



Q1 Earnings Call

Review of Financial and
Operational Results

April 29, 2021



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 2021 guidance slide of this presentation and certain expectations regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; the impact of COVID-19; the potential impact of Cuba’s currency unification; anticipated payments of outstanding receivables, including re-directed distributions from the Corporation’s Moa Joint Venture partner; the impact of U.S. sanctions on Cuban; and amounts of certain other commitments.

Forward looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory and creditor approvals and waivers; compliance with applicable environmental laws and regulations; debt repayments redemptions and deferrals; collection of accounts receivable; and certain corporate objectives, goals and plans. 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, the impact of the COVID-19 pandemic, changes in the global price for nickel, cobalt, oil and gas, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; the risk to Sherritt’s entitlements to future distributions from the Moa Joint Venture; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; uncertainty of exploration results and Sherritt’s ability to replace depleted mineral and oil and gas reserves; risks associated with the Corporation’s joint venture partner; variability in production at Sherritt’s operations in Cuba; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in

transportation; uncertainty of gas supply for electrical generation; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other failures; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies, including diesel; supplies quality issues; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; risks related to the Corporation’s corporate structure; political, economic and other risks of foreign operations; risks associated with Sherritt’s operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations and maintaining the Corporation’s social license to grow and operate; credit risks; 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; identification and management of growth opportunities; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; 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; the ability to accomplish corporate objectives, goals and plans for 2021; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents. Additional risks, uncertainties and other factors include, but are not limited to, the ability of the Corporation to achieve its financial goals; the ability of the Corporation to continue as a going concern; the ability of the Corporation to continue to realize its assets and discharge its liabilities and commitments; the Corporation’s future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Corporation to stabilize its business and financial condition; the ability of the Corporation to implement and successfully achieve its business priorities; and the ability of the Corporation to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements. 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, including without limitation the Management’s Discussion and Analysis for the three months ended March 31, 2021 and the Annual Information Form of the Corporation dated March 17, 2021 for the period ending December 31, 2020, which is available on SEDAR at www.sedar.com

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 and unit operating cost/NDCC 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. See Sherritt’s Management’s Discussion and Analysis for the three months and year ended March 31, 2021 for further information and reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

Q1 Highlights

1. \$30.2M in Adjusted EBITDA⁽¹⁾ was highest total in almost 3 years
2. Moa JV had strong finished nickel and cobalt production results
3. US\$5M of distributions from Moa JV indicative of improving metals prices
4. Eliminated \$5M of 2L notes and reduced administrative costs by \$1.5M
5. Variability of Cuban energy payments consistent with expectations for 2021



Strong start to 2021 with progress on multiple fronts

Review of operating results

Greening the light vehicle fleet at Moa

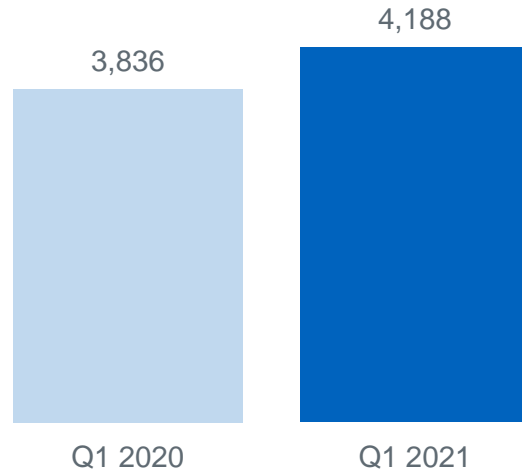
- Initiative launched in 2020 to increase use of renewable energy at Moa
- Initiative includes electrification of light vehicles
- 2 electric vans delivered to date
- 2 more electric vans expected in 2021
- Opportunities to replace diesel-powered land cruisers in 2021 under review



Opportunities to reduce carbon emissions being implemented

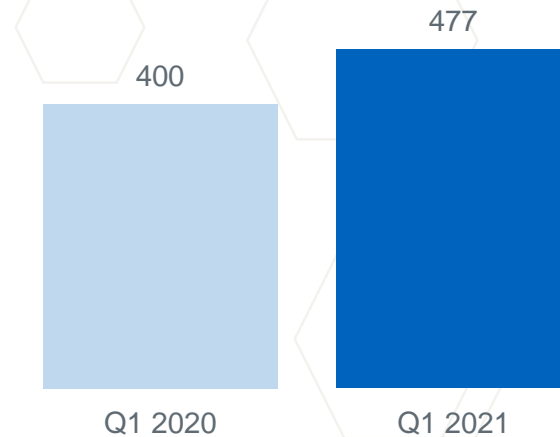
Moa JV highlights – Q1 Production

Finished Nickel⁽¹⁾ (tonnes)



