

sherritt

Q2 Earnings Call

Review of Financial and
Operational Results

July 30, 2021



Participants

Leon Binedell

President & CEO



Steve Wood

Executive Vice President & COO



Nathan Reeve

Interim CFO



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 and electric vehicle markets; the impact of COVID-19; Sherritt’s strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; the 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; the anticipated renewal of a joint venture agreement; the potential influx of foreign currency into Cuba as a result of international vaccine sales by Cuba; 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; global demand for electric vehicles; the commercialization of certain proprietary technologies and services; development and exploration wells and enhanced oil recovery in Cuba; advancements in environmental and greenhouse gas reduction technology; 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 about the pace of technological advancements required in relation to achieving ESG targets; 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; growth opportunity risks; 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 “Managing Risk” section of the Management’s Discussion and Analysis for the three and six months ended June 30, 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 and six months ended June 30, 2021 for further information and reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

Q2 Highlights

1. Adjusted EBITDA⁽¹⁾ growth of 114%
2. Strong finished nickel and cobalt production results at Moa JV
3. Robust nickel and cobalt prices and favourable market conditions
4. Financial results impacted by rise in input costs and workforce reduction and contractual benefits expenses
5. Variability of Cuban energy payments consistent with expectations for 2021
6. Confirmation of 2021 guidance and new ESG targets established



Near-term outlook for nickel and cobalt prices is favourable

Review of operating results

Commitment to ESG

Established a number of near-term and longer-term ESG targets

Health and Safety

Achieve level A of TSM Safety & Health Protocol in all operations by 2024

Climate and Environment

Achieve net zero GHG emissions by 2050

Obtain overall 15% of energy from renewable sources by 2030

Reduce nitrogen oxides (No_x) emissions intensity by 10% by 2024

D&I

Increase women in the workforce to 36% by 2030

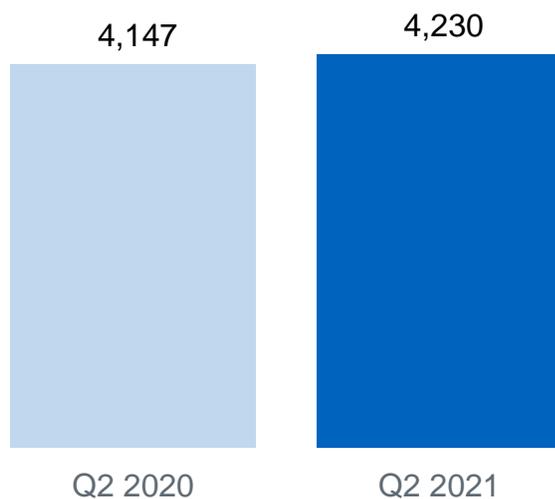
Responsible sourcing

Be fully compliant with all material responsible sourcing frameworks (OECD, LME and CIRAF) by 2024

Full list of targets to be published in 2020 Sustainability Report

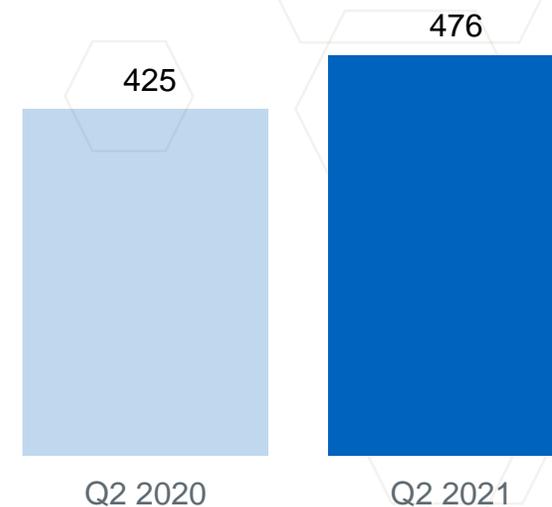
Moa JV highlights – Q2 Production

Finished Nickel⁽¹⁾ (tonnes)



