



sheritt

THE NAME IN NICKEL

First Quarter Results

April 27, 2017

Forward-looking statements

This presentation 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”, “potential”, “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” sections of this presentation and certain expectations about capital costs and expenditures; production volumes; capital project completion and ramp up dates; future price of key commodities; sales volumes; revenue, costs, and earnings; sufficiency of working capital and capital project funding; results of on-going discussions regarding the partnership structure and future financing arrangements at the Ambatovy Joint Venture; results of discussions regarding timing of ongoing Cuban payments; completion of development and exploration wells; and amounts of certain joint venture commitments.

•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 presentation 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. These risks, uncertainties and other factors include, but are not limited to changes in the global price for nickel, cobalt, oil and gas or certain other commodities, share-price volatility, level of liquidity and access to capital resources, access to financing, risk of future non-compliance with debt restrictions and covenants; risks associated with the Corporation’s joint venture partners; discrepancies between actual and estimated production; variability in production at Sherritt’s operations in Madagascar and Cuba; potential interruptions in transportation; uncertainty of gas supply for electrical generation; uncertainty of exploration results and Sherritt’s ability to replace depleted mineral and oil and gas reserves; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; uncertainties in environmental rehabilitation provisions estimates; risks related to the Corporation’s corporate structure; political, economic and other risks of foreign operations; risks related to Sherritt’s operations in Madagascar and Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; risks related to amounts owed to the Corporation by the Malagasy and Cuban governments; risks related to the accuracy of capital and operating cost estimates; reliance on significant customers; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding greenhouse gas emissions; maintaining the Corporation’s social license to grow and operate; risks relating to community relations; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation’s accounting policies; risks associated with future acquisitions; uncertainty in the ability of the Corporation to obtain government permits; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the *Corruption of Foreign Public Officials Act* or applicable local anti-corruption law; uncertainties in growth management; risks related to information technology systems; and certain corporate objectives, goals and plans for 2017; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents. 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 presentation and in 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 presentation and in the Corporation’s other documents filed with the Canadian securities authorities 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 presentation 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.

Non-GAAP Measures

Management uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted earnings, adjusted operating cash flow per share, free cash flow and Net Investment in Ambatovy to monitor the financial 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.

Q1 2017 highlights

Liquidity

- Ending cash, cash equivalents and short-term investments of \$300.7M after repayment of \$20.5M on revolving term credit facility
- Combined free cash flow of \$10.0M for the quarter vs. (\$31.4)M in Q1 2016
- Higher collection of Cuban energy payments (US\$37.6M vs. US\$18.3M in Q4 2016)

Operations

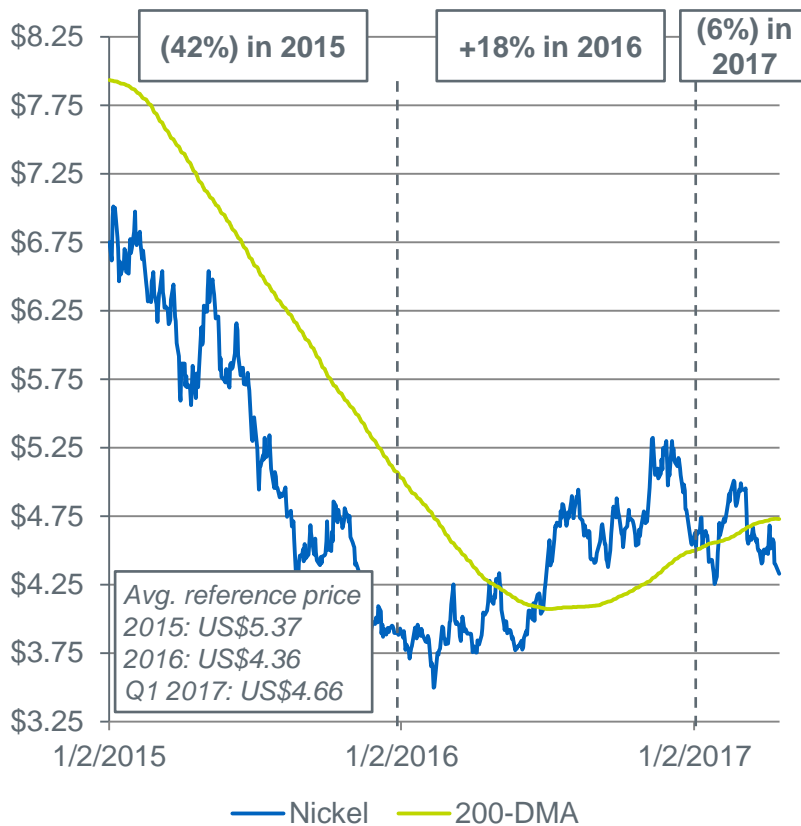
- Cobalt revenues represented 28% of Ambatovy and 25% of Moa total revenue
- Moa production similar to Q4 with carryover impacts from Hurricane Matthew
- Moa fertilizer credit low vs Q1 2016, but stronger spring season expected
- Ambatovy production impacted by equipment failures requiring replacement in the molten sulphur / acid production areas and minor impacts from Cyclone Enawo
- Block 10 lower leg of the first well abandoned; second well to be drilled later this year with a lower cost (\$10.6M vs. \$24.1M) by utilizing sections of the first well



