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Sherritt and Ambatovy Joint Venture Partners Reach Agreement in Principle

TORONTO, May 1, 2017 – Sherritt International Corporation (“Sherritt”) (TSX:S) is pleased to announce that discussions between Sherritt and its Ambatovy JV partners, Sumitomo Corporation (Sumitomo) and Korea Resources Corporation (KORES), have advanced to an agreement in principle on the main elements of a revised joint venture partnership structure:

- Elimination of Ambatovy Joint Venture additional partner loans (\$1.4 billion at March 31, 2017) from Sherritt’s balance sheet with transfer of 28% interest in Ambatovy
- Sherritt to reduce its interest to 12% from the current 40% and resume funding for a 12% interest retroactively to the end of 2015 (Sherritt cash payment upon closing of approximately US\$24 million, including accrued interest)
- Sherritt to escrow approximately US\$23 million to satisfy 12% of potential future funding requirements. Amounts in escrow not used for project funding will be used to repay the Ambatovy Joint Venture partner loans at maturity (\$132.3 million at March 31, 2017)
- Sherritt to remain as Operator until at least 2024

David Pathe, President and CEO of Sherritt International, commented, “After months of negotiation, I am pleased to be able to announce a resolution which removes the largest area of uncertainty for both Ambatovy and Sherritt. With this transaction, we eliminate \$1.4 billion in debt from Sherritt’s balance sheet, and maintain our exposure to Ambatovy with a clean 12 per cent interest and continuity as the operator.”

Discussions continue to advance positively among the partners with substantial progress being made to resolve tax, accounting and ancillary business issues associated with the revised structure, in order to complete binding and definitive documentation as soon as possible. Implementation of the revised structure would be subject to certain internal and third party approvals, including senior project lender approvals. Additional details regarding the transaction are expected to be disclosed once partner approvals are obtained. In light of this development, Sumitomo and KORES have agreed to a waiver extension to June 30, 2017 which will automatically be renewed for additional one-month terms until October 30, 2017 unless Sumitomo or KORES provide notice of termination not less than seven business days prior to the end of the prevailing term. This longer extension and automatic renewal is meant to provide sufficient time for binding and definitive documentation to be completed and for execution and closing of the transaction.

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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Source: Sherritt Investor Relations

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