalt published price.

(3) Net direct cash costs of nickel (NDCC) after cobalt and other by-product credits.

(4) Under the Ambatovy Joint Venture agreements, the Corporation established a marketing organization to buy, market and sell certain Ambatovy nickel production.

(5) For additional information, see the "Non-GAAP Measures" section of this release.

**Consolidated production** of mixed sulphides (which is presented on a contained nickel + cobalt basis) and finished metal for both fourth-quarter and full-year 2013 was higher than the prior-year periods, primarily reflecting the addition of Ambatovy production to the relatively stable production rates achieved at the Moa Joint Venture. Total mixed sulphides production for fourth-quarter 2013 was 18,099 tonnes (9,111 tonnes Ambatovy, 8,988 tonnes Moa, 100% basis), which was 25% higher than 2012 as the increasing production at Ambatovy was partially offset by the production impact of the failure of a rake mechanism in October 2013 in one of the five ore thickeners at Moa. The rake mechanism has been repaired and the thickener was put back into service at the end of January 2014. Moa production was also affected by the impact of the ore characteristics of the new mining concessions that were brought into production during the quarter. The metallurgical behaviour of ore from the new concessions is different from the behaviour of ore of past concessions, and work is being undertaken to address the impact of certain processing characteristics seen with the new ore. Full-year mixed sulphides production was 65,622 tonnes (29,248 tonnes Ambatovy, 36,374 tonnes Moa, 100% basis), 40% higher than full-year 2012.

Fourth-quarter 2013 finished nickel production of 15,581 tonnes (6,725 tonnes Ambatovy, 8,856 tonnes Moa, 100% basis) was 27% higher than fourth-quarter 2012. Fourth-quarter 2013 finished cobalt production was 1,385 tonnes (515 tonnes Ambatovy, 869 tonnes Moa, 100% basis), or 6% higher than the prior-year period. Full-year 2013 finished nickel production of 58,690 tonnes (25,148 tonnes Ambatovy, 33,542 tonnes Moa, 100% basis), was 47% higher than in 2012, and finished cobalt production of 5,402 tonnes (2,083 tonnes Ambatovy, 3,319 tonnes Moa, 100% basis), was 26% higher than full-year 2012. The addition of increasing finished metal production from Ambatovy during the year was partially offset by lower finished metal production at the Moa Joint Venture, as reduced mining equipment availability during the first half of the year and the rake failure (described above) in fourth-quarter 2013, resulted in lower Moa mixed sulphides availability.

Fertilizer production (50% Moa Joint Venture, 100% Fort Site, 40% Ambatovy) was higher for fourth-quarter 2013 (5% or 3,796 tonnes), and full-year 2013 (6% or 15,084 tonnes), compared to the prior-year periods, respectively, primarily reflecting the addition of Ambatovy fertilizer production in Madagascar and stable production levels in Canada (Moa Joint Venture and Fort Site).

**Consolidated sales volumes** of finished nickel, finished cobalt and fertilizer for fourth-quarter 2013 reflect sales only from the Moa Joint Venture and Fort Site operations. For accounting purposes, finished metal and fertilizer sold by the Ambatovy Joint Venture will not be categorized as sales volumes until the commencement of commercial production on February 1, 2014. Fourth-quarter and full-year 2013 finished metal and fertilizer sales volumes were lower than in the prior-year periods, consistent with current production levels. Finished nickel sales volumes were 2% (0.2 million lbs, 50% basis) lower for the quarter and 2% (0.9 million lbs, 50% basis) lower for the full-year. Finished cobalt sales volumes were 12% (0.1 million lbs, 50% basis) lower for fourth-quarter 2013 and 11% (0.4 million lbs, 50% basis) lower for full-year 2013 compared to the prior-year periods. Fertilizer sales volumes were 38% (24,596 tonnes) lower for fourth-quarter 2013 and 7% (13,401 tonnes) lower for full-year 2013 reflecting decreased fourth-quarter demand and a wet spring season.

The **average nickel reference price** was 18% (US\$1.39/lb) lower in fourth-quarter 2013 compared to the prior year as market surplus continued without any significant production capacity closures. The average cobalt reference price was 5% (US\$0.65/lb) higher in fourth-quarter 2013 compared to the prior year as industrial demand remained robust in key markets. Average reference prices for nickel and cobalt decreased in 2013 compared to the prior year as global nickel production remained in oversupply and there was limited producer response to the continued growth of nickel pig iron production (NPI) in China. The

average-realized nickel price decreased 12% (\$0.96 per pound) and the average-realized cobalt price decreased 3% (\$0.44 per pound) in 2013 compared to the prior year.