- Growth driven by higher mixed sulphides availability and improved refinery reliability
- On track for guidance for 2021

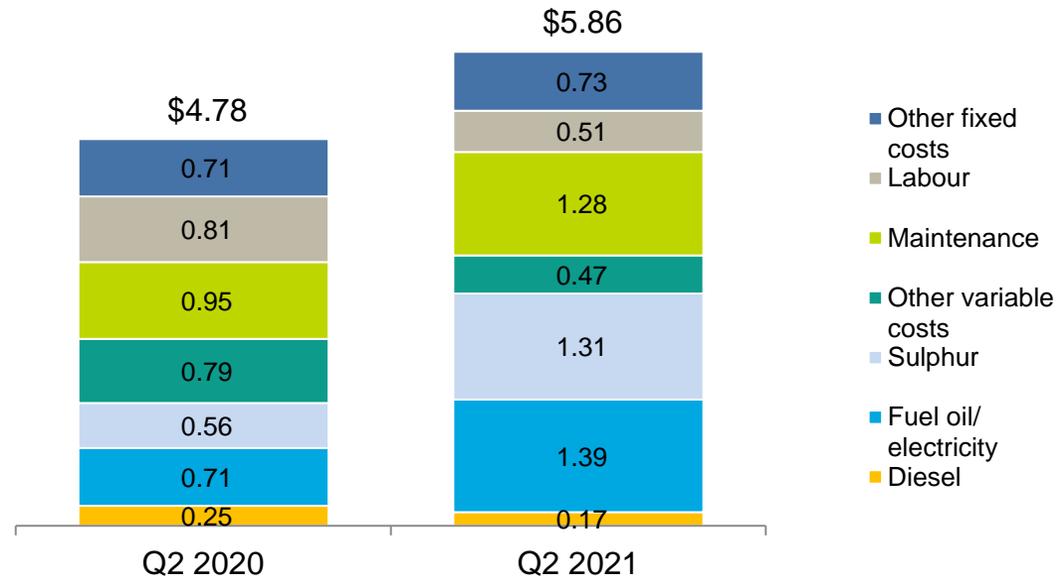
Finished Cobalt⁽¹⁾ (tonnes)



- Increase due to higher cobalt to nickel ratio feed

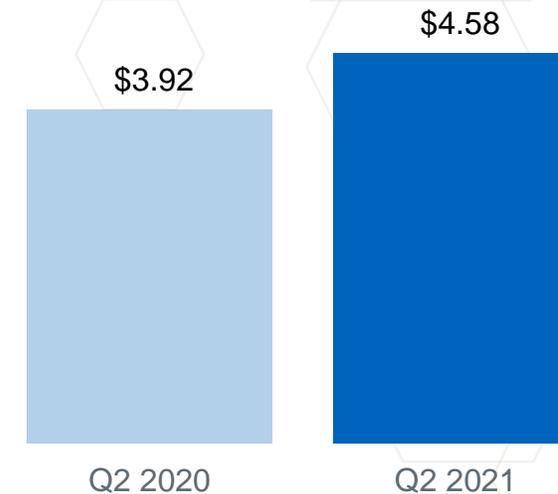
Moa JV highlights – Costs

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



- Increase driven by:
 - 160% higher fuel oil prices
 - 65% higher sulphur prices
 - 46% higher natural gas prices
 - Purchase of sulphuric acid for maintenance shutdown
- Lower labour costs driven by Cuba's currency unification

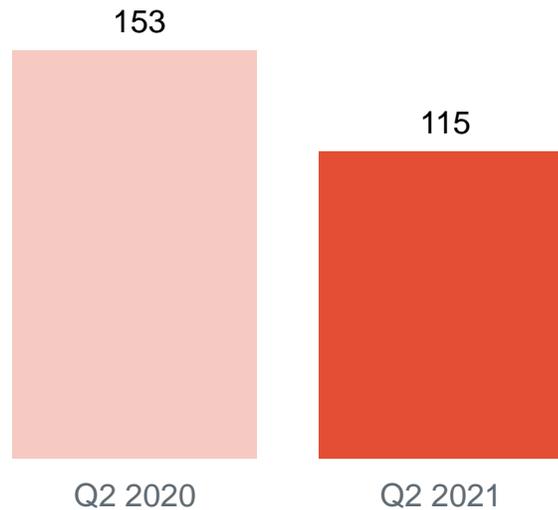
Net Direct Cash Cost⁽¹⁾ (US\$/lb)