- Q1 2021 growth driven by increased mixed sulphides availability and improved refinery reliability
- Q2 2021 production to be impacted by approximate 11-day full-facility shutdown

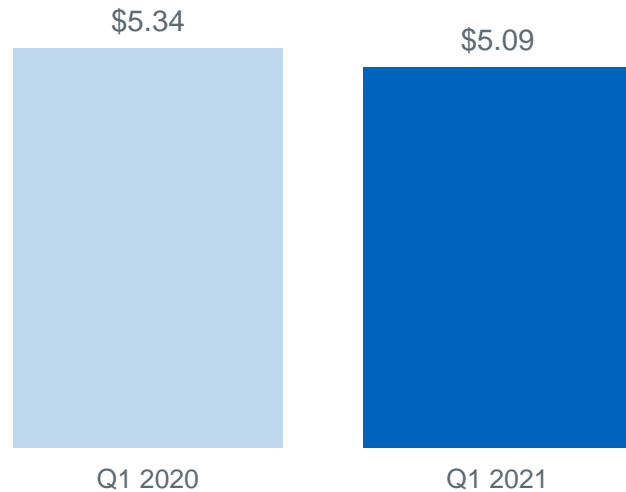
Finished Cobalt⁽¹⁾ (tonnes)



- Increased availability of mixed sulphides, improved refinery reliability, and higher cobalt to nickel ratio contributed to growth in Q1 2021

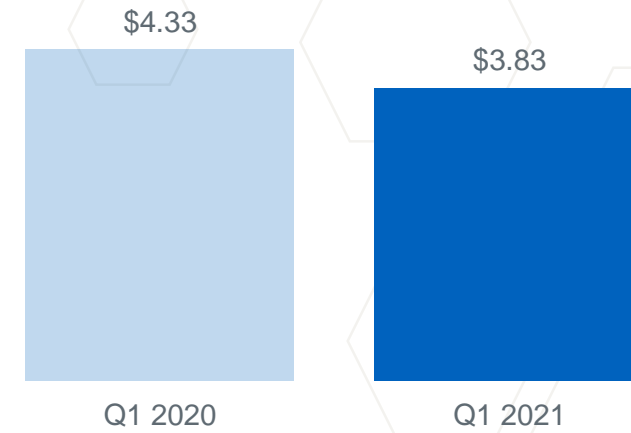
Moa JV highlights – Costs

Mining, Processing and Refining Costs⁽¹⁾ (US\$/lb)



- 5% decline in Q1 2021 driven by lower labour costs
- Decline offset by 24% increase in sulphur and 32% increase in fuel prices and sulphuric acid purchase

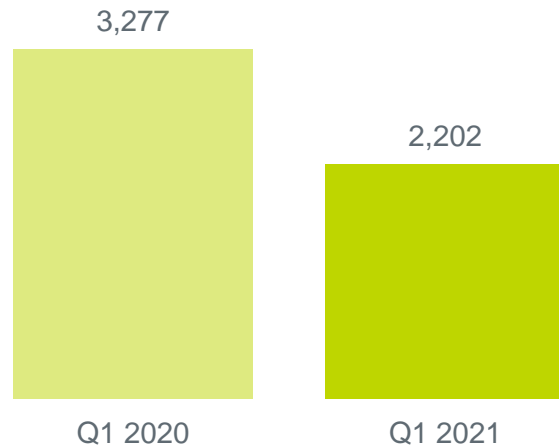
Net Direct Cash Cost⁽¹⁾ (US\$/lb)



- NDCC improvement driven by higher cobalt by-product credits and lower MPR costs

