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Sherritt Announces 2021 Production Results and Guidance for 2022

TORONTO, January 18, 2022 – Sherritt International Corporation (“Sherritt”) (TSX:S), a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ores, today announced production results for the fourth quarter and year ended December 31, 2021, and provided guidance for expected production, unit costs and spending on capital in 2022.

Highlights

- Finished nickel production at the Moa Joint Venture (“Moa JV”) in 2021 on a 100% basis was 31,184 tonnes, in line with guidance of 31,000 to 32,000 tonnes for the year¹.
- Finished cobalt production was 3,526 tonnes on a 100% basis, consistent with guidance for the year.
- Power production in 2021 was 450 gigawatts (GWh) of electricity, consistent with guidance for the year.
- Finished nickel production in 2022 is forecast to be 32,000 – 34,000 tonnes on a 100% basis.
- Finished cobalt production in 2022 is expected to be 3,400 – 3,700 tonnes on a 100% basis.
- Net direct cash costs² at the Moa JV are forecast to be in the range of US\$4.00 and US\$4.50 per pound of finished nickel sold in 2022.
- Sherritt’s share of spending on capital in 2022 is forecast at C\$80 million. The planned capital spend will be primarily earmarked towards the replacement of equipment and infrastructure at the Moa JV. The total excludes planned amounts for Sherritt’s expansion strategy aimed at capitalizing on the growing demand for high purity nickel and cobalt being driven by the rapid adoption of electric vehicles, which will be disclosed once estimates are finalized.

Summary of 2021 Production Results

Production volumes ³	Q4 2021	FY2021	Guidance for 2021
<i>Moa Joint Venture (tonnes, 100% basis)</i>			
Nickel	8,533	31,184	31,000 – 32,000
Cobalt	953	3,526	3,300 – 3,600
<i>Power (GWh, 33^{1/3}% basis)</i>	130	450	450 – 500

Finished nickel production at the Moa JV in 2021 was 31,184 tonnes on a 100% basis, in line with guidance. Finished cobalt production at the Moa JV in 2021 was 3,526 tonnes on a 100% basis, consistent with guidance for the year.

Despite additional health and safety measures implemented since the start of the global pandemic, finished production in 2021 was impacted by a number of factors relating to the spread of COVID-19, including

¹ Sherritt adjusted its nickel production guidance for 2021 on November 3, 2021 as a result of disruptions caused in the third quarter by the spread of COVID-19, timing of the full-facility shutdown at the refinery in Fort Saskatchewan, Alberta, and unplanned maintenance activities.

² NDCC is a Non-GAAP measure, See the Non-GAAP and Other Financial Measures section below.

³ 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 and Power a 33^{1/3}% interest.

delays in the transportation of mixed sulphides from Moa, reduced contractor availability that extended the full-facility shutdown at the refinery in Fort Saskatchewan, and the significant rise in number of cases in the third quarter due to the Delta variant. Finished production in 2021 was also impacted by unplanned maintenance activities in the third quarter.

Power production in 2021 was 450 gigawatt hours of electricity, consistent with guidance. Production for 2021 was impacted by increased maintenance activities that had been deferred from 2020 due to limited liquidity.

Sherritt expects to report its full operational and financial results for the fourth quarter and year ended December 31, 2021 on February 9, 2022 after market close.

2022 Guidance

Guidance for 2022 is based on a number of assumptions and estimates as of January 17, 2022 including, among other items, assumptions about commodity prices, prevailing currency exchange rates, and anticipated costs and expenditures. Sherritt's guidance for 2022 also includes estimates based on a number of risks and uncertainties, which may cause actual results to differ materially.