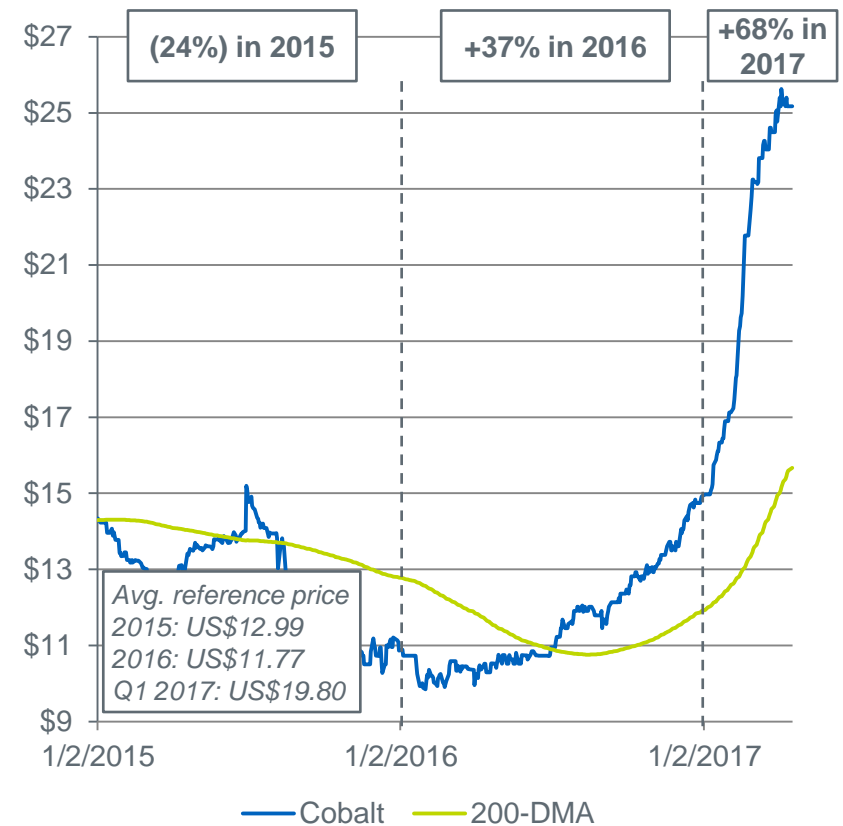
MARKET ENVIRONMENT

The nickel and cobalt price trends from 2015 to date

Nickel vs. 200-DMA's

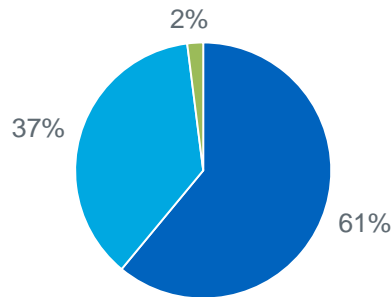


Cobalt vs. 200-DMA's



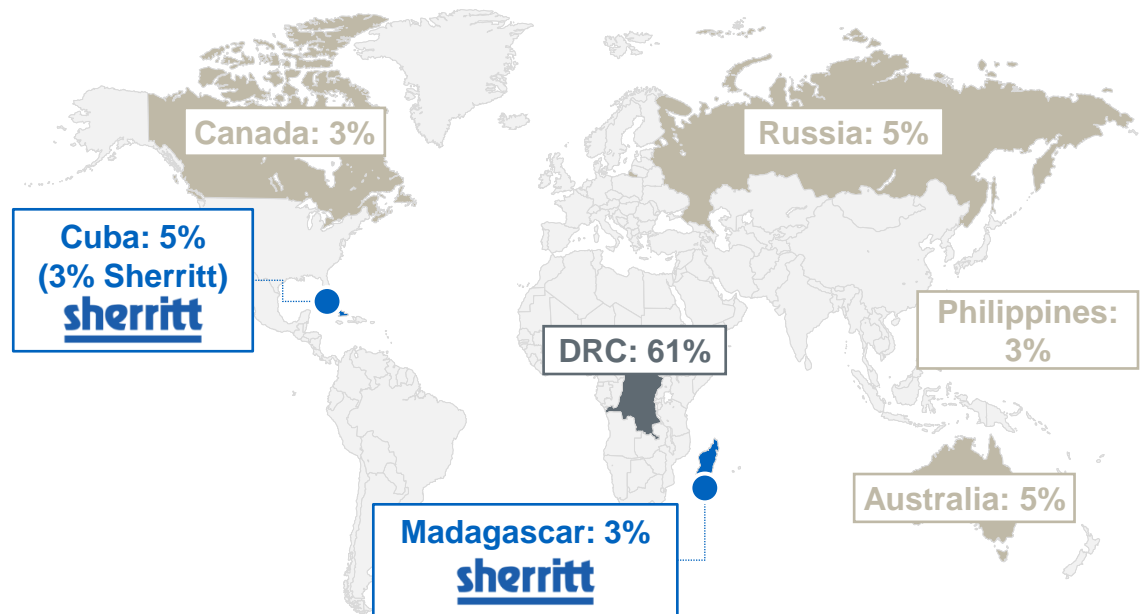
Sherritt is one of the leading cobalt producers