The net direct cash cost (NDCC) of nickel at the Moa Joint Venture for fourth-quarter 2013 was 4% (US\$0.22/lb) higher than fourth-quarter 2012 primarily due to lower fertilizer by-product credits (resulting from lower pricing and sales volumes), partly offset by lower sulphuric acid and sulphur prices. The increase in the full-year NDCC (12% or US\$0.58/lb) in 2013 compared to 2012 was primarily due to lower fertilizer and cobalt by-product credits, and higher third-party feed costs. Mining, processing and refining costs were largely unchanged as lower sulphuric acid, fuel oil and sulphur input commodity prices were offset by lower production volumes, higher natural gas costs and higher maintenance costs. Higher third-party feed costs primarily reflected higher utilization of third-party feed.

Spending on capital in fourth-quarter 2013 for the Moa Joint Venture increased by 7% (\$0.9 million, 50% basis) over the prior-year period, due primarily to planned expenditures for engineering and procurement related to the construction of the 2,000 tonne per day acid plant at Moa. The Moa Joint Venture has obtained project financing for the estimated capital cost of the plant (US\$65 million) from a Cuban financial institution, and completed the first draw on the facility during the quarter. Construction is scheduled to begin in third-quarter 2014, and initial production from the facility is expected in fourth-quarter 2015.

#### Ambatovy Update

Average ore throughput during fourth-quarter 2013 of approximately 53% of nameplate capacity was the highest average quarterly throughput recorded at the operations, and compared to a 39% average rate the previous quarter. Higher ore throughput was achieved as a result of improved autoclave mechanical availability, higher solids density and higher volumetric flows to the leach autoclaves during the quarter. On January 22, 2014, Sherritt announced commercial production had been achieved at Ambatovy. For purposes of Sherritt's financial statements, Sherritt's share of earnings (losses) from Ambatovy will be recognized beginning February 1, 2014.

Autoclave operating hours of 5,633 hours in fourth-quarter 2013, a 17% increase from 4,808 hours in third-quarter 2013, reflected significant operational improvements at Ambatovy. In early October 2013, design modifications were implemented on the ore thickener upstream of the leach autoclaves. These modifications have resulted in improved slurry densities and are expected to improve overall ore throughput going forward. External repairs to Autoclave 3 to address damage caused by the acid injection system failure in July have been completed and the unit is back in service.

In fourth-quarter 2013, Ambatovy sold 15.1 million pounds (100% basis) of finished nickel and 1.1 million pounds (100% basis) of finished cobalt, compared to 9.9 million pounds (100% basis) of finished nickel and 0.8 million pounds (100% basis) of finished cobalt in the same period last year. Based on fourth-quarter sales volumes at approximately 50% of finished metal capacity, the NDCC for Ambatovy was within the expected range and consistent with previous guidance. For full-year 2013, Ambatovy sold 56.2 million pounds (100% basis) of finished nickel and 4.6 million pounds (100% basis) of finished cobalt. All revenue from the sale of finished nickel and finished cobalt is capitalized until accounting for commercial production commences on February 1, 2014.

Total capital costs for Ambatovy are expected to remain within the US\$5.5 billion (100% basis) estimate. Cumulative spending on capital at Ambatovy to December 31, 2013 was US\$5.3 billion (100% basis), excluding financing charges, working capital and foreign exchange.

Total project costs (including operating costs, financing charges, working capital and foreign exchange, and net of sales revenue) in fourth-quarter 2013 were US\$127.9 million (100% basis), compared to US\$150.2 million (100% basis) for the previous quarter. Cumulative total project costs to December 31, 2013 were US\$7.2 billion (100% basis). Total project costs will vary until commercial production is effective on February 1, 2014. The most significant variability in total project costs is likely to arise from the working capital requirements, operating costs and sales revenue (which are netted from these costs).

In the fourth quarter of 2013, a total of US\$184.0 million (100% basis) in funding was provided by the Ambatovy Joint Venture partners. Sherritt's 40% share of funding for fourth-quarter 2013 was US\$73.6 million (\$77.9 million), and was sourced from cash on hand.



