



Dear fellow shareholders

Your investment in Sherritt is under imminent attack from a reckless and self-interested supplier/shareholder looking to take control of your Company without offering a credible plan to create value or a premium.

Ahead of Sherritt's Annual and Special Meeting of Shareholders, I am writing to ensure you have the full context about SC2 Inc.'s intentions and to highlight the significant progress your Board and management team have made in delivering value for all shareholders.

Your vote is critical to safeguarding the future of your investment in Sherritt. We strongly encourage you to vote **FOR** all nominated directors and resolutions, as recommended by leading independent proxy advisor Glass Lewis.

SC2: A Conflict of Interest That Threatens Your Investment

SC2 is not a typical shareholder. It was created solely to obscure the fact that it is Seablinc Canada Inc. behind this campaign. Seablinc is a significant supplier to Sherritt's Moa Joint Venture employing a small team that includes former Sherritt procurement staff.

Seablinc knew that shareholders would not support a supplier using its shareholdings to secure more favourable commercial terms. To avoid scrutiny, it established SC2 as a separate entity in April 2024, presenting it as a concerned shareholder. SC2's actions are entirely aligned with Seablinc's interests, not yours. In fact, during SC2's past investor meetings with Sherritt, a Seablinc representative and former Sherritt employee, led the meetings.

Seablinc's priority as a supplier is to maximize its revenue from the Moa Joint Venture through favourable terms – interests that are fundamentally misaligned with the broader interests of independent shareholders like you, who benefit from Sherritt's disciplined cost management and competitive bidding processes. SC2's campaign to unseat your Board is a thinly veiled attempt to reverse the decline in Seablinc's business with the Moa Joint Venture and reinstate lucrative supplier agreements at the expense of Sherritt's shareholders.

SC2/Seablinc's History of Self-Serving Actions

SC2 and Seablinc have a history of disruption, misrepresentation and opportunistic tactics to interfere with and threaten your investment in Sherritt, including:

- **Failed Mini-Tender** – SC2's first act upon incorporation in April 2024 was to launch a mini-tender for Sherritt shares which was ultimately unsuccessful.
- **Failed Board Representation Attempt** – In April 2024, a law firm acting on behalf of Seablinc emailed Sherritt stating its intention to nominate someone for election as a director. This attempt failed, with no formal nomination made.
- **Misleading Engagement** – Seablinc first approached Sherritt as an investor during a critical time – right in the final stages of the Moa Joint Venture bid process for a major input commodity contract. This timing was not a coincidence. It appears Seablinc was using its shareholder status to pressure Sherritt into awarding them the contract, attempting to influence the decision by presenting themselves as an investor with leverage.
- **Deceptive Commercial Activities** – In January 2023, Seablinc alleged there was unlawful activity being conducted by a rival supplier. An investigation by independent third parties confirmed no unlawful activity occurred. This caused distraction and costs for Sherritt and the rival supplier.

- **Unprovoked Public Campaign** – SC2 has issued multiple misleading press releases aimed at destabilizing Sherritt and undermining confidence from shareholders, other suppliers, customers and financial institutions.
- **Invalid Meeting Requisition** – SC2 knowingly made an invalid requisition of a special meeting in January 2025 and chose not to comply with the law.
- **Multiple Failed Attempts to Block Debt Restructuring** – SC2 tried multiple times to block Sherritt's transformative debt restructuring in the last two months and walked away with no success, only disruption and added cost to Sherritt.
- **Withhold Campaign** – SC2 is now urging shareholders to vote against your Board's nominees without offering a credible plan, roadmap or demonstrated capability to lead the Company.

SC2's Real Motive: Restoring Seablinc's Favourable Supplier Agreements

Seablinc's revenue from the Moa JV has declined significantly – from approximately US\$145 million in 2022 to an expected US\$50 million in 2025 – as a result of Sherritt's improved bidding processes and cost discipline. Rather than competing fairly, SC2 and Seablinc are attempting to take control of your Company to reverse these losses.

Their strategy is clear:

1. **Unseat Your Board:** SC2 seeks to remove the current Board at the upcoming shareholder meeting.
2. **Install Handpicked Nominees:** SC2 plans to install a Board that prioritizes Seablinc's interests at a subsequent special shareholder meeting.
3. **Reinstate Favorable Contracts:** With a compliant Board and management team in place, SC2 would maximize Seablinc's commercial terms with the Moa Joint Venture at the expense of Sherritt shareholders.

SC2's actions are further concerning because it has not disclosed its full intentions. For example, SC2 entered into an agreement with a third party which limits its upside of share ownership on almost 75% of its common shares of Sherritt. SC2 granted a third party an irrevocable option to acquire up to 30,000,000 common shares of Sherritt that SC2 owns, at a price of \$0.17 per share at any time between August 1, 2025 and May 1, 2026, meaning it effectively borrowed shares to gain influence without a long-term commitment to Sherritt. This agreement shows that SC2's interests are short-term and opportunistic – not aligned with value creation for all shareholders but rather commercial.

