SHERRITT
THE NAME IN NICKEL

Q2 Earnings Call

August 1, 2018

Forward-looking statements

This presentation 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 set out in the “Updates to 2018 Forecasts”” section of this presentation and certain expectations regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; anticipated payments of outstanding receivables; drill plans and results on exploration wells and amounts of certain other commitments.

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 Prospectus and the documents incorporated by reference herein 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, changes in the global price for nickel, cobalt, oil and gas or certain other commodities; share price volatility; level of liquidity; access to capital; access to financing; risks related to the liquidity of the Ambatovy Joint Venture; the risk to Sherritt’s entitlements to future distributions from the Ambatovy 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 Madagascar and Cuba; potential interruptions in transportation; uncertainty of gas supply for electrical generation; uncertainty of exploration results and Sherritt’s ability to replace depleted mineral and oil and gas 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; uncertainties in environmental 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 related to Sherritt’s operations in Madagascar; risks associated with Sherritt’s development, construction and operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; reliance on significant customers; 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; maintaining the Corporation’s social license to grow and operate; risks relating to community relations; 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; and certain corporate objectives, goals and plans for 2018; and the Corporation’s ability to meet other factors listed from time to time in the Corporation’s continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in the Corporation’s other documents filed with the Canadian securities authorities, including the Corporation’s Annual information Form for the year ended December 31, 2017.

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 presentation 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 presentation 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.

Non-GAAP Measures

Management uses combined results, Adjusted EBITDA, average-realized price, unit operating cost to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation’s financial performance with its competitors and evaluate the results of its underlying business. These measures 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.

Participants

David Pathe *President & CEO*	
Steve Wood *Executive Vice President & COO*	
Andrew Snowden *Senior Vice President & CFO*	

Q2 2018 highlights

1 Impact of heavy rainfall at Moa and rail delays in Q1 fully resolved

2 Highest nickel reference price since 2013

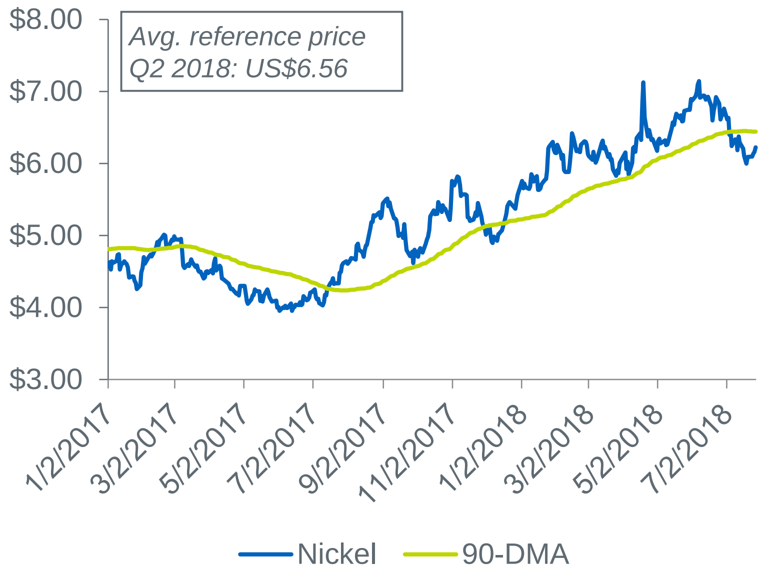
3 Moa’s NDCC in lowest quartile for 5th consecutive quarter