- Higher MPR costs offset the 73% increase in cobalt by-product credits
- Q3 costs to exclude purchase of sulphuric acid but will include deferred annual refinery shutdown

Power highlights

Electricity production (33⅓% GWh⁽¹⁾)



- Decline due to deferral of maintenance activities at Boca de Jaruco to Q2 2021
- Discussions underway to extend existing agreement

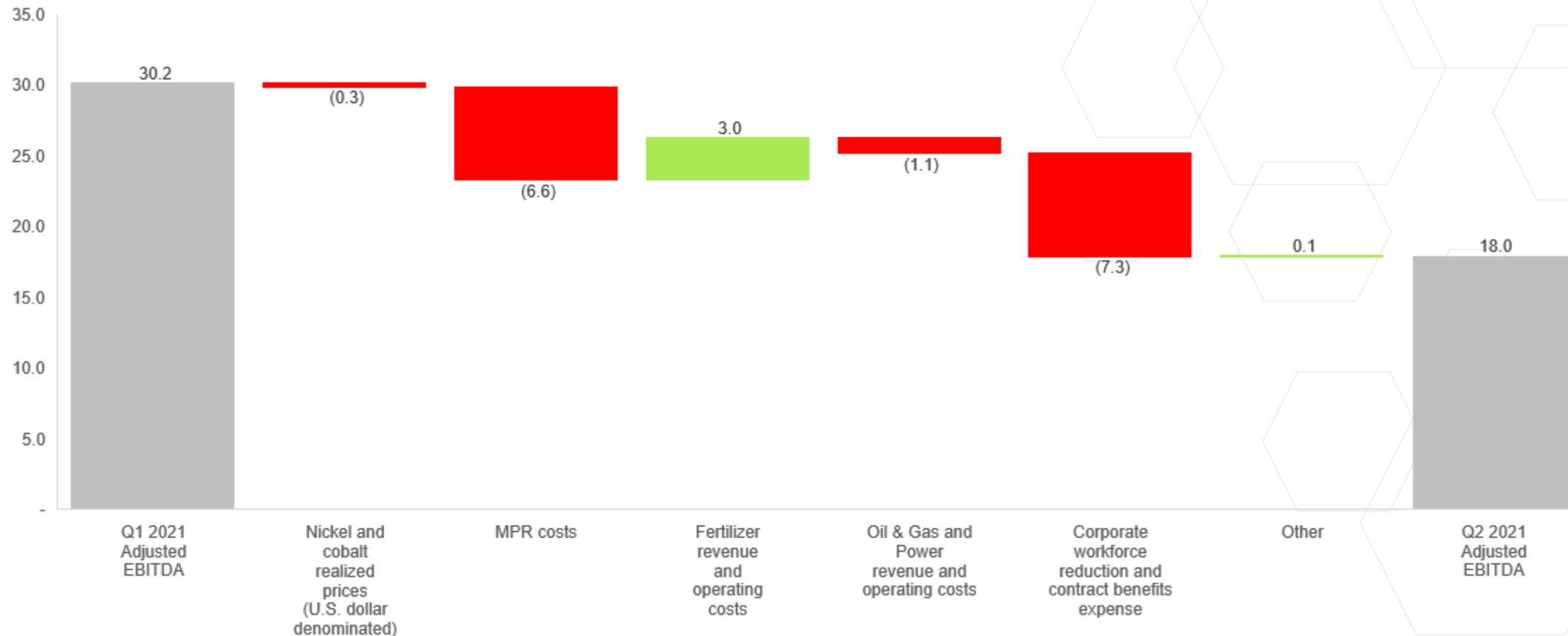
Unit operating costs⁽²⁾ (\$/MWh⁽³⁾)