Cobalt sources



- Copper mines by-product
- Nickel mines by-product
- Primary cobalt mines

Mine production by country (2016)



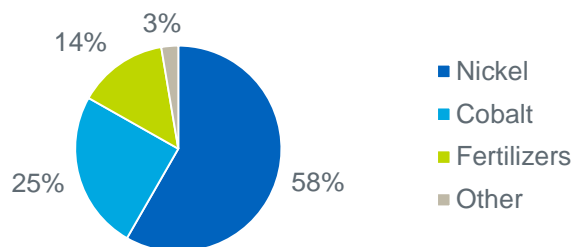
- Battery customers starting to demand evidence of origin of production and that no DRC artisanal cobalt enters the supply chain
- Sherritt produces around 6% of the world's cobalt (c. 15% of total cobalt supply ex. DRC)

Source: CRU, Sherritt

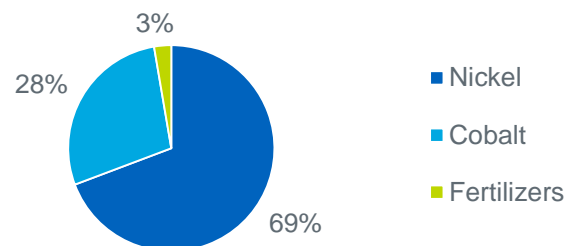
Cobalt contribution to Sherritt

Contribution to Metals Q1 2017 revenue