Summary of 2022 Production Forecasts

Production volumes	Guidance for 2022
<i>Moa Joint Venture (tonnes, 100% basis)</i>	
Nickel	32,000 – 34,000
Cobalt	3,400 – 3,700
<i>Power (GWh, 33^{1/3}% basis)</i>	450 - 500

In 2022, nickel and cobalt production at the Moa JV are forecast at between 32,000 and 34,000 tonnes and 3,400 and 3,700 tonnes, respectively. Anticipated production for 2022 is consistent with initial guidance for 2021 and recent performance at the Moa JV, and is reflective of the ongoing commitment to operational excellence and employee health and safety. The Moa JV expects to launch a number of initiatives in 2022 in support of its previously announced expansion strategy aimed at growing finished nickel and cobalt production by 15 to 20% from the 34,876 tonnes produced in 2020. This incremental growth is expected in subsequent years.

The Power business is expected to produce between 450 and 500 gigawatt hours of electricity in 2022. Production may be impacted by lower natural gas availability provided to Sherritt for power production activities and operational spending which are dependent on the receipt of funds under Sherritt's energy agreements with its Cuban partners. Sherritt continues to be in discussion with its Cuban partners for the provision of additional natural gas.

Summary of 2022 Unit Cost Forecasts

Unit Operating Costs⁴	Guidance for 2022
<i>Moa Joint Venture – Net Direct Cash Costs – (US\$ per lb.)</i>	US\$4.00 - \$4.50
<i>Power (unit operating costs, C\$ per MWh)</i>	C\$26.50 - \$28.00

Net direct cash costs (NDCC) at the Moa JV are forecast at between US\$4.00 and US\$4.50 per pound of finished nickel sold, below guidance for 2021 due to higher forecast cobalt and fertilizer prices, partly offset by higher input commodity prices. NDCC for the year to date Q3 2021 was US\$4.30⁵. Net direct cash costs

⁴ Unit operating costs (NDCC for the Moa JV) – are Non-GAAP financial measure See the Non-GAAP and Other Financial measures section below.

⁵ YTD Q3 2021 unit operating cost/NDCC and spending on capital are incorporated by reference to Sherritt's Management Discussion and Analysis (MD&A) for the three and nine months ended September 30, 2021, dated November 3, 2021, which is available on

include 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. Forecasted NDCC for 2022 will have some quarterly variance due to the seasonality of fertilizer sales, which are typically higher in the second and fourth quarters. NDCC guidance for 2022 is based on a forecast cobalt reference price of US\$27.50 per pound and a forecast average sulphur price of US\$330 per tonne including freight and handling.

Operating costs for the Power business in 2022 are expected to be between C\$26.50 and C\$28.00. Power unit operating costs for the year to date Q3 2021 was C\$23.19⁵. Operating costs for 2022 may vary if maintenance activities are impacted by delays in the collection of receivables.

Summary of 2022 Spending on Capital Cost Forecasts

Spending on capital ⁶ (C\$ millions)	2022 Guidance
<i>Moa Joint Venture</i> (50% basis) and Fort Site (100% basis)	\$75.0
<i>Power</i> (33 ^{1/3} % basis).	\$5.0

Sherritt's share of spending on capital at the Moa JV and at the Fort Site is forecast at C\$75 million in 2022. Spending on capital for the year to date Q3 2021 was C\$25.6 million⁵. Spending on capital in 2022 is planned for the replacement of mine and plant equipment, fertilizer handling, tailings management, and includes amounts deferred in 2021 due to the impacts of COVID-19 and disruptions to logistics, supplies and contractor availability. The total for 2022 excludes amounts planned for Sherritt's growth initiatives aimed at expanding finished nickel and cobalt production by 15 to 20% from the combined totals of 34,876 tonnes produced in 2020. The incremental growth is expected in subsequent years. Additional details on the expansion strategy, which will better enable the Moa JV to capitalize on the growing demand for high purity nickel and cobalt being driven by the rapid adoption of electric vehicles, will be disclosed once estimates are finalized.

Capital spend at the Power business is forecast at C\$5 million, which will be primarily earmarked towards maintenance activities previously deferred. Spending on capital at Power for year to date Q3 2021 was negligible⁵.