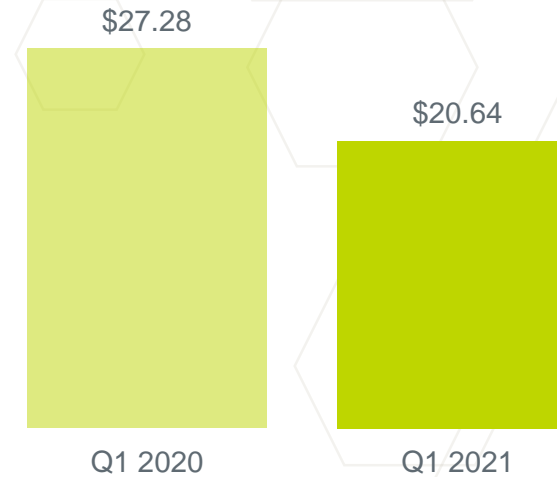
Oil and Gas highlights

Oil Production (Cuba GWI, bopd)⁽¹⁾



- Q1 2021 production impacted by natural reservoir declines and expiration of PSC on March 19
- No near-term production in Cuba expected without earn-in partner or successful drilling activities

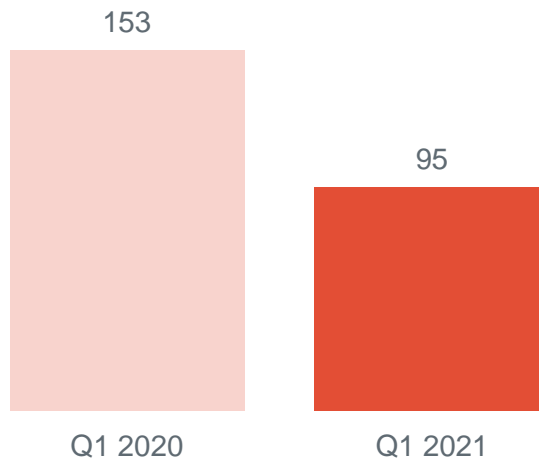
Unit operating costs (Cuba GWI, \$/bbl)⁽²⁾



- Q1 2021 costs declined due to expiration of PSC and lower labour costs

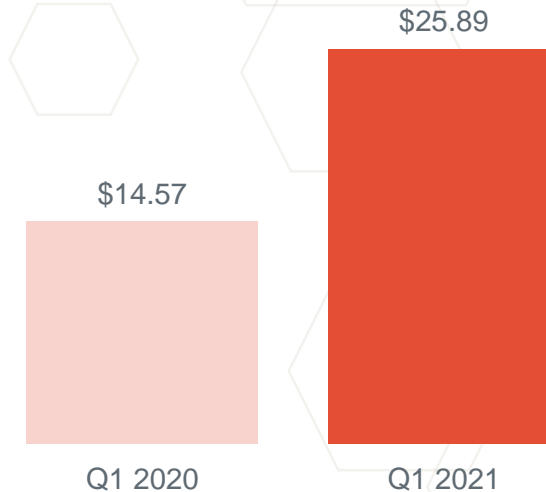
Power highlights

Electricity production (33⅓% GWh⁽¹⁾)



- Q1 2021 production impacted by scheduling of maintenance activities at Boca
- Production since restored with completion of maintenance activities

Unit operating costs (\$/MWh⁽²⁾)



- Q1 2021 unit costs impacted by timing of maintenance activities and lower production

Recent progress of Technologies Group

Bitumen Upgrading

- Full upgrading process developed
- Eliminates need for diluent and costs
- Makes bitumen more profitable to transport
- Delivers environmental benefits
- Next step is to identify partner for pilot testing