## OIL AND GAS

(\$ millions unless otherwise noted)	Twelve months ended			December 31,
	Q4 2013	Q4 2012	2013	2012
<b>Production (boepd)<sup>(1)</sup></b>				
Gross working-interest – Cuba <sup>(2), (3)</sup>	19,741	19,220	20,042	20,164
Net working-interest <sup>(4)</sup>				
Cuba – cost recovery	3,690	2,764	3,043	2,871
Cuba – profit oil	7,241	7,405	7,654	7,782
Cuba – total	10,931	10,169	10,697	10,653
Spain	297	301	303	332
Pakistan	327	346	331	351
Total net working-interest	11,555	10,816	11,331	11,336
<b>Reference prices (US\$/bbl)</b>				
U.S. Gulf Coast Fuel Oil No.6	91.22	94.23	92.99	99.31
Brent crude	109.78	111.06	109.52	112.44
<b>Average-realized prices<sup>(5)</sup></b>				
Cuba (\$/bbl)	69.64	67.83	69.66	72.21
Spain (\$/bbl)	114.14	108.03	111.33	111.42
Pakistan (\$/boe)	8.65	8.07	8.39	8.09
Weighted average (\$/boe)	69.06	67.04	68.98	71.38
<b>Unit operating costs<sup>(5)</sup></b>				
Cuba (\$/bbl)	13.57	13.68	12.76	12.69
Spain (\$/bbl)	30.79	54.93	26.21	49.96
Pakistan (\$/boe)	6.82	3.23	5.85	3.48
Weighted average (\$/boe)	13.85	14.52	12.98	13.58
<b>Revenue</b>	74.9	68.2	291.4	300.9
<b>Adjusted EBITDA<sup>(5)</sup></b>	57.7	50.5	229.2	232.7
<b>Depletion, depreciation and amortization</b>	14.5	16.5	65.9	68.4
<b>Earnings from operations</b>	43.2	31.8	163.3	162.1
<b>Spending on capital<sup>(6)</sup></b>	17.0	12.9	54.8	45.2

(1) Oil production is stated in barrels of oil per day (“bopd”). Natural gas production is stated in barrels of oil equivalent per day (“boepd”), which is converted at 6,000 cubic feet per barrel. Oil and natural gas production are referred to collectively as “boepd”.

(2) In Cuba, Oil and Gas delivers all of its gross working-interest oil production to Union Cubapetroleo (CUPET) at the time of production. Gross working-interest oil production excludes: (i) production from wells for which commercial viability has not been established in accordance with production-sharing contracts, and (ii) working-interest of other participants in the production-sharing contracts.

(3) Gross working-interest oil production is allocated between Oil and Gas and CUPET in accordance with production-sharing contracts. The Corporation’s share, referred to as ‘net working-interest oil production’, includes: (i) cost recovery oil (based upon the recoverable capital and operating costs incurred by Oil and Gas under each production-sharing contract), and (ii) a percentage of profit oil (gross working-interest production remaining after cost recovery oil is allocated to Oil and Gas). Cost recovery pools for each production-sharing contract include cumulative recoverable costs, subject to certification by CUPET, less cumulative proceeds from cost recovery oil allocated to Oil and Gas. Cost recovery revenue equals capital and operating costs eligible for recovery under the production-sharing contracts.

(4) Net working-interest production (equivalent to net sales volume) represents the Corporation’s share of gross working-interest production.

(5) For additional information see the ‘Non-GAAP Measures’ section of this release.

(6) Exploration and evaluation spending incurred prior to the technical feasibility and commercial viability of extracting the resources is recorded as an intangible asset.

**Gross working-interest (GWI) oil production** in Cuba increased 3% (521 bopd) for fourth-quarter 2013 and was comparable for full-year 2013, compared to the prior-year periods, as natural reservoir declines were offset by production increases from new wells drilled and the optimization of production from existing wells. Cost-recovery oil production in Cuba increased 34% (926 bopd) for fourth-quarter and 6% (172 bopd) in 2013 compared to the prior-year periods. The increase for fourth-quarter 2013 was primarily due to higher recoverable spending, partly offset by higher oil prices, whereas the increase for full-year 2013 was primarily due to lower oil prices, partly offset by lower recoverable spending. Profit-oil production, which represents Sherritt’s share of production after cost recovery volumes are deducted from GWI volumes, decreased 2% for fourth-quarter and full-year 2013, compared to 2012. Production in Spain and Pakistan was lower due to natural reservoir declines.