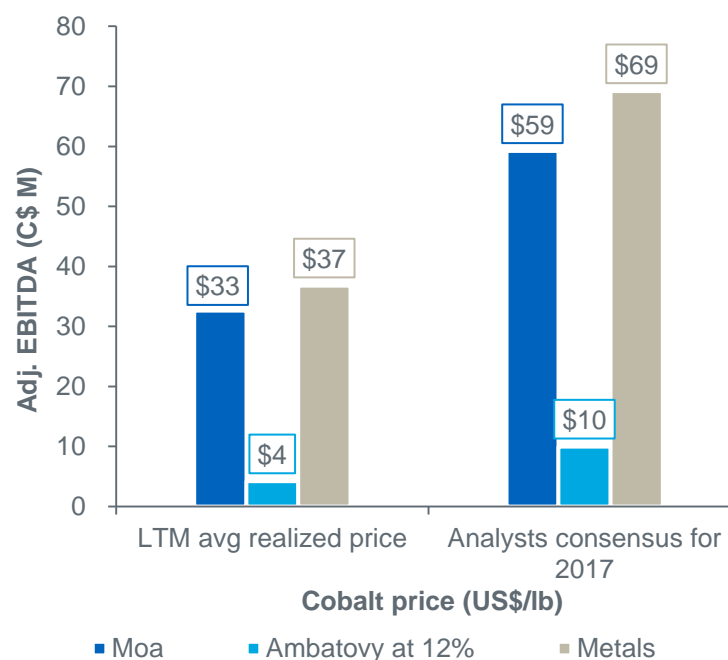
Moa



Ambatovy



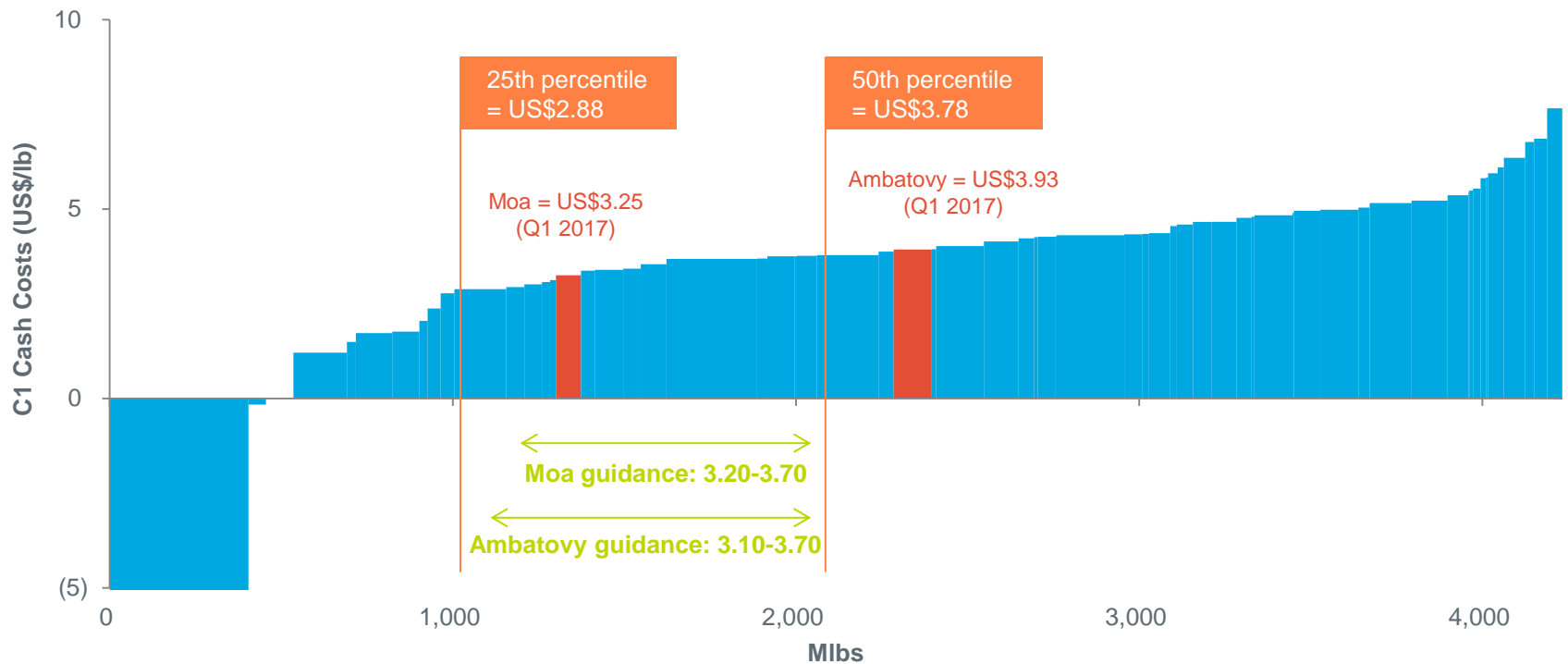
LTM Adj. EBITDA sensitivity to cobalt prices⁽¹⁾



- The recent cobalt price rally is one of the key drivers of the cash flow generation this year
- A US\$1/lb change in the nickel price equals a US\$8/lb cash change in the cobalt price at Moa and a US\$15/lb change at Ambatovy

Nickel cash cost curve and our positioning

2017 Nickel industry, normal C1 cash cost grouped by operation and ranked by cash cost (C1) existing operations and base case