Potential Consequences for Sherritt's Business

Demonstrating SC2's lack of understanding of Sherritt's business, changing all or substantially all of the Board could cause defaults under key agreements and could materially affect or accelerate certain material debt obligations.

SC2's grab for control of Sherritt is reckless, pays no heed to the interests of Sherritt and its stakeholders and is not designed to benefit Sherritt shareholders. Consider the following:

- **No Premium for Control:** Typically, when a shareholder seeks control of a company, they offer a premium to shareholders. SC2 has not offered you anything in return for the control it seeks.
- **Reimbursement from Your Company:** SC2 has stated it may seek reimbursement for its proxy campaign expenses, potentially costing Sherritt several hundreds of thousands of dollars or more – all while advancing its own self-serving agenda.

SC2's hollow claims of cost savings fail to account for the critical functions that Sherritt's current management team oversees, including managing sanctions risks, treasury flows, government relations and maintaining strong relationships with its Cuban partners developed over many decades, auditors, insurers and banking institutions. A sudden and disorderly change in Board and management could seriously jeopardize these relationships and materially increase risks to Sherritt's operations and financial stability.

Protect Your Investment

SC2's actions seek to prioritize Seablinc's supplier agreements over the interests of independent shareholders like you. Its campaign is designed to benefit a single supplier at the expense of Sherritt's long-term success and could put Sherritt at risk.

Your Board has worked tirelessly to drive cost efficiencies, strengthen Sherritt's financial position and position the Company for sustainable growth. The progress we've made is now at risk.

We urge you to vote **FOR** all nominated directors and resolutions to protect the value of your investment and ensure Sherritt remains on the path to long-term success.

Positioning Sherritt for Long-Term Value Creation

Over the past four years, Sherritt's Board and management team have fundamentally reshaped the Company to better withstand market downturns and capitalize on future opportunities. Despite significant challenges, including a prolonged decline in nickel and cobalt prices, Sherritt has delivered meaningful progress across its operations, balance sheet and strategic initiatives.

While the market downturn has forced many peers to divest assets, place mines on care and maintenance, or even face insolvency, Sherritt has emerged stronger, leaner and better positioned for sustainable growth.

Reshaping the Balance Sheet

Sherritt has made significant strides in strengthening its financial foundation:

- **Debt Reduction:** Since 2022, Sherritt has completed two modified Dutch auction transactions to repurchase an aggregate of approximately \$150 million of notes at a discount to par, reducing outstanding principal by 35%. This past April, Sherritt completed transformative transactions that:
 - Reduced debt obligations by a further \$68 million (21%).
 - Consolidated debt into a single class with maturities extended to November 2031.
 - Lowered annual interest expenses, improving financial flexibility.

These actions have positioned Sherritt to navigate challenging markets while pursuing long-term growth opportunities.

Driving Operational Excellence

Sherritt's operational improvements have enhanced efficiency and positioned the Company to deliver value through its core assets:

- **Moa Joint Venture Expansion Program:**
 - Phase One: The Slurry Preparation Plant, completed under budget in early 2024, has reduced ore haulage distances, lower carbon intensity, and increased throughput over the life of mine.
 - Phase Two: The Processing Plant, now in the commissioning phase, is expected to ramp up in 2025, increasing mixed sulphide precipitate production by 20% and filling the refinery to nameplate capacity. This will maximize profitability by displacing lower margin third-party feed and increasing overall finished nickel and cobalt production.
- **Life of Mine Extension:** In March 2023, Sherritt extended the Moa Joint Venture's mine life to 2048, an increase of 14 years, through a newly developed strategic life-of-mine plan.

Innovative Strategic Initiatives

Sherritt has implemented strategic initiatives to strengthen its financial position and unlock value:

- **Cobalt Swap Agreement:** In October 2022, finalized an agreement with its Cuban partners to recover \$368 million of legacy Cuban receivables over five years beginning January 1, 2023. Under this agreement, GNC, Sherritt's Moa Joint Venture partner, directs its share of Moa JV distributions to settle the outstanding receivables. In 2023, Sherritt received \$152 million in distributions from the Moa Joint Venture and despite lower nickel and cobalt prices in 2024, Sherritt received \$30 million in distributions with half of these amounts used as settlement toward the outstanding Cuban receivables.
- **Energas Optimizations:** In 2023, two new gas wells began production, with Unión Cuba-Petróleo supplying gas at no cost to Energas for power generation, driving 31% year-over-year increase in electricity production at Sherritt's Power division. In 2024, maintenance on three gas turbines, including the activation of an additional turbine to process gas from a third new well, boosted electricity production by another 10%. Dividends in Canada from Energas rose from \$1.4 million in 2023 to \$13 million in 2024, with projections for 2025 expected to significantly increase to be between \$25 million to \$30 million.
- **Energas Joint Venture Extension:** In October 2022, Cuba's government approved a 20-year extension of Energas' joint venture contract to 2043, ensuring long-term energy security, supporting Sherritt's ongoing investments in Cuba and contributions to cash in Canada.