**The average-realized price** for oil produced in Cuba increased 3% (\$1.81/bbl) in fourth-quarter 2013 compared to the prior-year period, due to a weaker Canadian dollar relative to the U.S. dollar. Full-year 2013 realized prices in Cuba were 4% (\$2.55/bbl) lower compared to the prior year primarily as a result of a lower Gulf Coast Fuel Oil No. 6 reference price, partially offset by a

weaker Canadian dollar relative to the U.S. dollar. The average-realized price for oil produced in Spain was 6% (\$6.11/bbl) higher in fourth-quarter 2013, compared to the prior-year period due to a weaker Canadian dollar relative to the U.S. dollar. Full-year realized pricing in Spain was consistent with the prior year primarily as a result of a lower Brent reference price, which was offset by a weaker Canadian dollar relative to the U.S. dollar. Oil and Gas receivables in Cuba were current as of December 31, 2013.

Unit operating costs in Cuba during fourth-quarter and full-year 2013 were consistent with the prior year. Unit operating cost in Spain decreased 44% (\$24.14/bbl) in fourth-quarter 2013 and 48% (\$23.75/bbl) in full-year 2013 compared to the prior-year periods, primarily due to a reduction in costs allocated to Sherritt following the addition of new third-party production to the production facility, partly offset by the effect of a weaker Canadian dollar relative to the Euro.

Spending on capital in fourth-quarter 2013 was 32% (\$4.1 million) higher and full-year spending on capital was 21% (\$9.6 million) higher than in the prior-year periods primarily due to the timing of equipment and inventory purchases for Cuba, and higher facilities spending. In 2013, development and facilities capital spending was composed primarily of \$26.3 million for development drilling activities, \$4.2 million related to facility improvements and \$13.6 million related to equipment and inventory purchases. During 2013, three development wells were drilled and completed in Cuba. Two of the wells are currently producing, and the third well was shut-in and is undergoing a technical review. A fourth development well initiated in 2013 was completed in February 2014 and is now producing oil.

Negotiations with Cuban authorities are in the final stages for the extension of one existing production-sharing contract (PSC) and for four additional, exploration PSCs. Approval for the extension of the PSC and the four new PSCs is anticipated in first-quarter 2014 and first-half 2014, respectively.

Exploration spending in 2013 was focused in the United Kingdom North Sea prospect area. A seismic program was completed in the North Sea in July 2013. Processing and interpretation of the seismic data has been completed and has satisfied our contractual obligation under the leases. The Corporation will not be spending additional funds to develop the prospect area, but will instead look to farm-out the lease opportunity.

## POWER

(\$ millions unless otherwise noted)	Q4 2013	Q4 2012	Twelve months ended December 31,	
			2013	2012
Electricity sold (GWh, 33 1/3% basis)	146	162	589	628
Average-realized price (\$/MWh) <sup>(3)</sup>	43.09	40.83	42.63	41.32
Unit operating cost (\$/MWh) <sup>(3)</sup>				
Base <sup>(1)</sup>	20.67	13.38	18.96	14.51
Non-base <sup>(2)</sup>	4.75	4.23	6.12	2.11
Total unit cash operating costs	25.42	17.61	25.08	16.62
Net capacity factor (%)	62	77	63	69
Revenue	10.6	17.0	54.8	70.0
Adjusted EBITDA <sup>(3)</sup>	(3.3)	3.8	(1.6)	22.0
Depletion, depreciation and amortization	2.3	2.7	9.9	11.0
Impairment of property, plant and equipment	22.1	-	29.4	-
Earnings (loss) from operations	(27.7)	1.1	(40.9)	11.0
Spending on capital (33 1/3% basis) <sup>(4)</sup>	3.0	1.9	9.4	6.1
Spending on SCAs (33 1/3% basis) <sup>(5)</sup>	2.0	7.4	19.8	32.0
Total spending on capital and SCAs	5.0	9.3	29.2	38.1

(1) Base costs relate to the operations in Cuba and do not include the impairment of receivables and property, plant and equipment related to the operations in Madagascar or the impairment of intangible assets.

(2) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted for as service concession arrangements. Excludes a credit adjustment in fourth-quarter 2013 related to pipeline costs incurred during that year.

