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## Sherritt Announces 2017 Production Results and Guidance for 2018

**TORONTO, January 12, 2018** – Sherritt International Corporation (“Sherritt”) (TSX:S) today announced its 2017 production results and provided guidance for expected production, unit costs and capital spending in 2018. All amounts are in US dollars, unless otherwise noted.

### Highlights

- Finished nickel and cobalt production at Sherritt’s Moa Joint Venture (JV) was 31,523 tonnes and 3,601 tonnes, respectively, which is within 2017 guidance ranges.
- Nickel production at the Moa JV for 2018 is forecasted at between 31,500 tonnes and 32,500 tonnes on a 100% basis.
- Cobalt production at the Moa JV for 2018 is forecasted at between 3,500 and 3,800 tonnes on a 100% basis.
- Net direct cash costs (NDCC) at the Moa JV are forecasted at between \$2.50 and \$3.00 per pound of finished nickel reflecting higher anticipated sulphur and energy input costs.
- Gross oil production in Cuba is forecasted at between 4,300 and 4,800 barrels per day in 2018.
- Expected oil production for 2018 reflects a three-year extension of the Puerto Escondido/Yumuri production sharing contract to 2021, which has received approval from the Executive Committee of the Council of Ministers of the Republic of Cuba.
- Total capital spending in 2018 is expected to be \$94 million, and will include \$41 million of capital spending at the Moa JV and \$39 million of spending for Oil and Gas operations. Spending at the Oil and Gas Operations may vary depending on the rate of collection of overdue receivables.

### Summary of 2017 Production Results and 2018 Forecasts

Production volumes <sup>1</sup>	2017 Guidance <sup>2</sup>	2017 Actual	2018 Guidance
<i>Nickel, finished (tonnes, 100% basis)</i>			
Moa Joint Venture	31,500 – 32,500	31,523	31,500 – 32,500
Ambatovy Joint Venture	36,000 – 39,000	35,474	40,000 – 43,000
<i>Cobalt, finished (tonnes, 100% basis)</i>			
Moa Joint Venture	3,500 – 3,800	3,601	3,500 – 3,800
Ambatovy Joint Venture	3,300 – 3,600	3,053	3,900 – 4,200
<i>Oil – Cuba (gross working-interest, bopd)</i>			
	13,000 – 14,000	13,479	4,300 – 4,800
<i>Oil and Gas – All operations (net working-interest, boepd)</i>			
	7,500 – 8,000	7,855	1,900 – 2,100
<i>Power (GWh, 33<sup>1/3</sup>% basis)</i>			
	850 - 900	848	750 - 800

Nickel and cobalt production at the Moa JV in 2017 was in line with guidance. Ambatovy’s nickel and cobalt production for 2017 were below guidance due to a number of factors, including acid plant

<sup>1</sup> 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 12% investment in an associate, and Power a 33<sup>1/3</sup>% interest.

<sup>2</sup>All 2017 guidance figures are as of Q3 2017 as reported on October 24, 2017.

equipment failures resulting in reduced acid availability and reliability issues relating to the pressure acid leach circuit, and other unplanned maintenance activities.

In 2018, nickel and cobalt production at the Moa JV is forecasted at between 31,500 and 32,500 tonnes and 3,500 and 3,800 tonnes, respectively, on a 100% basis. The forecasted totals are consistent with 2017 results, but slightly lower than historical averages due to a number of factors, including, the impact of heavy rains in Q4 2017 that inhibited mining and is expected to negatively impact mixed sulphide availability in Q1 2018, and the expected reduced availability of third-party feed due to increasingly competitive market demand.

Gross oil production in Cuba is forecasted at between 4,300 and 4,800 barrels per day in 2018. The forecast is based on the renewal of the Puerto Escondido/Yumuri production sharing contract given the approval received from the Executive Committee of the Council of Ministers of the Republic of Cuba. The production forecast for 2018 also reflects the expiration of the Varadero West production sharing contract previously disclosed. The oil production forecast does not anticipate any production from Block 10 in 2018 as drilling is yet to be completed.