Cost Discipline and Organizational Efficiency

Sherritt has implemented cost optimization measures to create a leaner and more efficient organization:

- **Cost Optimization:** In 2024, implemented organizational restructuring and cost savings initiatives to yield \$17 million in annual cost savings. Streamlined the executive team from seven members to five.
- **Procurement Optimizations:** Enhanced bidding processes for input commodities, reducing costs and improving supplier competitiveness.

Prepared for the Future

Sherritt's efforts over the past four years have fundamentally changed the Company's outlook. By strengthening its balance sheet, optimizing its core assets and executing innovative strategic initiatives, Sherritt is now better positioned to navigate market challenges and deliver long-term value for shareholders.

Strong Board Independence and Expertise

Your Board has undergone significant renewal to ensure it has the expertise and independence needed to oversee Sherritt's continued success:

- Five of the six independent nominated directors have joined the Board in the past four years including three who joined since March of last year. They bring critical expertise in mining, finance, diplomacy, geopolitics, ESG and governance.
- All directors, except Sherritt's CEO, are independent.
- Most recently, Richard Moat joined the Board in April 2025, further strengthening its oversight capabilities.

The highly qualified and experienced slate of director nominees are committed to driving Sherritt's long-term success. Your support for these candidates ensures continuity of leadership, operational excellence and strategic oversight, as opposed to the disruptive agenda of a conflicted, short-term shareholder offering no alternative slate.

- **Sir Richard Laphorne:** As Chairman, I have guided Sherritt through significant financial restructuring and operational challenges. My extensive corporate experience and steadfast leadership have been instrumental in positioning the company for sustainable growth.
- **Leon Binedell:** As President and CEO, Mr. Binedell has over 25 years of experience in international mining operations, financial restructuring, and strategic leadership. Under his guidance, Sherritt has achieved operational stability, advanced strategic growth initiatives, and strengthened its balance sheet.
- **Louise Blais:** A former Canadian Ambassador to the United Nations, Ms. Blais brings diplomatic expertise and deep knowledge of international business and government relations. Her leadership enhances Sherritt's ability to navigate geopolitical risks which is key for the organization and strengthen stakeholder relationships.
- **Shelley Brown:** A seasoned audit professional who worked with major audit clients in multi-national mining and oil and gas companies. She has over 30 years of board experience and has a proven track record in financial oversight, corporate governance, and strategic planning. Ms. Brown is the recipient of numerous awards recognizing her accomplished career and in 2018 she was named as a member of the Order of Canada. Her expertise supports Sherritt's commitment to transparency and fiscal responsibility.
- **Dr. Peter Hancock:** With over three decades in the mining industry, including leadership roles at Glencore and Noranda, Dr. Hancock offers invaluable insights into nickel production, technology commercialization, and operational excellence. His expertise is critical to advancing Sherritt's operational excellence and growth projects.
- **Chih-Ting Lo:** An accomplished engineer and sustainability expert, Ms. Lo specializes in reducing industrial carbon footprints and advancing ESG initiatives. Her leadership aligns with Sherritt's commitment to responsible resource development, meeting future customer demands and environmental stewardship.
- **Richard Moat:** A seasoned executive with a history of driving business transformations, Mr. Moat has successfully led complex organizational turnarounds. His financial acumen and strategic vision are invaluable as Sherritt navigates its next phase of growth.

This team of directors combines deep industry expertise, financial acumen and a track record of delivering results. We urge you to vote for these nominees to ensure Sherritt's continued success and stability. Reject the efforts of a conflicted shareholder seeking to disrupt progress without presenting a credible alternative.

Glass Lewis Recommends Voting FOR all Resolutions

Glass Lewis, a leading independent proxy advisor, has carefully reviewed Sherritt's performance and each resolution on the agenda. After thorough consideration, Glass Lewis recommends that shareholders vote **FOR** all resolutions, including the election of Sherritt's nominees for the Board of Directors.

Protect Your Investment: Vote FOR All Resolutions

We are encouraged by the strong level of support we are seeing and hearing from shareholders who appreciate the value your current Board and management team are creating. We're equally pleased that shareholders are recognizing the significant risk posed by SC2's continued self-interested actions and the fact that SC2 is a conflicted shareholder, whose interests do not align with those of independent Sherritt shareholders.

The journey we embarked on four years ago has been one of focus, resilience and progress, we are now approaching a pivotal moment where the results of these efforts will benefit all shareholders – not just one self-interested party.

Do not let short-term, reckless and self-interested actors derail the progress we have made.

Vote **FOR** all nominated directors and resolutions to safeguard your investment and keep Sherritt on track for long-term success.

If you have questions or require assistance to vote, please contact our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors at:

- Phone: 1-866-229-8263 (toll-free in North America) or (437) 561-5030 (collect calls outside of North America)
- Email: contactus@kingsdaleadvisors.com

Thank you for your continued support and confidence in Sherritt.

Sincerely,



Sir Richard Lapthorne
Chairman, Board of Directors