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Sherritt Announces 2016 Production Results and 2017 Guidance

TORONTO, January 31, 2017 – Sherritt International Corporation (“Sherritt”) (TSX:S) today announces its metals, oil & gas, and power production results for 2016 and 2017 guidance as follows:

- Nickel production is forecast to increase in 2017, especially in the Ambatovy Joint Venture (“Ambatovy”) where full year production rates are expected to be in line with fourth quarter 2016 performance.
- 2016 Unit Operating Costs and capital spending will be provided in the fourth quarter and year end 2016 financial reporting expected to be released on February 16, 2017 after markets close.
- This is the first year in which Sherritt is providing a 2017 outlook for Unit Operating Costs. Net Direct Cash Costs are expected to be similar to 2016 levels at the Moa Joint Venture (“Moa JV”) and lower at Ambatovy as production rates increase.
- Unit Operating Cost guidance figures are based on by-product and input commodity price assumptions for 2017, which are subject to change during the year, as cobalt, fertilizers, sulphur, West Texas Intermediate crude and fuel oil prices are typically volatile.
- Total spending on capital is expected to be higher in 2017, reflecting exploratory drilling in Block 10 and additional capital at Ambatovy for additional mining fleet equipment and mine development works.

Production volumes⁽¹⁾	2016 Guidance⁽²⁾	2016 Actual	2017 Guidance
<i>Nickel, finished (tonnes, 100% basis)</i>			
Moa Joint Venture	32,500-33,000	32,928	33,000-34,000
Ambatovy Joint Venture	40,000-42,000	42,105	48,000-52,000
Total	72,500-75,000	75,033	81,000-86,000
<i>Cobalt, finished (tonnes, 100% basis)</i>			
Moa Joint Venture	3,300-3,800	3,694	3,500-3,800
Ambatovy Joint Venture	2,900-3,300	3,273	3,800-4,100
Total	6,200-7,100	6,967	7,300-7,900
<i>Oil – Cuba (gross working-interest, bopd)</i>	15,000	15,452	11,500-12,500
<i>Oil and Gas – All operations (net working-interest, boepd)</i>	9,200	9,483	6,400-7,000
<i>Power (GWh, 33^{1/3}% basis)</i>	860	894	850-900
<i>Power (GWh, 100% basis)</i>	2,580	2,682	2,550 – 2,700

(1) Nickel and cobalt production are presented on a 100% basis. Sherritt's share varies by business unit, with the Moa JV being a 50% joint venture, Ambatovy a 40% investment in an associate, and Power a 33^{1/3}% interest.

(2) All 2016 guidance figures are as of Q3 2016 except the Moa JV, which is as of November 29, 2016.

2016 finished nickel and cobalt production from the Moa JV were both at the high end of the last published guidance, although fourth quarter production was impacted by downtime following the reported bridge collapse in November.

Ambatovy production in the fourth quarter was 12,778 tonnes finished nickel (100% basis), a strong quarter that contributed to the overall yearly production of 42,105 tonnes finished nickel. Ambatovy's full year 2016 PAL throughput rate was 78%, with refinery nickel production being 70% of capacity.

Cuba Gross working-interest (GWI) oil production of 15,452 bopd in 2016 reflects natural reservoir declines, with the decline continuing throughout 2017. Cuba GWI oil production guidance for the current year does not include any production from the wells in Block 10. Drilling and testing of the first well is currently scheduled to be completed in the first quarter, followed by the drilling and testing of the second well in the second half of 2017. Budgeted expenditures for Block 10 drilling and testing activities will account for approximately 75% of the expected capital spending this year for Oil and Gas. Test results from these two wells will determine whether or not Sherritt will proceed with commercialization of the Block. If results are successful, the revenue associated with the 2017 production will be accounted for only when commercialization of Block 10 is approved which is expected in the first quarter 2018.

Annual power production of 894 GWh (Sherritt's share) was approximately 4% higher than 2016 guidance, in a year when a pipeline was constructed earlier than budgeted which delivers additional gas. In addition, Energas received approval in December 2016 from the Cuban Executive Committee to extend the contract term of the Varadero power facilities (173 MW total installed capacity) to 2023 which was to terminate in 2018. Unit operating costs in 2017 are also expected to improve due to lower gas turbine maintenance.

Unit Operating Costs	2017 Guidance
<i>Metals (NDCC, US\$ per pound)</i>	
Moa Joint Venture	3.20-3.70
Ambatovy Joint Venture	3.10-3.70
Total	3.14-3.70
<i>Oil and Gas – Cuba (unit operating costs, C\$ per barrel)</i>	11.00-12.00
<i>Power (unit operating costs, C\$ per MWh)</i>	18.75-19.50

Comparing the two Metals business unit NDCC guidance ranges, Moa generally experiences more seasonality between quarters, given the higher proportion of fertilizer sales and their corresponding average realized prices. Moa also has a higher ratio of cobalt to nickel resulting in a higher cobalt credit. Moa quarterly NDCC values over the past two years have fluctuated by as much as \$1.00/lb or more over the course of a year. Aside from cobalt and fertilizer credits, Moa's Mining, Processing and Refining costs are most sensitive to sulphur prices, followed by fuel oil and natural gas prices. Although the cost benefit of the newly commissioned acid plant is expected in 2017, this benefit is offset to some degree by higher forecasted energy prices and higher planned maintenance spending, including a biannual acid plant shutdown and a return to a regular duration for the annual refinery shutdown. In addition, the mine site management continues to address grade decline over the last decade, longer haulage distances as well as higher percentage rock and deleterious element content in the ore. These issues are being

addressed as part of the ongoing mine planning initiatives, and are factored into 2017 Net Direct Cash Cost guidance.

The Ambatovy range of NDCC expectations is sensitive to sulphur costs and any unexpected negative impacts to production.

The Oil and Gas Unit Operating Cost guidance for 2017 is higher than 2016 which is attributable to lower production.

Spending on capital (US\$ millions / (C\$ millions))	2016 Guidance⁽¹⁾	2017 Guidance⁽²⁾
<i>Metals – Moa Joint Venture (50% basis), Fort Site (100% basis)</i>	US\$38	US\$28 (38)
<i>Metals – Ambatovy Joint Venture (40% basis)</i>	US\$25	US\$45 (61)
<i>Oil and Gas</i>	US\$27	US\$55 (73)
<i>Power (33^{1/3}% basis) includes US\$4M 2016 Service Concession</i>	US\$5	US\$1 (2)
Spending on capital (excluding Corporate)	US\$95	US\$129 (173)

(1) All 2016 guidance figures are as of Q3 2016.

(2) Assuming a 1.34 US\$/C\$ exchange rate.

Spending on capital for 2017 (US-dollar denominated) is anticipated to be higher than the 2016 guidance levels, with most of the increase supporting the Oil and Gas growth plan. Lower capital spending at the Moa JV, which is consistent with 2016 levels excluding the Acid Plant, is offset by higher spending at Ambatovy required for additional mining fleet equipment and mine development works.

The Oil and Gas 2017 capital program consists of (i) completion of the first Block 10 well and the drilling of a second well (US\$25 million), (ii) equipment to support drilling in Block 10 (US\$18 million) and (iii) the shooting of seismic on Block 8A (US\$7 million), which was deferred in 2016 but is required to satisfy the commitment expenditure on the block.

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 the Extension.

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 proposed Extension; availability of governmental, court, regulatory and third party approvals; and certain 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 December 31, 2016 and the Corporation’s Annual Information Form dated December 31, 2016, 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.