(3) For additional information see the 'Non-GAAP Measures' section of this release.

(4) Spending on capital includes sustaining capital at the Varadero site as well as capitalized interest relating to the 150 MW Boca de Jaruco Combined Cycle Project.

(5) Service Concession Arrangement ("SCA") spending is primarily related to the 150 MW Boca de Jaruco Combined Cycle Project. Sherritt provided 100% of the funding for the 150 MW Boca de Jaruco Combined Cycle Project and accounts for the Project as an SCA. As a result, two thirds of the project spending (relating to the non-Sherritt partners' share) is recorded as a loan receivable. The remaining one third of project spending (Sherritt's share) is recorded as a construction cost, and is offset by the same amount recorded as construction revenue.

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**Electricity production** for fourth-quarter 2013 and full-year 2013 were 10% (16 GWh, 33 1/3% basis) and 6% (39 GWh, 33 1/3% basis) lower than the respective prior-year periods, mainly due to an increase in maintenance activities and a temporary decrease in production due to the construction of the 150 MW Boca de Jaruco Combined Cycle Project.

**The average-realized price** of electricity was 6% (\$2.26/MWh) and 3% (\$1.31/MWh) higher than the comparable periods in 2012, primarily due to a weaker Canadian dollar relative to the U.S. dollar. Power receivables in Cuba were current as of December 31, 2013.

**Total unit operating costs** were 44% (\$7.81/MWh) and 51% (\$8.46/MWh) higher in fourth-quarter and full-year 2013 compared to the prior year. When compared to the prior-year periods, base unit operating costs in fourth-quarter 2013 increased 54% (\$7.29/MWh) and 31% (\$4.45/MWh) for full-year 2013 primarily due to an increase in maintenance, freight and duty and lower production. For fourth-quarter 2013, non-base unit operating costs were consistent with the prior-year period. Full-year 2013 non-base unit operating costs were 190% (\$4.01/MWh) higher than in 2012 primarily due to scheduled major inspections at Boca de Jaruco which accounted for \$3.29 per MWh.

**Spending on capital and service concession arrangements (SCA)** for 2013 was 46% (\$4.3 million) lower in the fourth-quarter and 23% (\$8.9 million) lower for the full-year when compared to prior-year periods, due to lower spending on the 150 MW Boca de Jaruco Combined Cycle Project as it neared completion. Sustaining capital expenditures were primarily related to facilities and the purchase of equipment.

#### **150 MW Boca de Jaruco Combined Cycle Project**

Service concession arrangement expenditures primarily relate to the 150 MW Boca de Jaruco Combined Cycle Project. The project was substantially completed by the end of fourth-quarter 2013, and was fully operational in early February 2014. The project was completed for a total cost of \$304.1 million and is expected to run at approximately 47% of capacity until additional fuel sources are identified.

### **DISCONTINUED OPERATIONS – COAL**

On December 24, 2013, the Corporation announced that it had entered into agreements to sell its Coal operations for total consideration of \$946 million to two separate companies for total cash consideration of \$793 million and assumption of capital leases of approximately \$153 million, subject to closing adjustments. Sherritt is seeking to close the Coal transaction at the end of first-quarter 2014.

As a result of entering into the agreements, Coal has been classified as a discontinued operation. The loss from discontinued operations, net of tax, for the year ended December 31, 2013 was \$508.1 million primarily due to the recognition of impairments of intangibles, net of tax, of \$466.8 million, including \$307.9 million of goodwill.

On the close of the transaction, the Corporation will retain the obligations associated with the Obed Mountain Mine containment pond breach which occurred in October 2013.