- Higher unit costs driven by maintenance activities and strengthened \$CDN
- Lower labour costs driven by Cuba's currency unification

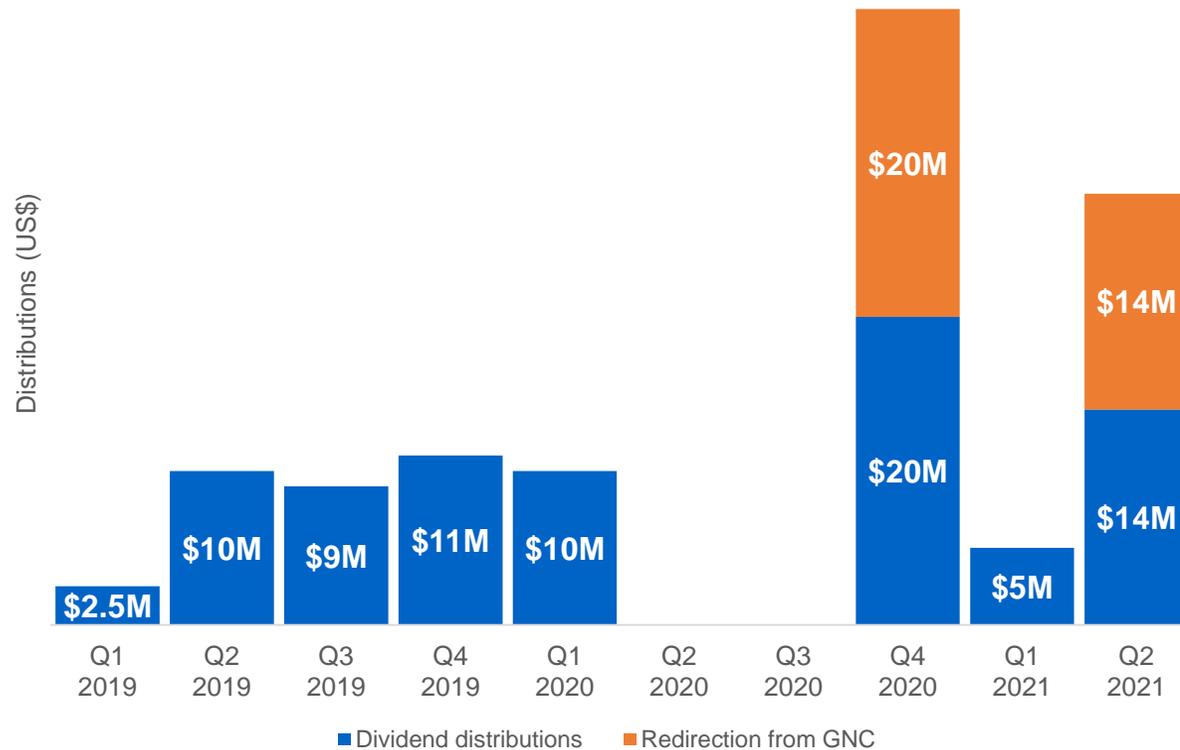
Financial Highlights

Change in Adjusted EBITDA⁽¹⁾



Higher MPR costs and G&A expenses impacted Q2 results

Distributions from the Moa Joint Venture



US\$163M*

Distributed since Q1 2019

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

Sherritt anticipates additional distributions in 2021

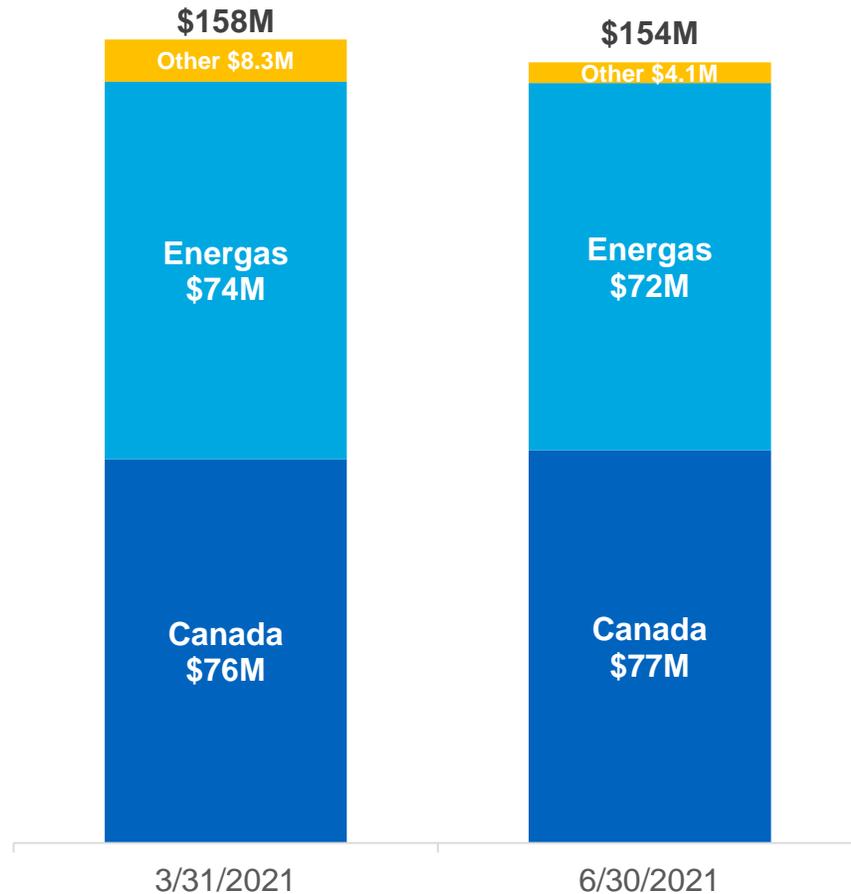
Status of Cuban energy receivables

| <i>US\$M</i> | Q1 2021 overdue | Expected/ due | Received | Received on receivables agreement | Q2 2021 overdue |
|---|--------------------|------------------|-----------------|---|--------------------|
| Oil & Gas - Trade receivables | \$ 27.5 | \$ 3.7 | \$ (5.2) | \$ – | \$ 26.0 |
| Power | | | | | |
| Trade receivables/other | \$ 2.7 | \$14.8 | \$ (0.6) | \$ (16.9) | \$ – |
| Energas CSA | \$124.0 | \$ 6.5 | \$ – | \$ (1.8) | \$128.7 |
| Total Cuban energy receivables | \$154.2 | \$25.0 | \$ (5.8) | \$ (18.7) | \$154.7 |

- Sherritt received US\$14 million in redirected dividends from its Moa Joint Venture partner used to fund Energas operations.
- Receipts impacted by Cuba's reduced access to foreign currency due to effects of COVID-19, U.S. sanctions and currency unification

Collections in 2021 will be subject to variability

Liquidity at June 30



Decrease driven by:

- \$1.3M of bond repurchases
- \$15M of interest payments on 2L notes
- \$2.9M of capital expenses
- \$11.7M operating cash outflows excluding dividend receipts

Offset by:

- Moa JV dividends of \$16.9M
- Re-directed GNC dividends of \$11.3M

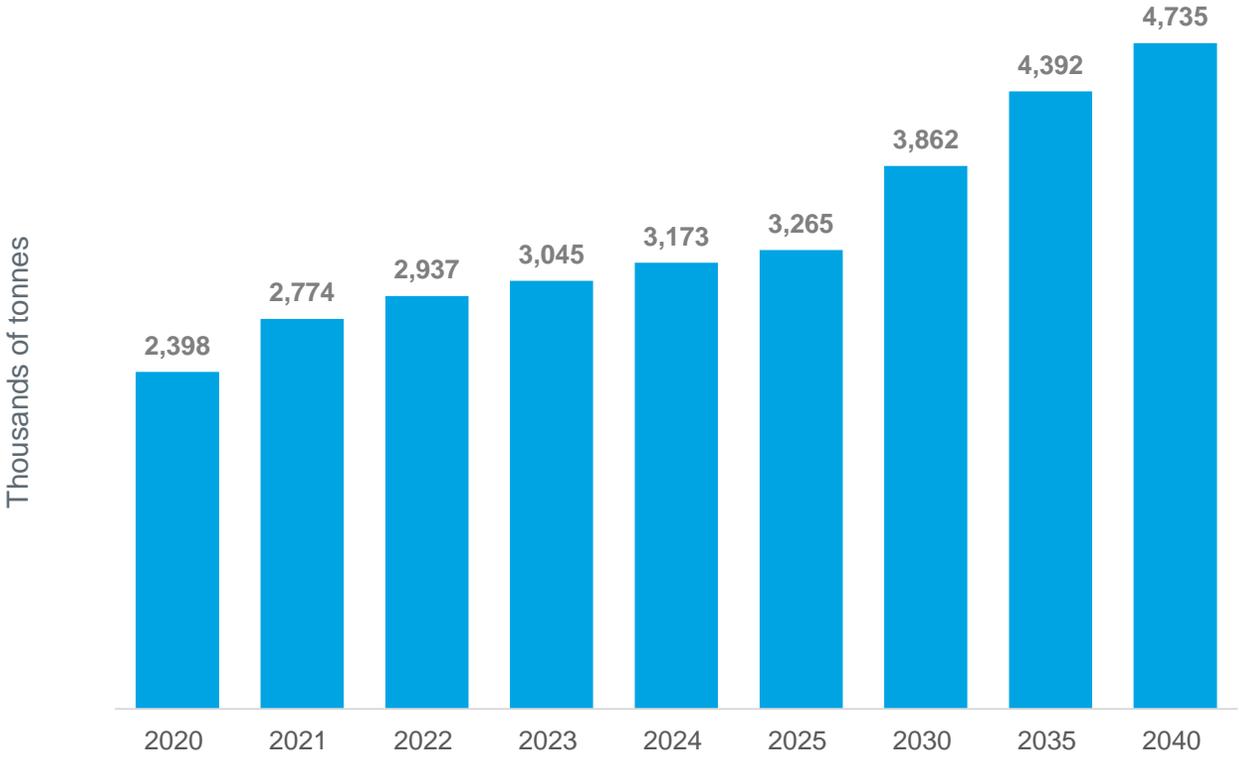
Cash position in Canada increased in Q2

Outlook

Putting recent developments in Cuba in perspective

- 1 **No disruption to operations**
- 2 **Impact of U.S. sanctions, spread of COVID-19, and lack of tourism have created challenging conditions**
- 3 **Cuba has developed 5 vaccines – 2 approved and being administered**
- 4 **22% of Cuban population is fully vaccinated***
- 5 **International vaccine sales to provide source of foreign currency**