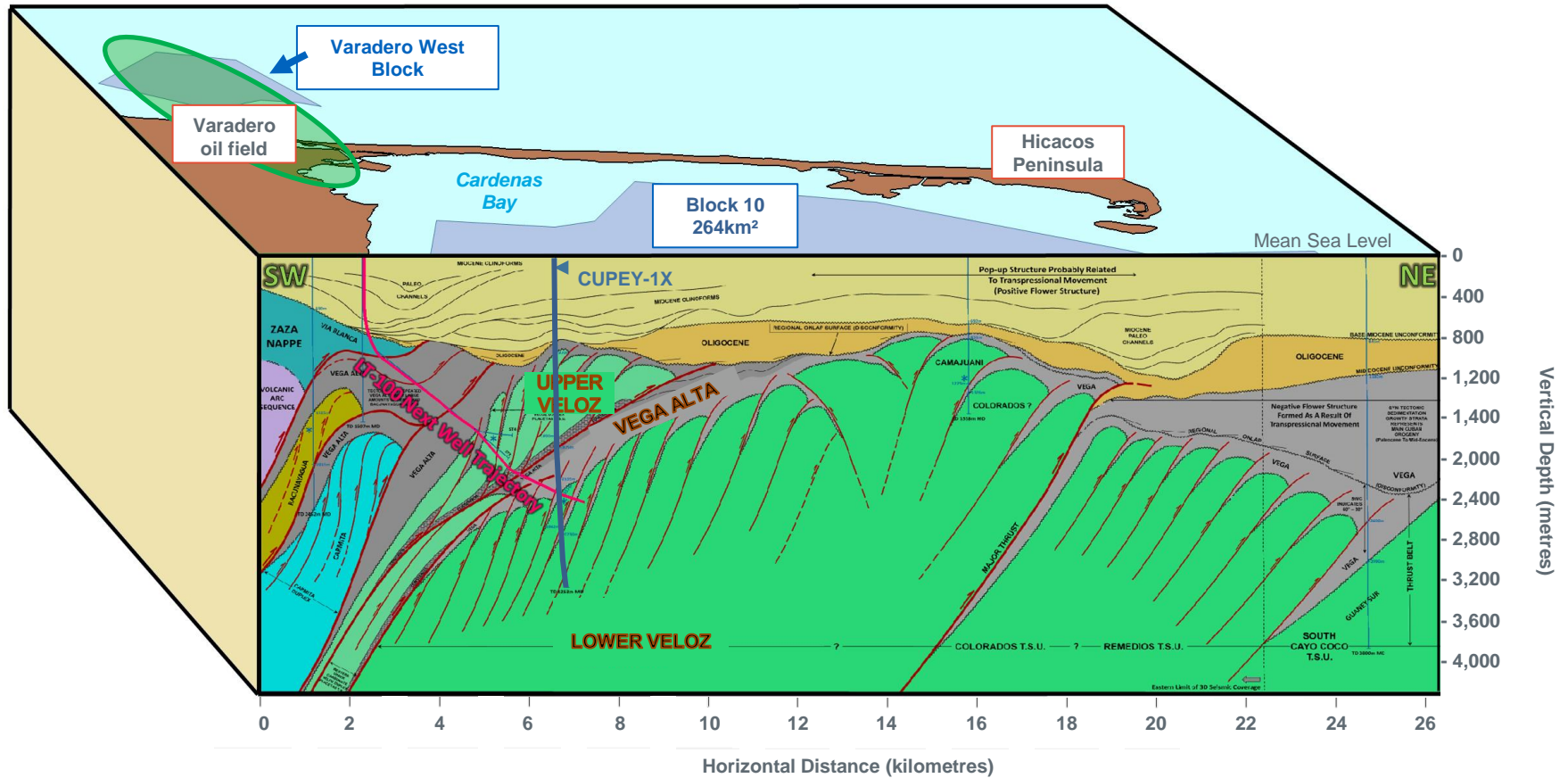


Source: Wood Mackenzie, Dataset: Q1 2017

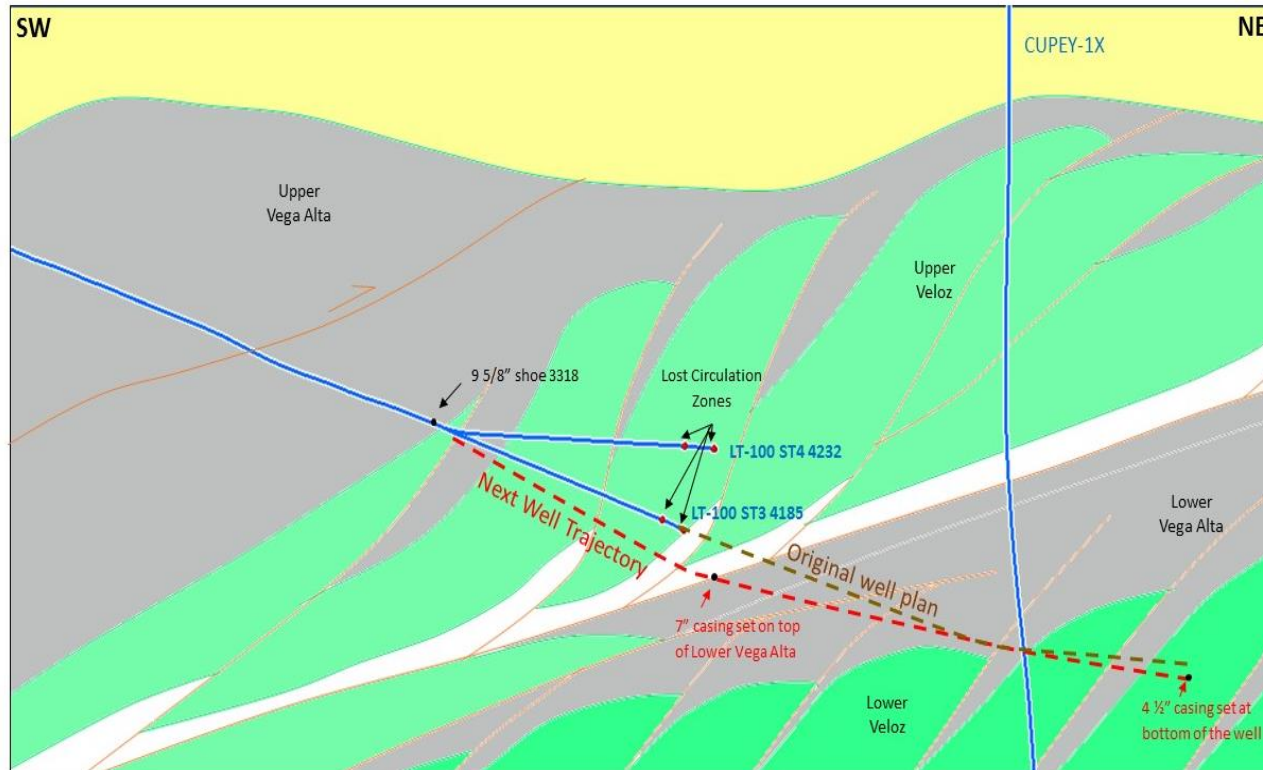


UPDATE ON BLOCK 10

Overview of Block 10



Block 10 - Second well trajectory



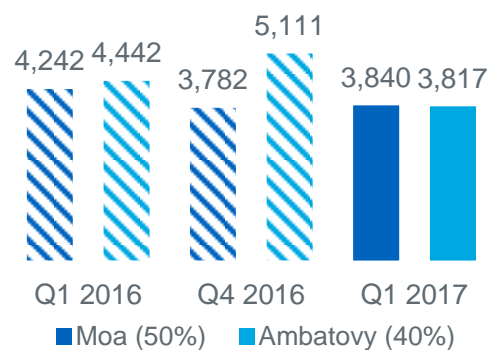
- Second well to be drilled later this year at a lower cost than the first well (\$10.6M vs. \$24.1M) as it will use part of the cased section of the first well