Improved Metals Extraction

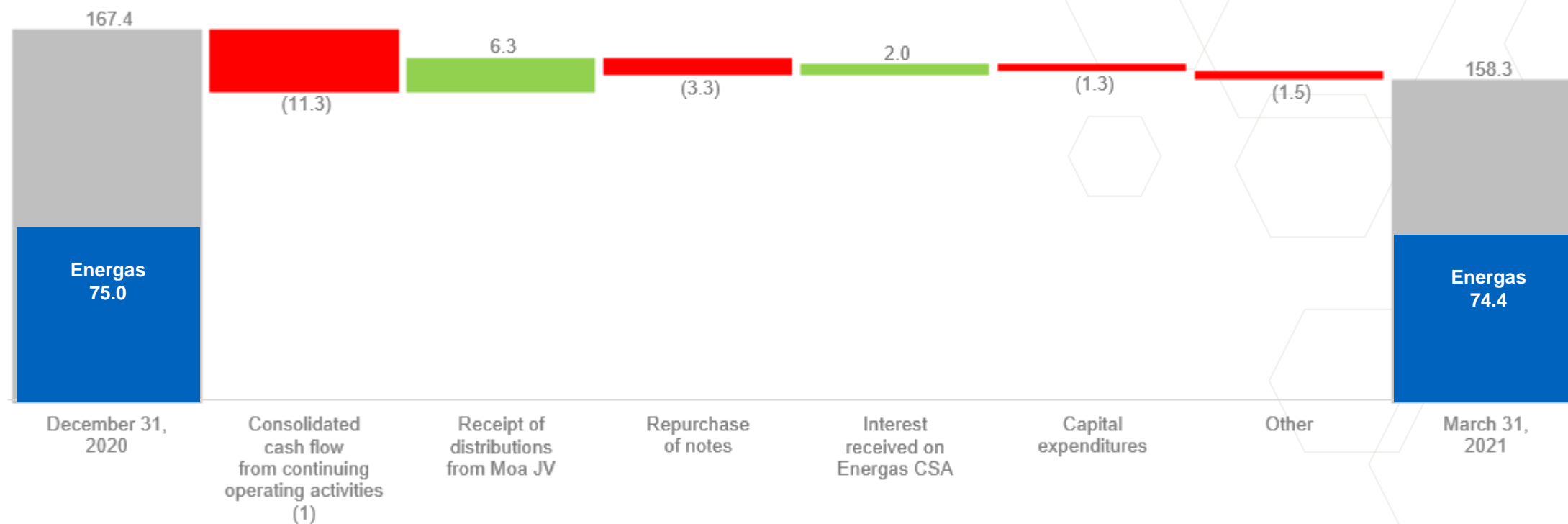
- Processing and refining of high-arsenic copper concentrates
- Superior environmental stabilization of contaminants
- Improved economics of nickel lateritic nickel projects
- Projects provide opportunities to meet growing metals demand