4 Moa JV to pay dividends in Q3 following repayment of $45M loan

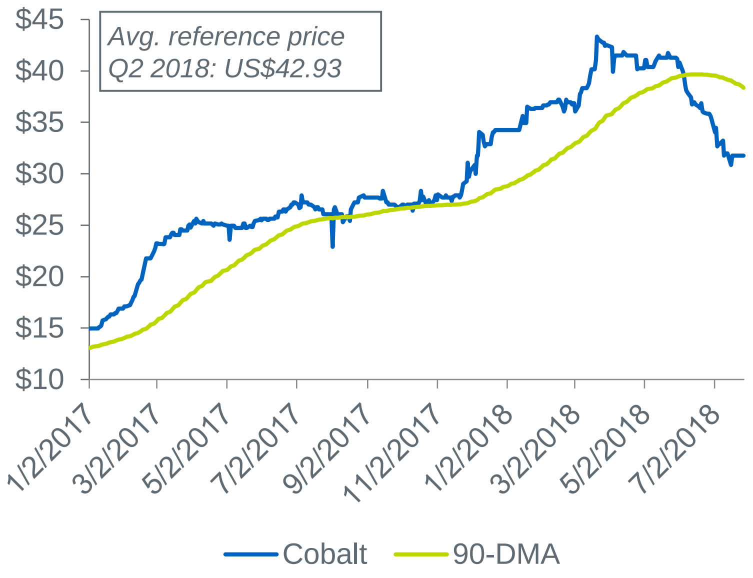
Market environment

Favorable nickel and cobalt price trends

Nickel vs. 90-Day Moving Average (DMA)



Cobalt vs. 90-Day Moving Average (DMA)



Market fundamentals remain strong despite recent volatility

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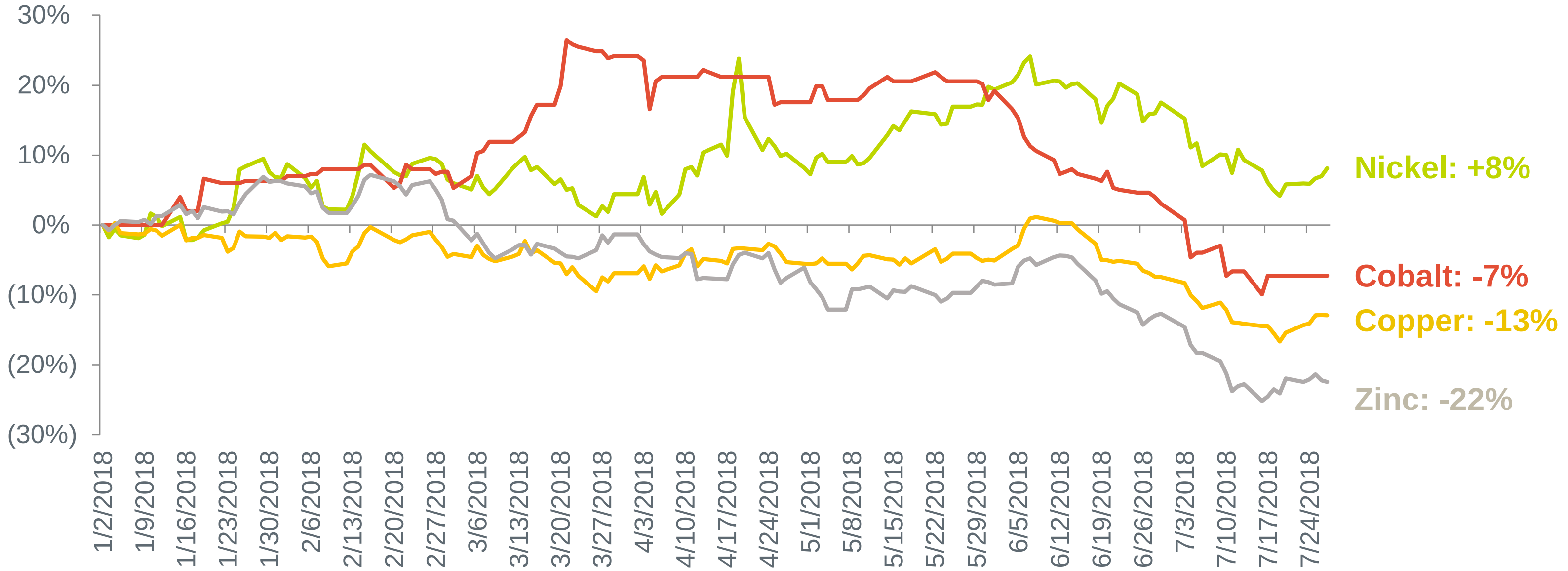
YTD base metals price performance