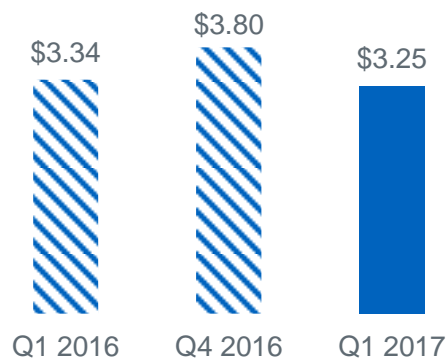
FIRST QUARTER OPERATING RESULTS

Metals highlights

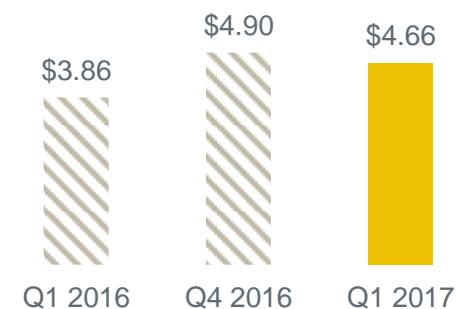
Nickel production (tonnes)



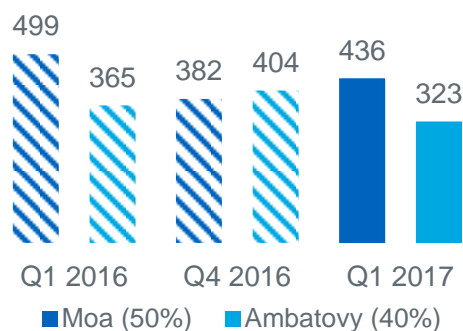
Moa: NDCC



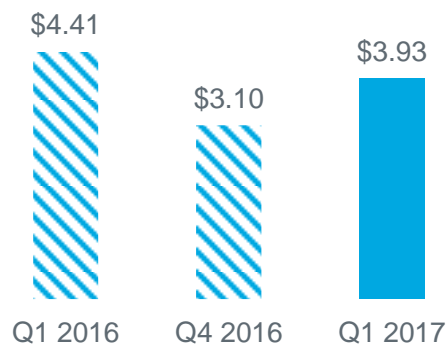
Avg. reference price: nickel (US\$)



Cobalt production (tonnes)



Ambatovy: NDCC

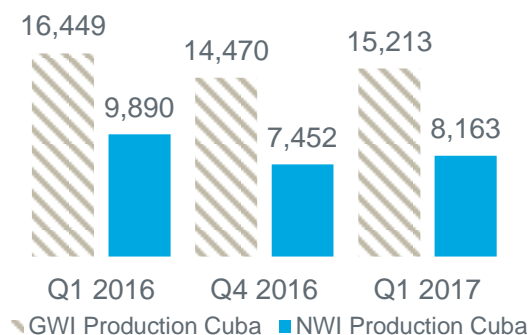


Avg. reference price: cobalt (US\$)