Commercialization of research projects is key priority

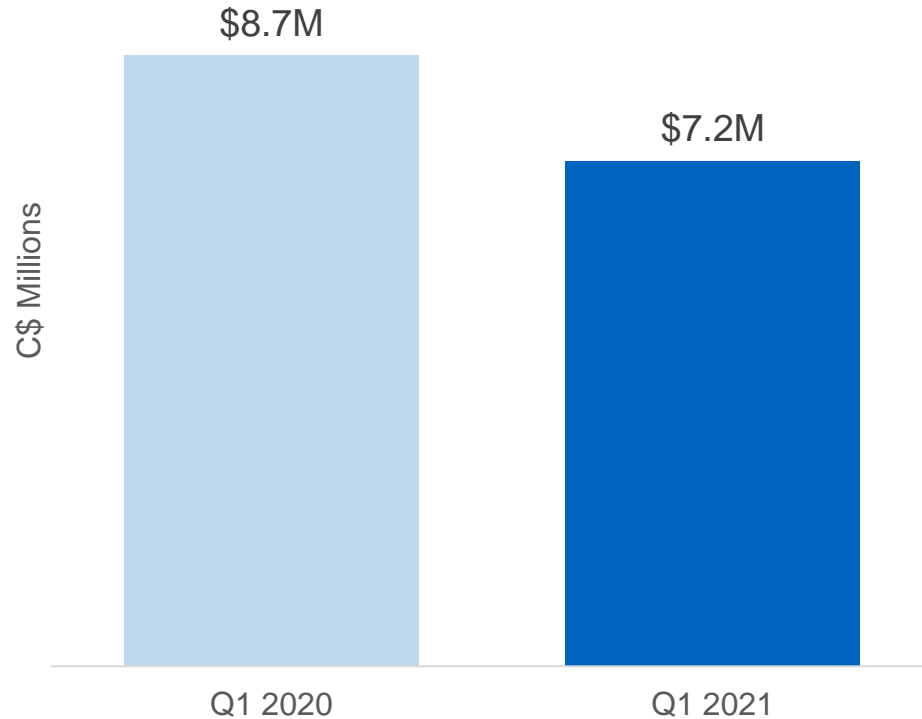
Financial Highlights

Liquidity at March 31



Cash position impacted by bond repurchase and seasonality of fertilizer business

Continued focused on administrative expense reductions



\$1.5M

Savings in administrative expenses*

Balance sheet strength and liquidity preservation are strategic priorities

Status of Cuban energy receivables

US\$M	Q4 2020 overdue	Expected/ due	Received	Received on receivables agreement	Q1 2021 overdue
Oil & Gas - Trade receivables	\$ 25.1	\$ 3.0	\$ (0.6)	\$ –	\$ 27.5
Power					
Trade receivables/other	\$ 2.6	\$ 2.9	\$ (2.8)	\$ –	\$ 2.7
Energas CSA	\$118.2	\$ 8.1	\$ –	\$ (2.3)	\$124.0
Total Cuban energy receivables	\$145.9	\$14.0	\$ (3.4)	\$ (2.3)	\$154.2

- Receipts impacted by Cuba's reduced access to foreign currency due to effects of COVID-19, U.S. sanctions and currency unification process
- \$4.8 million in energy payments received in Canada since start of Q2