Nickel is outperforming other metals and its outlook is favorable

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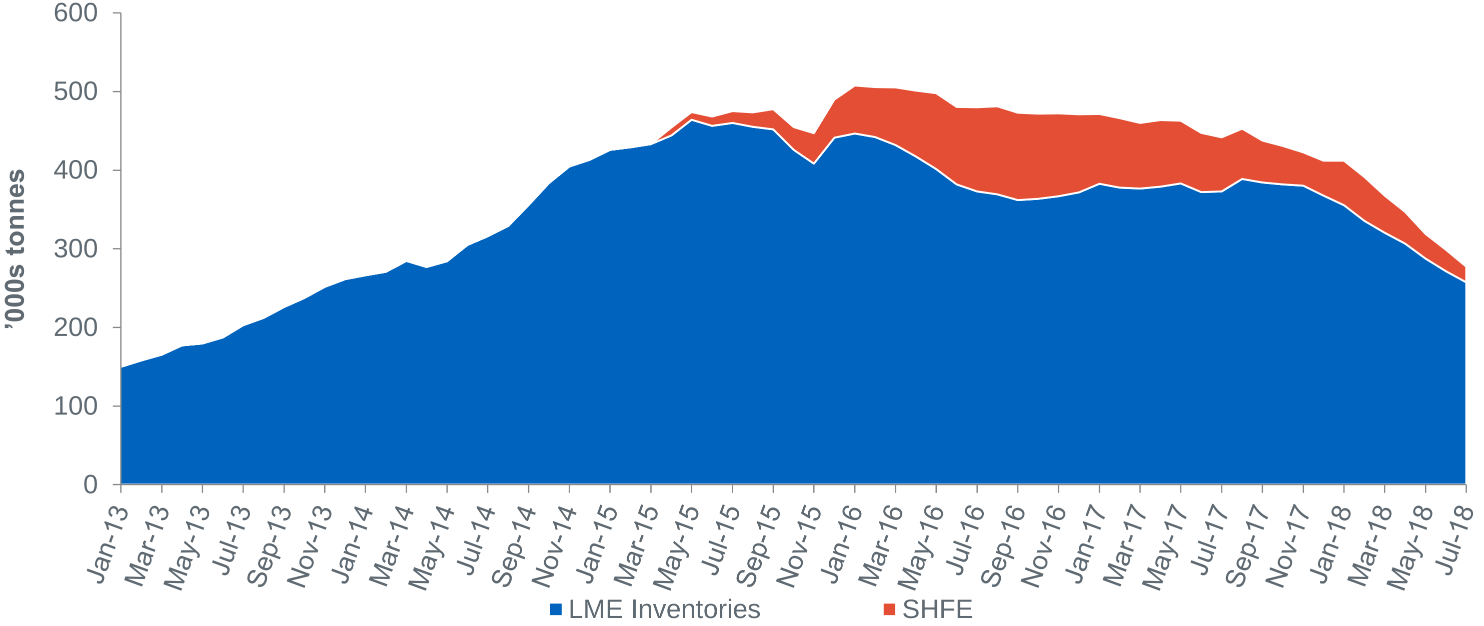
Nickel inventories are declining