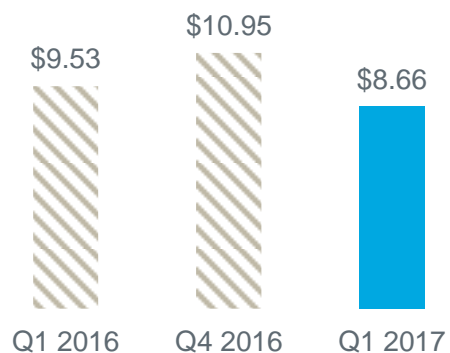


Oil & Gas and Power highlights

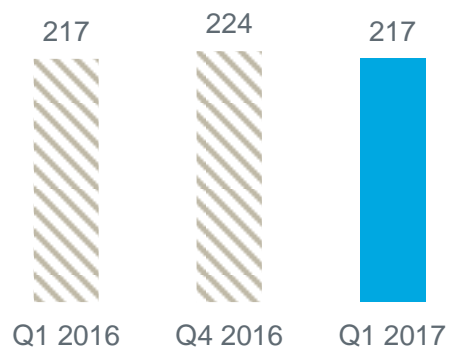
Oil: Cuba GWI and NWI



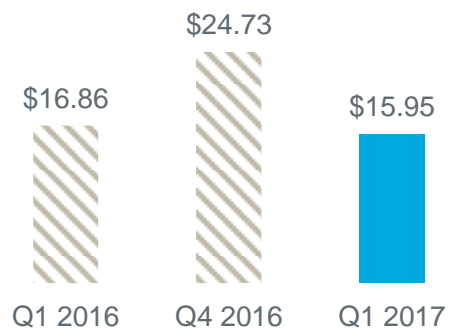
Oil: Cuba GWI unit operating costs



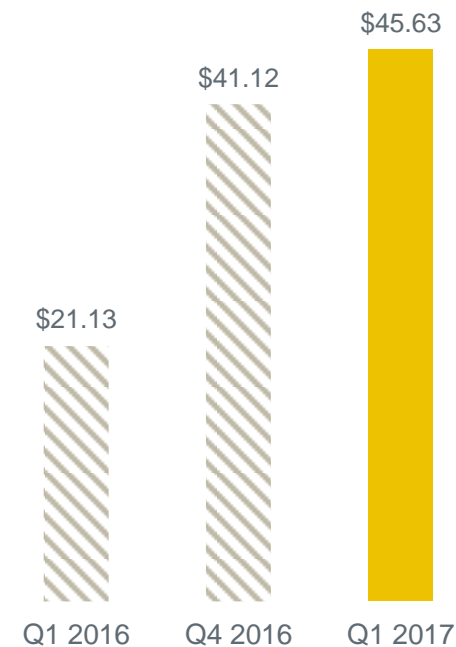
Power (33^{1/3}% basis) GWh



Power: unit operating costs



**Avg. reference price
Fuel Oil No. 6 (US\$)**





FINANCIAL HIGHLIGHTS

Cash cost (NDCC) drivers for Moa and Ambatovy

Moa

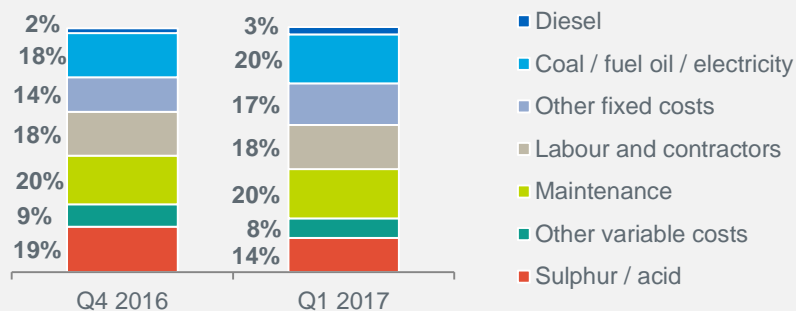
NDCC

Q4 2016: US\$3.80/lb

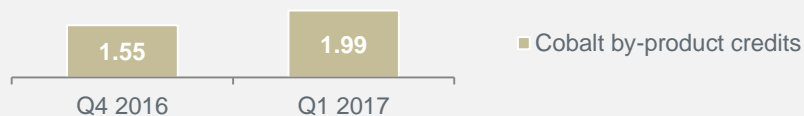
Q1 2017: US\$3.25/lb



Mining, processing and refining costs



By-product credits



Ambatovy

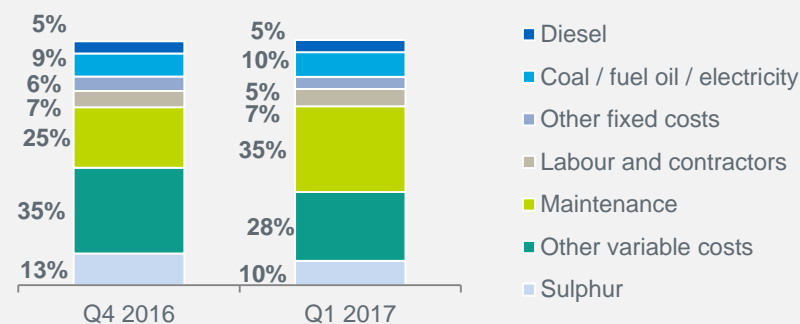
NDCC

Q4 2016: US\$3.10/lb

Q1 2017: US\$3.93/lb



Mining, processing and refining costs



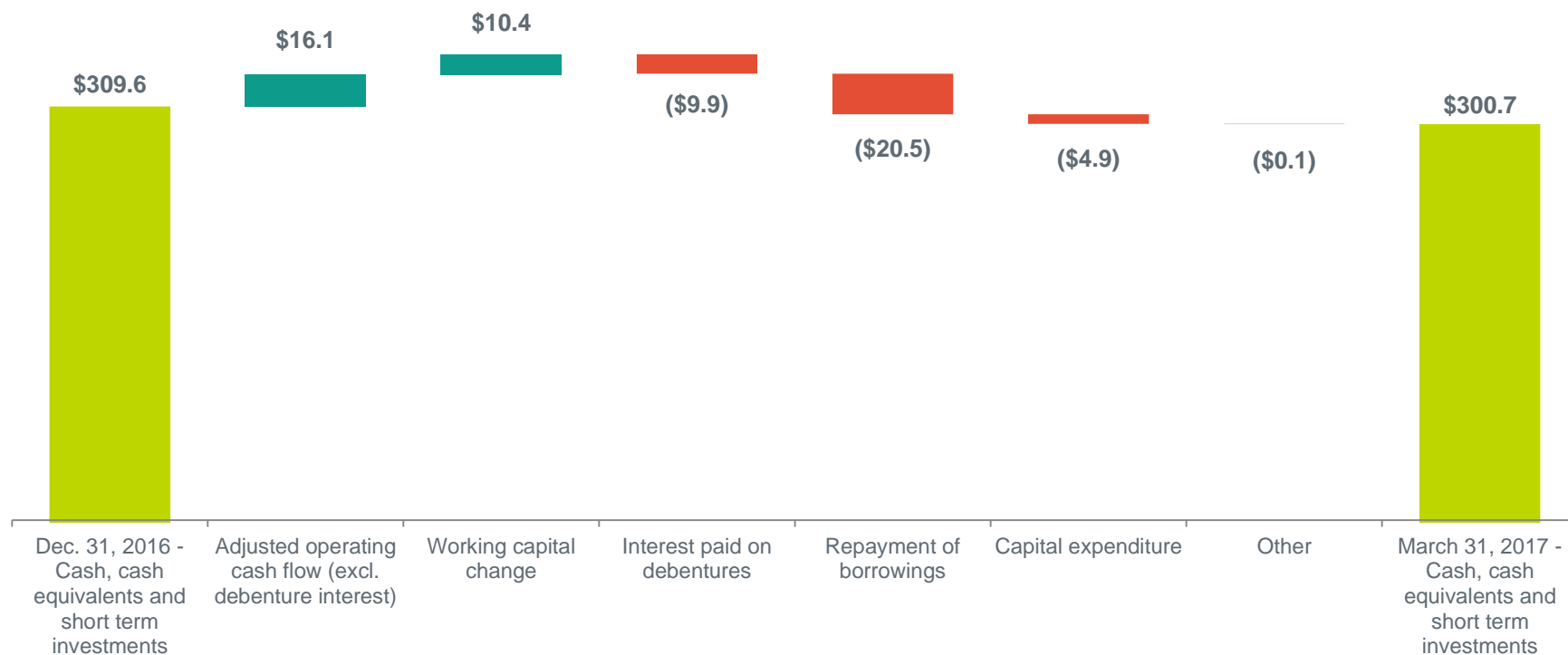
By-product credits



Balance sheet cash from Dec. 31, 2016 to March 31, 2017

sherritt

In million of dollars





APPENDICES

2017 strategic priorities

2017 strategic priorities

Uphold global operational leadership in finished nickel laterite production



Optimize opportunities in Cuban energy business



Preserve liquidity and build balance sheet strength



Q1 2017 status update

- First quarter NDCC of US\$3.25/lb at the Moa JV represents cash costs at the 30th percentile, while Ambatovy NDCC of US\$3.93/lb fell short of its target, due to lower production
- Production guidance for the year remains in place
- Improvements to EHSS activities continue. The Lost Time Incident rate in Q1 2017 was an improvement over the 2016 average

- First well results provided constructive data to optimize the drilling of the second well, again targeting the Lower Veloz formation
- Future capital allocation will be based on results from this new well

- Agreement on no defaulting shareholder status through May 2, 2017
- Cuban energy payments received were US\$37.6 million in the first quarter of 2017, an improvement over Q4 2016 payments received of US\$18.3 million
- Free cash flow generation of \$12.6 million from Metals and \$12 million from Power in the first quarter of 2017

Key takeaways

- \$301 million in cash and short-term investments, and no long term debt maturity before Q4 2021
- Improved cobalt prices should drive cash flow generation through the year
- A long operating track record through all phases of the cycle
- The largest and best established foreign mining and energy business in Cuba

Nearing the resolution of the “12 for 12” issue at Ambatovy



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