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Sherritt Provides Update on Ambatovy Joint Venture

TORONTO, March 6, 2019 – Sherritt International Corporation (“Sherritt”) (TSX:S), a world leader in the mining and refining of nickel and cobalt from lateritic ores, announced that, in order to preserve liquidity and protect its balance sheet and consistent with previous disclosure, it will not fund its 12% share of a US\$45 million cash call (100% basis) received from the Ambatovy Joint Venture (“Ambatovy JV”). The cash call was made due to the Ambatovy JV’s short term liquidity needs.

As a result of not funding the cash call, Sherritt is now a defaulting shareholder under the terms of the Ambatovy JV Shareholders Agreement, triggering a number of inter-related developments, including:

- New funding provided by Sumitomo Corporation (“Sumitomo”) and Korea Resources Corporation (“Kores”) in response to this and future cash calls will be repaid in priority to Sherritt’s funding to date;
- If Sumitomo and/or Kores choose to fund Sherritt’s 12% share of the cash call, within the next 12 months they can also elect to receive an equivalent amount of Sherritt’s current highest ranking debt in the Ambatovy JV, which would dilute Sherritt’s economic interest;
- Loss of voting rights at the Ambatovy JV, which will further reduce Sherritt’s influence and authority at the local level;
- Sumitomo and/or Kores can elect to acquire Sherritt’s 12% interest at the lower of fair market value and book value; and
- Limited recourse default to the Ambatovy JV partner loans (\$144.0 million as at December 31, 2018). This limited recourse default does not impact the 2023 maturity of these loans and any potential recourse prior to maturity is limited to Sherritt’s interest in the Ambatovy JV.

Further details outlining the impacts and potential impacts of becoming a defaulting shareholder can be found in Sherritt’s Annual Information Form filed on February 13, 2019, including without limitation in the “Risk Factors” section thereof.

About Sherritt

Sherritt is a world leader in the mining and refining of nickel and cobalt 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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