Collections in 2021 will be subject to variability

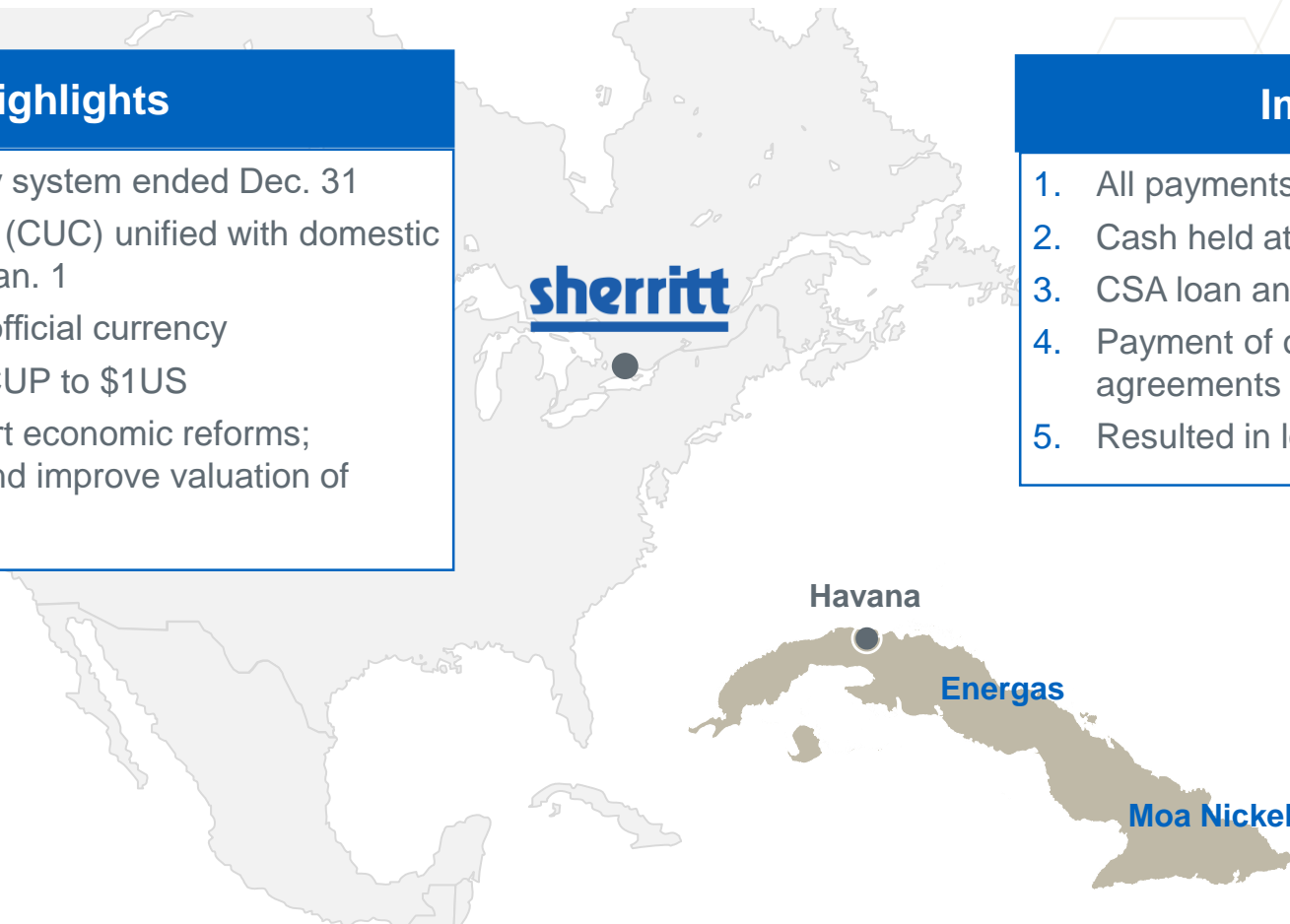
Unification of Cuban currencies

Key highlights

1. Cuba's dual currency system ended Dec. 31
2. Convertible currency (CUC) unified with domestic currency (CUP) on Jan. 1
3. CUP is Cuba's only official currency
4. Exchange rate: 24 CUP to \$1US
5. Objectives: to support economic reforms; harmonize wages; and improve valuation of exports

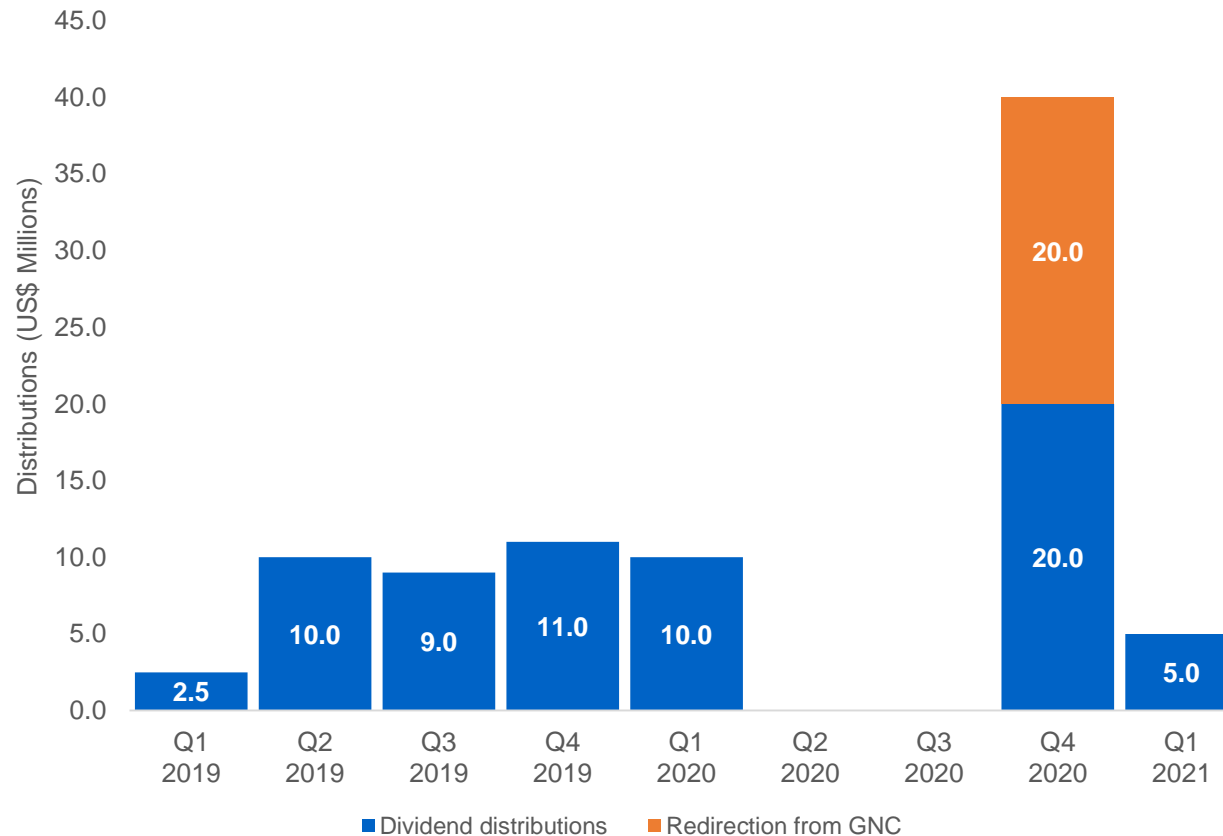
Impacts to Sherritt

1. All payments denominated in \$US
2. Cash held at Energas unaffected
3. CSA loan and amounts owed unaffected
4. Payment of overdue amounts against receivables agreements may be delayed temporarily
5. Resulted in lower labour and service costs in Q1