Total stocks have decreased by over 30% since the beginning of the year

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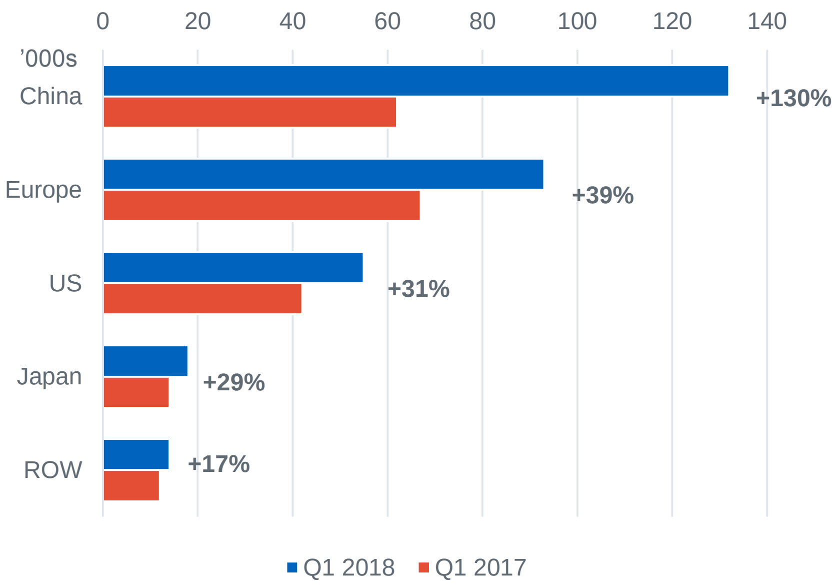
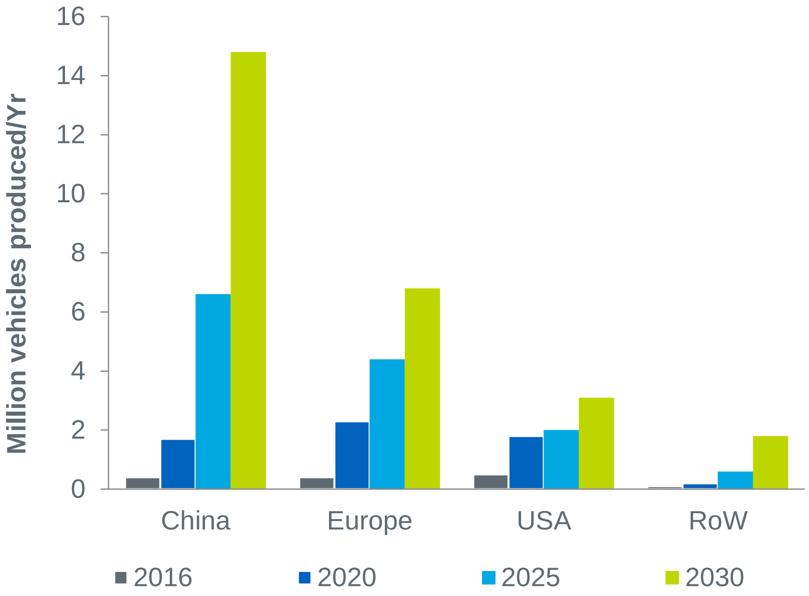
Nickel demand will accelerate with EV revolution

Global EV sales actuals[(1)]



EV production forecasts



EV sales and forecasted sales are led by China and Europe

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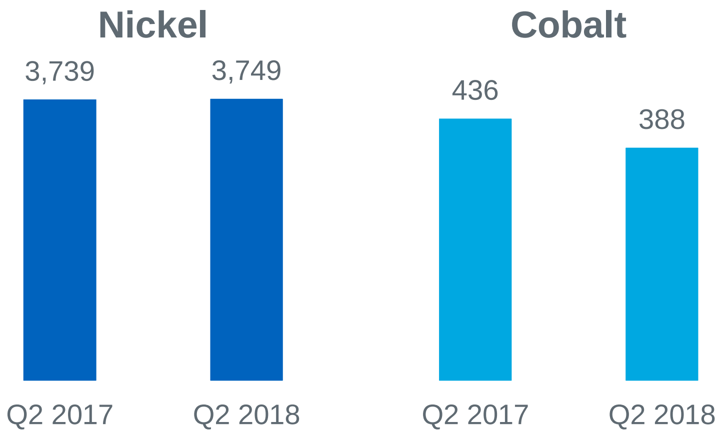
(1) Source: EV Volumes
(2) Source: McKinsey

Operations

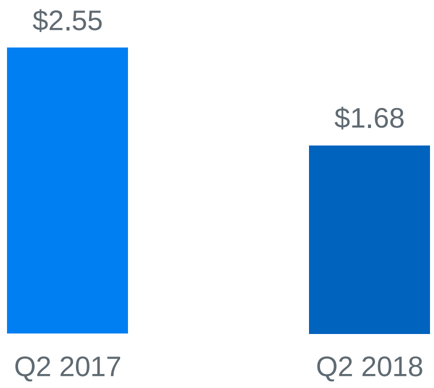
Metals highlights - Moa JV

Production(1) (tonnes)



- Heavy rains and rail delays of Q1 resolved
- Production impacted by planned annual shutdown
- Higher nickel-to-cobalt ratio in Q2 lowered cobalt production
- Rollout of new mining fleet nearly completed

NDCC (US$/lb)