Outlook for nickel demand is strong

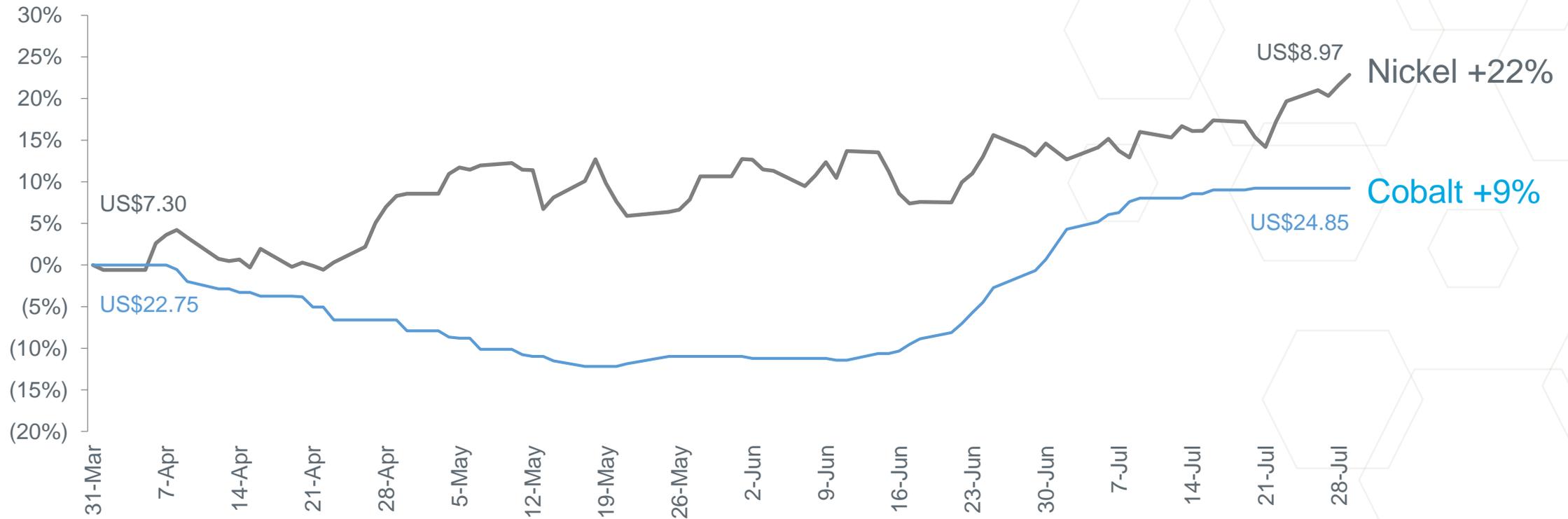


3.5%

Compounded annual growth rate

Accelerated adoption of electric vehicles will drive increased demand

Nickel and cobalt prices since start of Q2

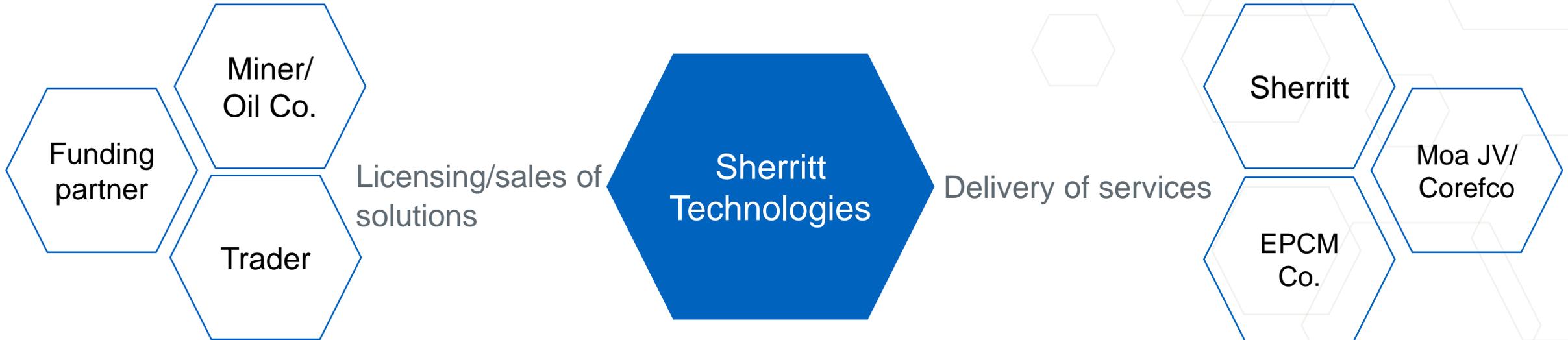


Strong prices anticipated through end of year

Technologies as an incubator and provider of solutions

Commercialize research projects

Create incremental value



Model provides multiple paths to growth and higher shareholder value