Long-term impact of currency unification may benefit local operations

Distributions from the Moa Joint Venture



US\$135M*

Distributed since Q1 2019

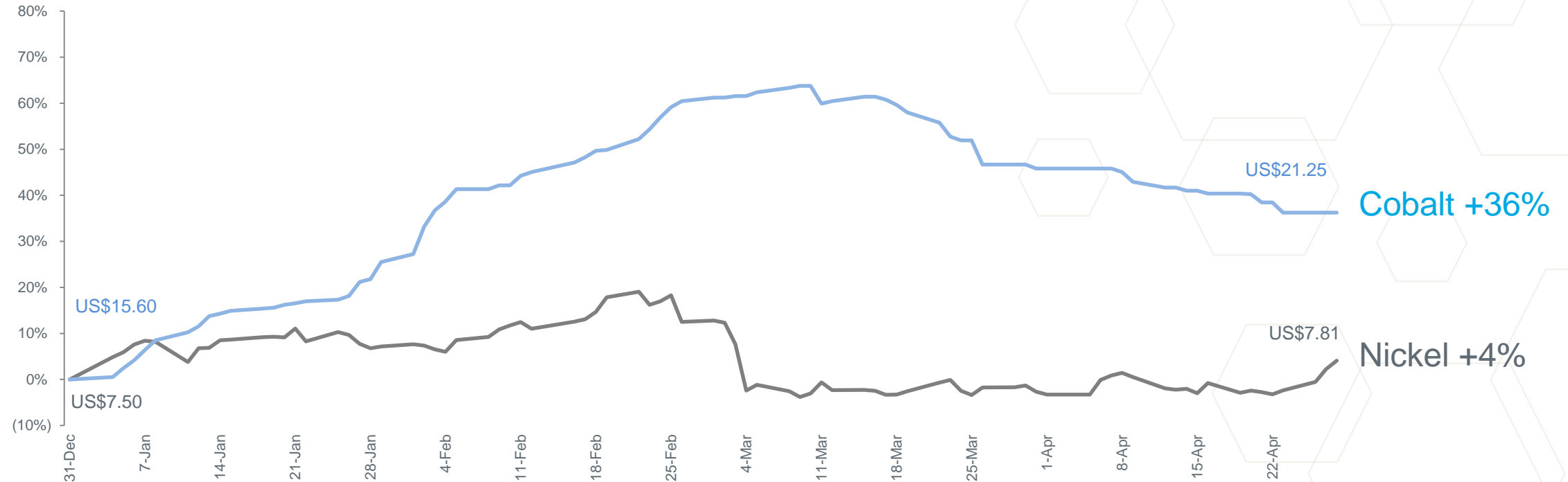
Quarterly distributions based on available cash, prevailing metals prices, and planned capital spend

Re-direction of distributions from Moa JV partner anticipated in 2021

Outlook



Nickel and cobalt prices since beginning of 2021



Nickel prices impacted in Q1 by Tsingshan announcement

Putting the Tsingshan announcement in perspective

- 1 **Conversion of nickel pig iron into a matte product is not novel**
- 2 **Product made by a process that greatly increases carbon emissions**
- 3 **Production process reduces recovery of cobalt and other metals**
- 4 **Additional refining costs and capital spend required unproven**
- 5 **Refining capacity for matte product is limited**

Outlook for nickel and cobalt prices



- Recent price momentum driven by economic recovery and renewed interest in electric vehicles
- New government policies and automotive industry investments paving the way
- Nickel remains the metal of choice for battery chemistries
- Cobalt prices slated to climb to US\$32/lb by 2023
- Long-term outlook for prices remains favorable

Sherritt is favourably exposed to rising nickel and cobalt prices

Summary

- Q1 results indicative of improved nickel and cobalt prices
- Progress made across multiple metrics
- Variability of overdue payments expected
- Q2 production to be impacted by planned shutdowns at Moa and the refinery
- No changes to 2021 guidance
- Balance sheet strength remains priority
- Long-term outlook for nickel and cobalt prices is favourable



Sherritt is well positioned to capitalize on growing EV battery demand

Q&A Discussion

Sherritt AGM

Date: May 20

Time: 10:00 am ET

Details at www.sherritt.com



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