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Sherritt Announces Initial Drilling Results on Block 10

TORONTO, March 27, 2017 – Sherritt International Corporation (“Sherritt”) (TSX:S) today announces preliminary results for the exploration well Litoral-100 (LT-100) drilled directionally on the 261 km² Block 10 Production Sharing Contract concession located in the Bay of Cárdenas, Province of Matanzas, Cuba.

Prior to the commencement of drilling, the reprocessing of existing 3D seismic data for Block 10 revealed a second Veloz formation (the “Upper Veloz”) in addition to the previously identified carbonate zone (the “Lower Veloz”) which was perforated when Sherritt drilled the well CUPEY-1X in 1994 and which briefly tested 13.6 ° API oil at a rate of 3,750 barrels per day. Because of this previous drilling success, LT-100 was designed to target the Lower Veloz.

LT-100 was drilled to a measured depth of 4,232 metres of the 5,836 m planned, but failed to reach the target Lower Veloz formation because of wellbore instability arising from unexpected geological complexities when a zone of the less stable Vega Alta rock formation repeated itself. This resulted in drilling problems and the lower section of the well had to be abandoned.

Though the well was not optimally located to evaluate the Upper Veloz, a sidetrack was drilled from the existing wellbore to better define the Upper Veloz. Upon penetration of the Upper Veloz good oil shows were encountered, however the trajectory of the sidetrack was not high enough in the Upper Veloz structure. The sidetrack well was tested and produced oil but not at commercial rates.

David Pathe, President and CEO of Sherritt, stated “While this well was not successful at reaching its target of the Lower Veloz, nothing has changed concerning our view of Block 10’s potential. LT-100 has provided valuable data about the fold and thrust geology of the basin that we are currently using to update our geological models and drilling plans. We expect to be in a position to provide a further update by the time we release first quarter 2017 results.”

Sherritt’s production guidance for 2017 of 11,500 – 12,500 Gross Working-Interest barrels of oil per day is not impacted by the results of LT-100.

About Sherritt

Sherritt, which is celebrating its 90th anniversary in 2017, is the 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 independent energy producer in Cuba, with extensive oil and power operations across 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”.

Source: Sherritt Investor Relations

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