Non-GAAP and Other Financial Measures

Unit operating cost and net direct cash cost (NDCC) and spending on capital are non-GAAP measures. Management uses these measure to monitor the financial performance of the Moa JV, Power and other operating divisions. Management believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or evaluate the results of its underlying operations. These measures are intended to provide additional information, not to replace International Financial Reporting Standards (IFRS) measures, and 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.

Historical unit operating cost and net direct cash cost/NDCC and spending on capital are incorporated by reference to Sherritt's Q3 2021 Management Discussion and Analysis for the three and nine months ended September 30, 2021, dated November 3, 2021, which is available on Sherritt's website. unit operating cost and net direct cash cost/NDCC amounts have been reconciled to their most directly comparable IFRS measures in the Non-GAAP and other financial measures section of the MD&A starting on page 44.

Sherritt's [website](#). These amounts can be found in the Review of Operations section: Moa Joint Venture and Fort Site – page 27, Power – page 32. The Q3 2021 MD&A is also available on [SEDAR](#). The primary determinants impacting unit operating costs are: for Moa Joint Venture – production levels, cobalt price and input commodity prices, primarily Sulphur; for Power, the primary determinants are production levels and maintenance costs. The primary determinants impacting spending on capital are timing of expenditures and foreign exchange rates (as most purchases are denominated in U.S. dollars).

⁶ Capital spend is based on Sherritt's ownership interests in the Moa Joint Venture (50%); Fort Site (100%), Power (33^{1/3}%).

The Q3 2021 Management Discussion and Analysis is also available on SEDAR.

About Sherritt

Sherritt is a world leader in the mining and refining of nickel and cobalt – metals essential for the growing adoption of electric vehicles. Its Technologies Group creates innovative, proprietary solutions for oil and mining companies around the world to improve environmental performance and increase economic value. Sherritt is also the largest independent energy producer in Cuba. Sherritt'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", "potential", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements regarding future guidance and forecasts set forth in this press release and certain expectations regarding production volumes; operating costs and capital spending.

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; 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 interest 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.

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; advancements in environmental and greenhouse gas reduction technology; GHG emissions reduction goals and the anticipated timing of achieving such goals, if at all; statistics and metrics relating to ESG matters which are based on assumptions or developing standards; environmental rehabilitation provisions; environmental risks and liabilities; availability of regulatory and creditor approvals and waivers; compliance with applicable environmental laws and regulations; debt repayments; redemptions and interest 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 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 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; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; identification and management of

growth opportunities; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; Sherritt's ability to replace depleted mineral reserves; risks associated with the Corporation's joint venture partners; 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 2022; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. The Corporation, together with its Moa Joint Venture and Fort Site and Technologies segments, are pursuing a range of growth and expansion opportunities, including without limitation, process technology solutions, development projects, commercial implementation opportunities, life of mine extension opportunities and the conversion of mineral resources to reserves. In addition to the risks noted above, factors that could, alone or in combination, prevent us from successfully achieving these opportunities may include, without limitation: identifying suitable commercialization and other partners; successfully advancing discussions and successfully concluding applicable agreements with external parties and/or partners; successfully attracting required financing; successfully developing and proving technology required for the potential opportunity; successfully overcoming technical and technological challenges; successful environmental assessment and stakeholder engagement; successfully obtaining intellectual property protection; successfully completing test work and engineering studies, prefeasibility and feasibility studies, piloting, scaling from small scale to large scale production, commissioning, procurement, construction, commissioning, ramp-up to commercial scale production and completion; and securing regulatory and government approvals. There can be no assurance that any opportunity will be successful, commercially viable, or will generate any meaningful revenues, savings or earnings, as the case may be, for the Corporation. In addition, the Corporation will incur costs in pursuing any particular opportunity, which may be significant. 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 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 press release 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 nine months ended September 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