Nickel and cobalt production at Ambatovy in 2018 is forecasted at between 40,000 tonnes and 43,000 tonnes and 3,900 tonnes and 4,200 tonnes, respectively, on a 100% basis. Forecasted production takes into account the impact that the recent Tropical Cyclone Ava has had on operations. Production at Ambatovy is currently halted and it is anticipated that, pending completion of repairs and replacement of certain equipment, production will resume by the end of January. It is also expected that Ambatovy will require a ramp up period in the first quarter of 2018 before production is stabilized.

The Power Unit is forecasted to produce between 750 and 800 megawatt hours of electricity in 2018. The total is below 2017 production results due to natural oil reservoir declines and the resulting reduction of gas production available for power generation.

### Summary of 2018 Unit Cost Forecasts

Unit Operating Costs	2018 Guidance
<i>Metals (NDCC, US\$ per pound)</i>	
Moa Joint Venture	US\$2.50 - \$3.00
Ambatovy Joint Venture	US\$3.00 - \$3.50
<i>Oil and Gas – Cuba (unit operating costs, C\$ per barrel)</i>	C\$22.00 - \$23.50
<i>Power (unit operating costs, C\$ per MWh)</i>	C\$20.75 - \$21.50

Net direct cash costs (NDCC) at the Moa JV are forecasted at between \$2.50 and \$3.00 per pound of finished nickel produced. The forecast for 2018 is marginally higher than NDCC realized in 2017 due to increased input costs. Net direct cash costs are based on by-product credits and input commodities that are subject to considerable change given the volatility of cobalt, fertilizers, crude oil, natural gas and sulphur prices. The NDCC forecast for the Moa JV is also subject to the seasonality of fertilizer sales, which are typically higher in the second and fourth quarters.

NDCC at the Ambatovy JV are forecasted at between \$3.00 and \$3.50 per pound of finished nickel produced. The forecast is below the NDCC realized in 2017 due to expected increased production of nickel and higher byproduct credits offset by higher input commodity prices, particularly sulphur.

Oil production costs in Cuba are forecasted to be between C\$22.00 and C\$23.50 per barrel. The forecasted costs are higher than historical averages due to lower anticipated production in 2018 than in previous years.

Operating costs for Power are forecasted to be between C\$20.75 and C\$21.50, in line with recent performance.

### Summary of 2018 Spending Cost Forecasts

Spending on capital <sup>3</sup> (US\$ millions/ C\$millions)	2018 Guidance
<i>Metals</i>	
Moa Joint Venture (50% basis) and Fort Site (100% basis)	US\$41 (C\$52)
Ambatovy Joint Venture (12% basis)	US\$13 (C\$17)
<i>Oil and Gas – Cuba</i>	US\$39 (C\$50)
<i>Power (33<sup>1/3</sup>% basis).</i>	US\$1 (C\$1)

Capital spending at the Moa JV is forecasted at \$41 million in 2018, up significantly from 2017. The increase is largely due to the carry forward of unspent capital on activities and purchase of equipment deferred to 2018. Capital spending in 2018 is also planned for the replacement of aging trucks and infrastructure, including a fertilizer conveyor and a demineralized water system.

Capital spending at the Ambatovy JV is forecasted at \$13 million. Spending planned for 2018 includes projects to improve equipment reliability and address corrosion issues as well as for process improvement projects to support the production ramp up.

Capital spending at the Oil and Gas Unit is forecasted at \$39 million. The forecasted spend is primarily for drilling activities on Block 10 and conducting a seismic program on Block 8A. The timing and amounts of capital spending within the Oil and Gas Unit will vary depending on the collection of overdue receivables.

#### About Sherritt

Sherritt 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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<sup>3</sup> Capital spend is based on Sherritt's ownership interests in the Moa Joint Venture (50%); Fort Site (100%), Ambatovy (12%), Power (33<sup>1/3</sup>%).

### **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 contract extensions, production results, estimated costs and future capital and 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 September 30, 2017 and the Corporation’s Annual Information Form dated March 28, 2017, each of which are available on SEDAR at [www.sedar.com](http://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.