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Sherritt Closes Transaction to Restructure Ambatovy Joint Venture

TORONTO, December 12, 2017 – Sherritt International Corporation (“Sherritt”) (TSX:S) today announced that it has successfully closed its previously announced transaction to restructure its Ambatovy Joint Venture with Sumitomo Corporation and Korea Resources Corporation. Consistent with terms previously disclosed, Sherritt has transferred a 28% interest in the Joint Venture, eliminated \$1.3 billion of related debt from its balance sheet, and will continue to serve as operator of the Ambatovy mine, the world’s largest lateritic nickel and cobalt operation, until at least 2024.

“The close of our Ambatovy restructuring transaction is a fitting end to a year marked by significant progress for Sherritt,” said David Pathe, President and CEO of Sherritt. “After considerable effort and discussions with our partners, we have addressed our ‘40 for 12’ issue, retained an ownership stake in Ambatovy and acquired new options for the repayment of outstanding partner loans.

“More importantly, the elimination of more than \$1.3 billion of debt from our balance sheet, coupled with our previous efforts to extend the maturities of our public debt such that we face no debt maturity before the fourth quarter of 2021, significantly strengthens our ability to take advantage of the favorable outlook for battery metals given our ability to produce low cost, high purity nickel and cobalt.”

The transaction to restructure the Ambatovy Joint Venture included amendments to several agreements governing the JV, including related partner loans and the Operating Agreement.

Highlights of the Joint Venture Restructuring Transaction:

- Sherritt transferred a 28%, and retained a 12%, ownership interest in the Ambatovy Joint Venture.
- Sherritt eliminated \$1.3 billion (at September 30, 2017) in Ambatovy Joint Venture additional partner loans from its balance sheet.
- Sherritt funded its 12% interest retroactively to the end of 2015, paying approximately US\$38 million to fulfill non-funding to date, including accrued interest.
- Sherritt’s outstanding partner loans of US\$101 million due 2023 (at September 30, 2017) will continue to be secured by Sherritt’s 12% interest.
- The outstanding partner loans can be repaid in cash at any time through to maturity in August 2023. At maturity, Sherritt can: elect to (i) repay the loans in cash, (ii) repay the loans in shares or a combination of cash and shares at 105% of the amount then due, or (iii) repay in 10 equal semi-annual principal installments (plus interest) commencing in December 2024, at an interest rate of LIBOR +5% applied from the original August 2023 maturity date.
- Sherritt made an additional payment of approximately US\$10 million that has been placed into an escrow account to cover potential future funding requirements of the Ambatovy Joint Venture. Any amounts remaining in escrow in August 2023 will be used to repay the outstanding partner loans.
- Sherritt has committed to remain as Operator until at least 2024.
- Sherritt regains voting rights and certain other rights that were suspended when it ceased funding.
- Sherritt was responsible for transaction and other closing costs, including financial and legal advisory fees, applicable taxes and corporate restructuring costs, incurring total fees of approximately US\$9 million.

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”.

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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 this press release relating to estimated costs and future funding requirements.

Forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events, including matters relating to the transaction disclosed herein; availability of governmental, regulatory and third party approvals; and the ability to achieve corporate objectives, goals and plans for 2017. 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. These risks, uncertainties and other factors include, but are not limited to the risks and uncertainties set out in the Management’s Discussion & Analysis of the Corporation for the period ending March 31, 2017 and the Corporation’s Annual Information Form dated March 28, 2017, each of which are available on SEDAR at www.sedar.com. 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 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 press release 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 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.