## DISCONTINUED OPERATIONS – COAL

(\$ millions unless otherwise noted)	Q4 2013	Q4 2012	Twelve months ended December 31,	
			2013	2012
<b>Production</b> (millions of tonnes)				
Prairie Operations	5.3	8.3	21.2	31.2
Mountain Operations	1.0	1.0	3.3	3.7
Total production	6.3	9.3	24.5	34.9
<b>Sales</b> (millions of tonnes)				
Prairie Operations	4.8	8.3	20.3	30.8
Mountain Operations	0.7	0.8	3.3	3.5
Total sales	5.5	9.1	23.6	34.3
<b>Average-realized prices</b> (\$/tonne) <sup>(1),(2)</sup>				
Prairie Operations	18.54	17.31	18.32	17.48
Mountain Operations	84.84	98.21	87.84	101.65
<b>Unit operating costs</b> (\$/tonne) <sup>(1),(2)</sup>				
Prairie Operations	13.15	14.80	13.78	14.91
Mountain Operations	67.30	84.31	82.81	86.48
<b>Revenue</b>				
Prairie Operations				
Mining revenue	95.9	151.3	398.8	568.9
Coal royalties	9.9	9.3	38.9	40.2
Potash royalties	2.4	3.5	11.2	13.3
Mountain Operations and other assets	57.6	77.9	288.2	352.6
Total revenue	165.8	242.0	737.1	975.0
<b>Adjusted EBITDA</b> <sup>(2)</sup>				
Prairie Operations	40.9	34.4	136.8	138.1
Mountain Operations and other assets	(46.3)	9.5	(45.3)	43.6
Total Adjusted EBITDA	(5.4)	43.9	91.5	181.7
<b>Depletion, depreciation and amortization</b>	32.6	37.6	116.9	135.0
<b>Earnings (loss) from operations</b>	(556.9)	(10.2)	(522.3)	30.2
<b>Spending on capital</b>				
Prairie Operations	6.4	18.8	44.0	69.1
Mountain Operations and other assets	5.6	15.6	41.5	60.2
Total spending on capital	12.0	34.4	85.5	129.3

(1) Prairie Operations realized pricing and unit operating costs exclude royalties and the results of the char and activated carbon businesses.

(2) For additional information see the 'Non-GAAP Measures' section of this release.

**Production volumes** in Prairie Operations were 36% (3.0 million tonnes) lower in fourth-quarter 2013 and 32% (\$10.0 million tonnes) lower in full-year 2013, compared to the prior-year periods, primarily due to the transfer of the Highvale mining contract to the customer in January 2013. Production volumes in Mountain Operations in fourth-quarter 2013 were comparable to the prior-year quarter, while full-year 2013 production volumes were 11% (0.4 million tonnes) lower than 2012, reflecting the impact of an optimized mine plan at Coal Valley in the latter half of the year and the suspension of operations at the Obed Mountain mine in late 2012.

**Sales volumes** in Prairie Operations were 42% (3.5 million tonnes) lower in fourth-quarter 2013 and 34% (10.5 million tonnes) lower in full-year 2013, compared to the prior-year periods, primarily due to the transfer of the Highvale mining contract to the customer in January 2013. In Mountain Operations, lower sales volumes reflected the production trends, discussed above.

**Average-realized pricing** (excluding royalties, char and activated carbon) at Prairie Operations was 7% (\$1.23 per tonne) higher for fourth-quarter 2013 and 5% (\$0.84 per tonne) higher for full-year 2013, compared to the prior-year periods, due to general contract escalations and the impact of a contract extension for a new mining area at the Paintearth mine. In Mountain Operations, average-realized pricing was 14% lower for the quarter (\$13.37 per tonne) and 14% lower (\$13.81 per tonne) for the year due to a decrease in international coal reference prices because of weak Asian demand.

**Unit operating costs** at Prairie Operations were 11% (\$1.65 per tonne) lower in fourth-quarter 2013 and 8% lower (\$1.13 per tonne) in full-year 2013 compared to the prior-year periods due to the transfer of the Highvale mining contract to the customer

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in January 2013. Excluding the contract mining business, unit operating costs in fourth-quarter and full-year 2013 increased due to unscheduled dragline maintenance required at the Boundary Dam mine in the latter half of 2013.

Unit operating costs in Mountain Operations were 20% (\$17.01 per tonne) lower for fourth-quarter 2013 compared to the prior-year period due to operating cost improvements at the Coal Valley mine. Fourth-quarter and full-year 2013 unit operating costs exclude the Obed Mountain mine. As a result of the optimized mine plan and cost reduction initiatives, unit operating costs in Mountain Operations were 4% (\$3.67 per tonne) lower for full-year 2013 when compared to the prior year. Throughout 2013 operating costs at the Coal Valley mine decreased due to a cost containment plan largely focusing on lower cost mining areas and achieving higher equipment utilization.

**Royalties** were 4% (\$0.5 million) lower for fourth-quarter 2013 and 6% (\$3.4 million) lower for full-year 2013 compared to the prior-year period. Coal royalties were slightly lower reflecting the timing of mining activities in royalty assessable areas at the Paintearth mine and potash royalties were lower reflecting weaker potash pricing.

