

MATERIAL CHANGE REPORT

1. Name and Address of Corporation:

Sherritt International Corporation (the "**Corporation**" or "**Sherritt**")
22 Adelaide Street West, Suite 4220
Bay Adelaide Centre – East Tower
Toronto, Ontario M5H 4E3

2. Date of Material Change:

August 31, 2020

3. News Release:

On August 31, 2020, a news release was issued and disseminated through the facilities of a recognized newswire service and would have been received by the securities commissions where Sherritt is a reporting issuer in the normal course of its dissemination. A copy of the news release is attached hereto as Schedule A.

4. Summary of Material Change:

On August 31, 2020, Sherritt announced that that its previously disclosed transaction to improve its capital structure (the "**Transaction**") was completed effective as of August 31, 2020 pursuant to its plan of arrangement under the *Canada Business Corporations Act* (the "**Plan of Arrangement**").

As was previously announced by the Corporation, the Plan of Arrangement was overwhelmingly approved by holders of the Corporation's outstanding (i) 8.00% senior unsecured debentures due 2021, (ii) 7.50% senior unsecured debentures due 2023, and (iii) 7.875% senior unsecured notes due 2025, and holders of the Corporation's obligations under its Ambatovy Joint Venture partner loans (collectively, the "**Debtholders**") at the meeting of Debtholders held on July 23, 2020, and was approved by the Ontario Superior Court of Justice (Commercial List) on August 6, 2020.

The Transaction has resulted in the reduction of Sherritt's outstanding debt obligations by approximately \$305 million, the extension of maturities in respect of its note obligations to 2026 and 2029, and no dilution to the Corporation's common shares. The implementation of the Transaction has provided a stronger financial foundation and improved liquidity for the Corporation as a result of annual cash interest payment savings of over \$15 million. The Transaction has also addressed Sherritt's Ambatovy investment legacy, terminating Sherritt's obligations relating to the Ambatovy Joint Venture and transitioning Sherritt's operatorship of the project.

5. Full Description of Material Change:

5.1 Full Description of Material Change

A full description of the material change is set forth in Schedule A.

5.2 Disclosure for Restructuring Transactions

N/A

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

N/A

7. Omitted Information:

N/A

8. Executive Officer:

For further information concerning the material change described herein, please contact Ward Sellers, Senior Vice President, General Counsel and Corporate Secretary at 1 800 704 6698 (toll free from within North America) or 1 416 924 4551 (outside North America).

9. Date of Report:

September 1, 2020

**Schedule A
News Release**

See attached.



NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES
OR FOR DISSEMINATION IN THE UNITED STATES

Sherritt Announces Successful Closing of its Transaction to Improve its Capital Structure

TORONTO, August 31, 2020 – Sherritt International Corporation (“**Sherritt**” or the “**Corporation**”) (TSX:S) announced that its previously disclosed transaction to improve its capital structure (the “**Transaction**”) was completed effective today pursuant to its plan of arrangement under the *Canada Business Corporations Act* (the “**Plan of Arrangement**”).

“Completion of our balance sheet initiative marks an important milestone and is indicative of our ongoing efforts to build balance sheet strength,” said David Pathe, President and CEO of Sherritt International. “With today’s closing, we have eliminated \$2.3 billion of debt over the past six years and effectively resolved our Ambatovy investment legacy while also extending the maturity of our debt to November 2026. This progress positions us to take advantage of strong nickel market fundamentals expected in the coming years.”

As was previously announced by the Corporation, the Plan of Arrangement was overwhelmingly approved by holders of the Corporation’s outstanding (i) 8.00% senior unsecured debentures due 2021, (ii) 7.50% senior unsecured debentures due 2023, and (iii) 7.875% senior unsecured notes due 2025, and holders of the Corporation’s obligations under its Ambatovy Joint Venture partner loans (collectively, the “**Debtholders**”) at the meeting of Debtholders held on July 23, 2020, and was approved by the Ontario Superior Court of Justice (Commercial List) on August 6, 2020.

The Transaction has resulted in the reduction of Sherritt’s outstanding debt obligations by approximately \$305 million, the extension of maturities in respect of its note obligations to 2026 and 2029, and no dilution to the Corporation’s common shares. The implementation of the Transaction has provided a stronger financial foundation and improved liquidity for the Corporation as a result of annual cash interest payment savings of more than \$15 million. The Transaction has also addressed Sherritt’s Ambatovy investment legacy, terminating Sherritt’s obligations relating to the Ambatovy Joint Venture and transitioning Sherritt’s operatorship of the project.

Goodmans LLP acted as Sherritt’s legal advisor in connection with the Transaction and National Bank Financial Inc. acted as its financial advisor.

About Sherritt

Sherritt is a world leader in the mining and refining of nickel and cobalt from lateritic ores with projects, operations and investments 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”.

For more information, please contact:

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Telephone: 416-935-2457
Email: investor@sherritt.com
www.sherritt.com

Forward-Looking Statements

This news 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 news release relating to the effects of the Transaction on the Corporation and its stakeholders, and nickel market fundamentals.

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 Transaction; commodity and product prices and demand; the level of liquidity; production results; realized prices for production; earnings and revenues; and certain 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 or payments may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this news 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, risks associated with: the ability of the Corporation to achieve its financial goals; the ability of the Corporation to operate in the ordinary course, including with respect to satisfying obligations to service providers, suppliers, contractors and employees; the ability of the Corporation to continue as a going concern; 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 implement and successfully achieve its business priorities; the ability of the Corporation to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements; the general regulatory environment in which the Corporation operates; the tax treatment of the Corporation and the materiality of any legal and regulatory proceedings; the general economic, financial, market and political conditions impacting the industry and markets in which the Corporation operates; the ability of the Corporation to sustain or increase profitability, fund its operations with existing capital and/or raise additional capital to fund its operations; the ability of the Corporation to generate sufficient cash flow from operations; the impact of competition; the ability of the Corporation to obtain and retain qualified staff, equipment and services in a timely and efficient manner; the ability of the Corporation to retain members of the senior management team, including but not limited to, the officers of the Corporation; and the impact on business operations of the Corporation resulting from the COVID-19 pandemic and the responses of government and the public to the pandemic. 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 news release and in the Corporation’s other

documents filed with the Canadian securities authorities, including without limitation the Management's Discussion and Analysis of the Corporation for the year ended December 31, 2019, the Management's Discussion and Analysis of the Corporation for the three and six months ended June 30, 2020, and the Annual Information Form of the Corporation dated March 19, 2020 for the period ending December 31, 2019, which are available on SEDAR at www.sedar.com.

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 news 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 news 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.