

Sherritt Announces 2020 Production Results and Guidance for 2021

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[Sherritt International Corp.](#) ("Sherritt") (TSX:S) today announced production results for the fourth quarter and full-year ended December 31, 2020 and provided guidance for expected production, unit costs and capital spending in 2021.

Highlights

- Finished nickel production at the Moa Joint Venture ("Moa JV") in 2020 on a 100% basis was 31,506 tonnes, largely in line with guidance of 32,000 to 33,000 tonnes for the year. Production was negatively impacted by railway service disruptions in Q1, an extended plant shutdown in Q3 due to additional found work scope and reduced contractor availability due to COVID-19, and by unplanned repairs to autoclaves in Q4.
- Finished cobalt production was 3,370 tonnes on a 100% basis, consistent with guidance for the year.
- Power production in 2020 was 602 gigawatts (GWh) of electricity, exceeding guidance for the year.
- Finished nickel production in 2021 is expected to be 32,000 - 34,000 tonnes on a 100% basis.
- Finished cobalt production in 2021 is expected to be 3,300 - 3,600 tonnes on a 100% basis.
- Net direct cash costs at the Moa JV are forecasted to be in the range of US\$4.25 and US\$4.75 per pound of finished nickel sold in 2021.
- Sherritt's share of capital spending in 2021 is forecasted at US\$45 million. The total will be primarily earmarked to replace existing equipment and infrastructure at Moa operations as well as at the refinery in Fort Saskatchewan, Alberta.

Summary of 2020 Production Results

Production volumes ¹	Q4 2020 FY2020 Guidance for 2020		
Moa Joint Venture (tonnes, 100% basis)			
Nickel	8,040	31,506	32,000 - 33,000
Cobalt	902	3,370	3,300 - 3,400
Oil - Cuba (gross working-interest, bopd)	2,599	2,947	3,000 - 3,300
Oil and Gas - All operations (net working-interest) boepd)	1,518	1,687	1,800 - 2000
Power (GWh, 33 ^{1/3} % basis)	144	602	500 - 550

Finished nickel production at the Moa JV in 2020 was 31,506 tonnes on a 100% basis, largely in line with guidance of 32,000 - 33,000 tonnes for the year. Finished cobalt production at the Moa JV in 2020 was 3,370 tonnes on a 100% basis, consistent with guidance for the year.

Finished nickel and cobalt production in 2020 were negatively impacted by railway service disruptions in Q1, an extended plant shutdown in Q3 due to additional found work scope and reduced contractor availability due to COVID-19, and by unplanned repairs to autoclaves in Q4. Production totals achieved at the Moa JV in 2020 benefitted from additional health and safety measures implemented in Q1 to prevent the spread of COVID-19.

Production for the Oil and Gas business in Cuba on a gross working interest was 2,947 barrels of oil per day, largely in line guidance for the year. Oil production in Cuba in 2020 was impacted by natural reservoir declines at Puerto Escondido/Yumuri.

Power production in 2020 was 602 gigawatt hours of electricity, exceeding guidance for the year. Higher production for 2020 was largely due to the decision to defer maintenance activities initially planned for the year as a result of reduced liquidity.

Sherritt expects to report its full operational and financial results for the three- and 12-month periods ended December 31, 2020 on February 10, 2021 after market close.

2021 Guidance

Guidance for 2021 is based on a number of assumptions and estimates as of January 22, 2021 including, among other items, assumptions about commodity prices, anticipated costs and expenditures. Sherritt's guidance for 2021 also includes estimates based on a number of risks and uncertainties, which may cause actual results to differ materially.

Summary of 2021 Production Forecasts

Production volumes ²	Guidance for 2021
Moa Joint Venture (tonnes, 100% basis)	
Nickel	32,000 - 34,000
Cobalt	3,300 - 3,600
Power (GWh, 33 ^{1/3} % basis)	450 - 500

In 2021, nickel and cobalt production at the Moa JV are forecasted at between 32,000 and 34,000 tonnes and 3,300 and 3,600 tonnes, respectively. Anticipated production for 2021 is consistent with initial guidance for 2020 and recent performance at the Moa JV, and reflective of the ongoing commitment to operational excellence and employee health and safety.

The Power business is forecasted to produce between 450 and 500 gigawatt hours of electricity in 2021. The forecast for 2021 is lower than guidance for 2020 due to planned maintenance activities previously deferred in 2020. Production in 2021 may be also impacted by the availability of natural gas provided to Sherritt for power production activities and operational spending in relation to the receipt of funds under Sherritt's energy agreements with its Cuban partners.

Summary of 2021 Unit Cost Forecasts

Unit Operating Costs	Guidance for 2021
Moa Joint Venture Net Direct Cash Costs (US\$ per lb.)	US\$4.25 - \$4.75
Power (unit operating costs, C\$ per MWh)	C\$30.50 - \$32.00

Net direct cash costs (NDCC) at the Moa JV are forecasted at between US\$4.25 and US\$4.75 per pound of finished nickel sold, marginally above 2020 guidance due to higher forecasted input commodity prices. Net direct cash costs 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 2021 is also subject to the seasonality of fertilizer sales, which are typically higher in the second and fourth quarters. NDCC guidance for 2021 is based on a forecast cobalt reference price of US\$15.58 per pound and a forecast average sulphur price of US\$145 per tonne including freight and handling.

Operating costs for the Power business in 2021 are forecasted to be between C\$30.50 and C\$32.50. The increase in forecasted unit costs for 2021 relative to 2020 guidance is due to the anticipated reduction in

production due to planned maintenance activities that were deferred in 2020. Operating costs for 2021 may vary if maintenance activities are impacted by the delays in the collection of receivables.

Summary of 2021 Spending Cost Forecasts

Spending on capital ³ (US\$ millions/ C\$millions)	2021 Guidance
Moa Joint Venture (50% basis) and Fort Site (100% basis)	US\$44 (C\$57)
Power (33 ^{1/3} % basis).	US\$1.0 (C\$1.3)

Sherritt's share of capital spending at the Moa JV and at the Fort Site is forecasted at US\$44 million in 2021. Capital spending in 2021 is planned for the continued replacement of mine and plant equipment.

Capital spend at the Power business is forecasted at US\$1 million, consistent with 2020 guidance.

About Sherritt

Sherritt is a world leader in the mining and refining of nickel and cobalt from lateritic ores with projects and operations in Canada and Cuba. 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".

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; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory approvals; compliance with applicable environmental laws and regulations; debt repayments; 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 or certain other commodities; supply and demand in the nickel and cobalt markets;; share 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; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba; potential interruptions in transportation; uncertainty of gas supply for electrical generation; Sherritt's ability to replace depleted mineral reserves; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; environmental risks and risks related to rehabilitation provisions estimates; risks related to the Corporation's corporate structure; political, economic and other risks of foreign operations; 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; risks associated with Sherritt's development, construction and 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 greenhouse gas emissions; risks relating to community relations and maintaining the Corporation's social license to grow and operate; credit risks; shortage of equipment and supplies; 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; risks associated with future acquisitions; 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; uncertainties in growth management. 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 Management's Discussion and Analysis for the nine months ended September 30, 2020 and the Annual Information Form of the Corporation dated March 19, 2020 for the period ending December 31, 2019, which is available on SEDAR at www.sedar.com.

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 and Power a 33% interest.

² As Sherritt currently anticipates expiration of its production sharing contract at Puerto Escondido/Yumuri on March 20, 2021, none of its production, unit costs or capital spend forecasts for 2021 is presented.

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

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