Results for Coal include the fourth-quarter 2013 impairments of goodwill and intangibles related to the sale transaction (\$466.8 million, net of tax) as well as a first-quarter 2013 non-cash gain (\$16.3 million, net of tax) related to the transfer of a defined benefit pension liability to the customer at the Highvale mine.

**Spending on capital** at Prairie Operations was 66% (\$12.4 million) lower in fourth-quarter 2013 and 36% (\$25.1 million) lower in full-year 2013 compared to prior-year periods due to deferrals and cost-cutting reductions aimed at maintaining a disciplined capital spending profile in light of challenging coal market conditions. Spending on capital in Mountain Operations decreased 64% (\$10.0 million) for fourth-quarter 2013 and 31% (\$18.7 million) for full-year 2013, compared to prior-year periods, due to deferrals and cost-cutting reductions aimed at maintaining a disciplined capital spending profile in light of challenging coal market conditions.

On October 31, 2013 a breach of an onsite water containment pond occurred at the Obed Mountain mine near Hinton, Alberta. The release consisted of 670,000 cubic meters of process water, containing water mixed with clay, mud, shale and coal particles. There were no injuries resulting from this incident and remedial work on the containment pond and the affected downstream area is ongoing. Total response costs are estimated to be \$52.2 million, with approximately \$11.0 million of that amount incurred in fourth-quarter 2013.

# Outlook

Production volumes and spending on capital for full-year 2013 and projected for full-year 2014 are shown below.

(units as noted)	Actual for the year ended December 31, 2013	Projected for the year ending December 31, 2014
<b>Production volumes</b>		
Mixed sulphides (tonnes, Ni+Co contained, 100% basis)		
Moa Joint Venture	36,374	38,000
Ambatovy Joint Venture	29,248	44,000 – 50,000
<b>Total</b>	<b>65,622</b>	<b>82,000 – 88,000</b>
Nickel, finished (tonnes, 100% basis)		
Moa Joint Venture	33,542	34,000
Ambatovy Joint Venture	25,148	40,000 – 45,000
<b>Total</b>	<b>58,690</b>	<b>74,000 – 79,000</b>
Cobalt, finished (tonnes, 100% basis)		
Moa Joint Venture	3,319	3,350
Ambatovy Joint Venture	2,083	3,300 – 3,800
<b>Total</b>	<b>5,402</b>	<b>6,650 – 7,150</b>
Oil – Cuba (gross working-interest, bopd)	20,042	19,000
Oil – All operations (net working-interest, boepd)	11,331	11,200
Electricity (GWh, 33 1/3% basis)	589	750
<b>Spending on capital (\$ millions)</b>		
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis) <sup>(1)</sup>	36	70
Metals – Ambatovy Joint Venture (40% basis)	24	34
Oil and Gas <sup>(2)</sup>	55	73
Power (33 1/3% basis) <sup>(3)</sup>	9	4
<b>Spending on capital (excluding Corporate)</b>	<b>124</b>	<b>181</b>

- (1) Spending on capital relating to the Corporation's 50% share of the Moa Joint Venture and to the Corporation's 100% interest in the fertilizer and utilities assets in Fort Saskatchewan.
- (2) Exploration and evaluation spending incurred prior to the technical feasibility and commercial viability of extracting the resources is recorded as an intangible asset.
- (3) Spending on capital for Power includes sustaining capital at the Varadero site as well as capitalized interest in respect of the 150 MW Boca de Jaruco Combined Cycle Project.

- In Metals, production guidance (for mixed sulphides and finished metal) is expected to be higher in 2014 compared to 2013 due to additional production delivered from the Ambatovy ramp up, enhancing the strong, stable production profile of the Moa Joint Venture. Production at Moa is expected to be largely consistent with 2013 levels despite the impact of a change in ore characteristics first experienced in fourth-quarter 2013. Spending on capital at the Moa Joint Venture is expected to increase 94% (\$34 million, Sherritt's share), reflecting spending on construction of the third acid plant beginning in third-quarter 2014.
- In Oil and Gas, full-year 2014 GWI production in Cuba is expected to be 5% (1,042 bopd) lower than in 2013, reflecting the natural reservoir decline rates partly offset by success in the 2013 and 2014 drilling programs. Total net working-interest production for full-year 2014 is expected to follow the same trend. Spending on capital for 2014 is expected to increase in Cuba due to increased equipment costs to replace aging equipment, increasing well-servicing requirements in mature fields, and higher drilling and facility costs. In addition to this base capital estimate for Cuba, contingent capital of \$28 million is being contemplated. The contingent capital would be confirmed upon finalization of the extension of one existing production-sharing contract (PSC) and the receipt of four additional PSCs. The contingent capital would be directed toward starting a second drilling rig, shooting seismic, purchasing support equipment and making facility improvements to facilitate the development of the new PSCs. Negotiations with Cuban authorities are in the final stages for the extension of one existing