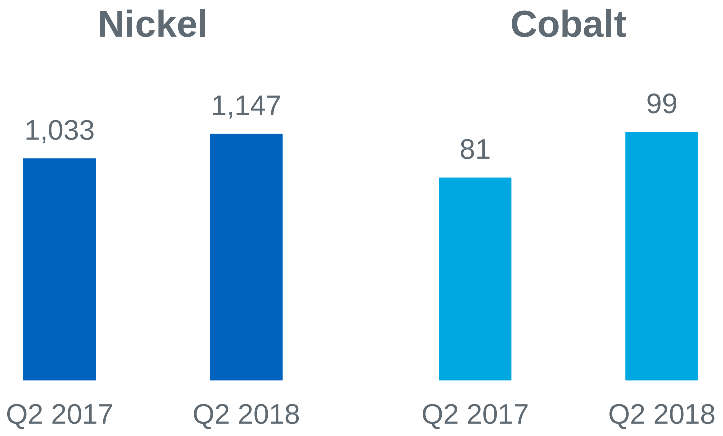


- Lower unit costs driven by 51% improvement in cobalt by-product credit
- Cobalt credit offset by higher sulphur and energy costs

(1) Sherritt's share - 50% basis

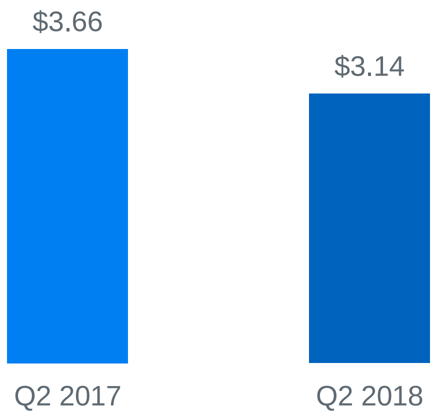
Metals highlights - Ambatovy JV

Production[1] (tonnes)



- Q2 improvements reflect efforts to increase acid plant reliability and production stability
- Production in H2 expected to be higher than H1
- New economizer to be installed in Q3 on Acid Plant 2

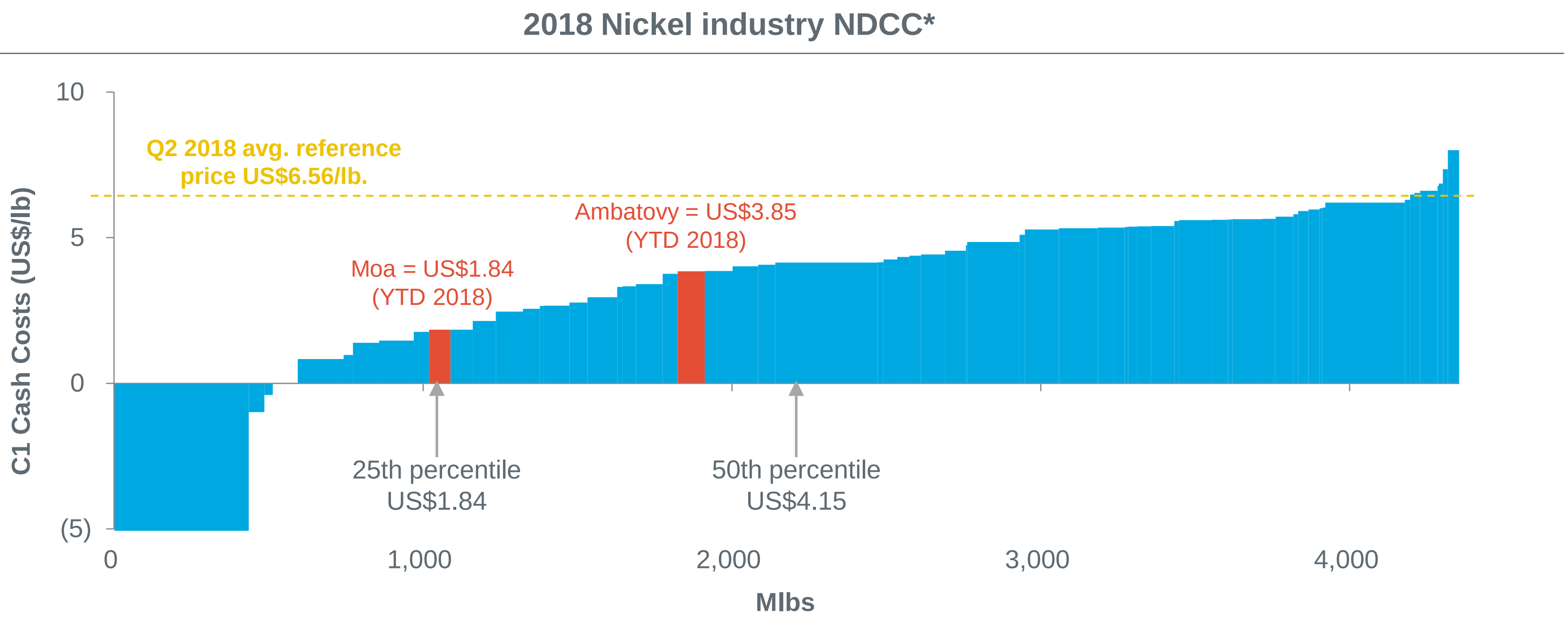
NDCC (US$/lb)