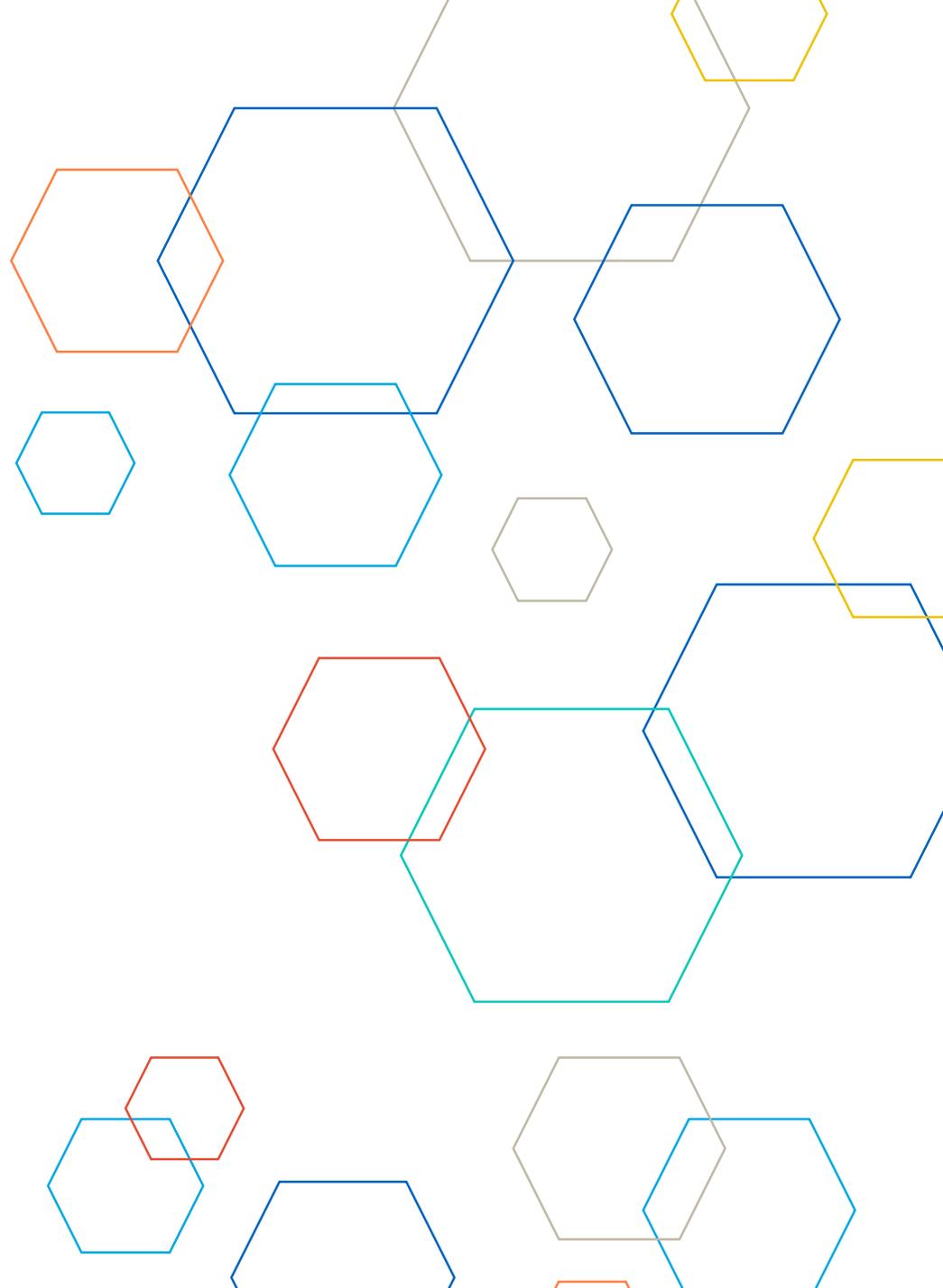
Summary

- Q2 results indicative of strong nickel and cobalt prices
- Collections of overdue receivables will be variable
- Q3 production to be impacted by planned shutdowns at Moa and the refinery
- No changes to 2021 guidance
- Transition of Technologies Group is accelerating
- Market outlook is favorable



Sherritt is well positioned to capitalize on growing EV battery demand

Q&A Discussion



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