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PSC and for four additional, exploration PSCs. Approval for the extension of the existing PSC and the four new PSCs is anticipated in first-quarter 2014 and first-half 2014, respectively.

- In Power, full-year 2014 production is expected to be 27% (161 GWh) higher than 2013, due to the start-up of the 150 MW Boca de Jaruco Combined Cycle in early February 2014. Full-year 2014 spending on capital is expected to be 56% (\$5 million) lower than the prior-year due to reduced capitalized interest with the completion of the Boca de Jaruco Combined Cycle Project.
- In 2009, Sherritt purchased two Cuban certificates of deposit totaling US\$162.0 million. The CDs were issued to Sherritt by a Cuban bank, and have paid principal and interest (LIBOR + 5%) weekly over five years. The final weekly payment on the CDs is expected in March 2014.

## Non-GAAP Measures

The Corporation uses adjusted net earnings, adjusted EBITDA, average-realized price, unit operating cost, and adjusted operating cash flow to monitor the performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and evaluate the results of its underlying business. These measures do not have a standard definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. As these measures do not have a standardized meaning, they may not be comparable to similar measures provided by other companies. See pages 64 – 69 of Sherritt's Management's Discussion and Analysis for the year ended December 31, 2013 for further information.

## About Sherritt

Sherritt is a world leader in the mining and refining of nickel from lateritic ores with projects and operations in Canada, Cuba, and Madagascar. The Corporation is the largest thermal coal producer in Canada and is the largest independent energy producer in Cuba, with extensive oil and power operations on the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "S".

## Forward-Looking Statements

This press release contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements set out in the "Outlook section, statements regarding the closing of the Coal transaction, statements respecting certain future expectations about capital expenditures; sufficiency of working capital and capital project funding; capital project commissioning and completion dates; earnings, costs and revenues; and production volumes. These forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. The Corporation cautions readers of this press release not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

Key factors that may result in material differences between actual results and developments and those contemplated by this press release include global economic conditions, and business, economic and political conditions in Canada, Cuba, Madagascar, and the principal markets for the Corporation's products. Other such factors include, but are not limited to,

uncertainties in the development, construction and ramp-up of large mining, processing and refining projects; risks related to the availability of capital to undertake capital initiatives; changes in capital cost estimates in respect of the Corporation's capital initiatives; risks associated with the Corporation's joint-venture partners; future non-compliance with financial covenants; potential interruptions in transportation; political, economic and other risks of foreign operations; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; uncertainties in oil and gas exploration; risks related to foreign exchange controls on Cuban government enterprises to transact in foreign currency; risks associated with the United States embargo on Cuba and the Helms-Burton legislation; risks related to the Cuban government's ability to make certain payments to the Corporation; drilling and development programs; uncertainties in reserve estimates; risks associated with access to reserves and resources; uncertainties in environmental rehabilitation provisions estimates; the Corporation's reliance on significant customers; risks related to the Corporation's corporate structure; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; the Corporation's ability to access markets; risks in obtaining insurance; uncertainties in labour relations; uncertainties in pension liabilities; the ability of the Corporation to enforce legal rights in foreign jurisdictions; risks associated with future acquisitions; the ability of the Corporation to obtain government permits; risks associated with government regulations and environmental, health and safety matters; uncertainties in growth management and other factors listed from time to time in the Corporation's continuous disclosure documents. Information relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve assessments based on certain estimates or assumptions. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this press release and the Corporation's other documents filed with the Canadian securities authorities.

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this press release and in the Corporation's other documents filed with the Canadian securities authorities, including, but not limited to, the Corporation's Annual Information Form for the year ended December 31, 2013, should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this press release are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

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