- Lower unit costs mostly driven by 45% improvement in cobalt by-product credit

(1) Prior year production results at Ambatovy are also presented on a 12% pro forma ownership interest basis for more relevant comparison

Sherritt is a low cost nickel producer

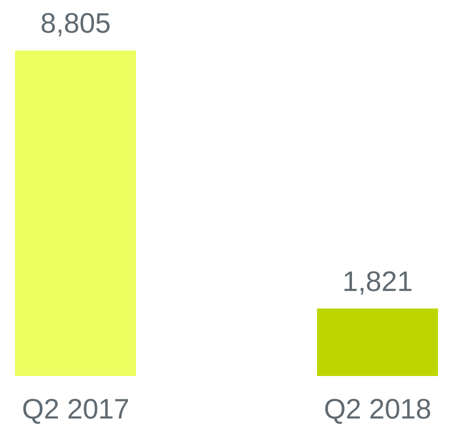


Moa's NDCC in lowest cost quartile for 5th consecutive quarter

*Source: Wood Mackenzie, Q2 2018 dataset

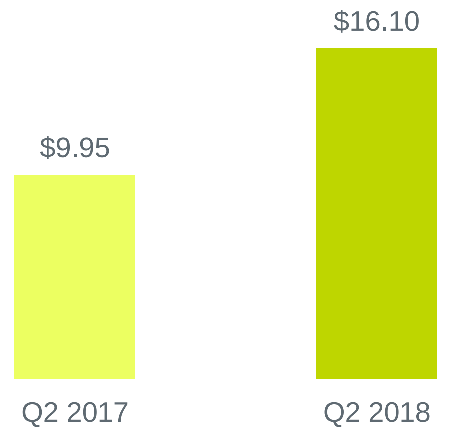
Oil and Gas highlights

Oil Production (total NWI, boepd)



- Q2 2018 production decrease due to expiration of Varadero West PSC and natural reservoir decline
- Profit share at PE/Yumuri PSC reduced to 6%

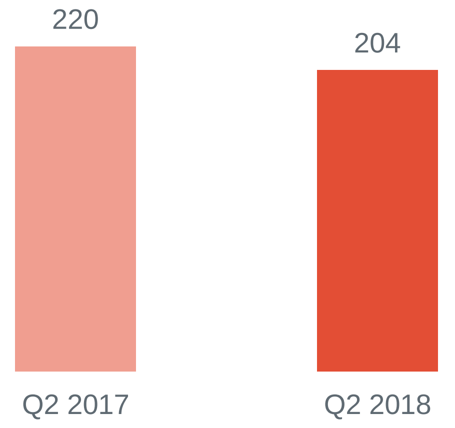
Unit operating costs (Cuba GWI, $/bbl)



- Increase in unit production costs due to lower production volume
- Higher costs offset by strengthening of $CDN

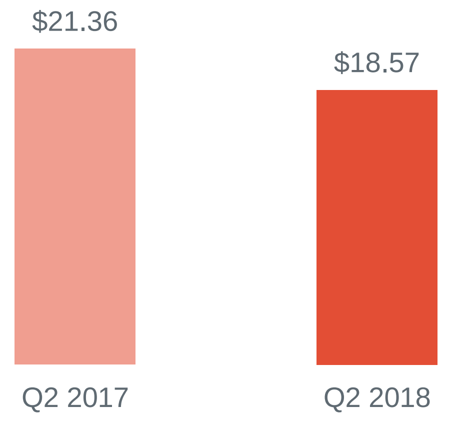
Power highlights

Electricity production ($33^{1/3}$%, GWh)



- Production was lower due to reduced natural gas supply

Unit operating costs ($/MWh)



- Unit operating costs decline due to lower volume, timing of maintenance activities and strengthening of $CDN

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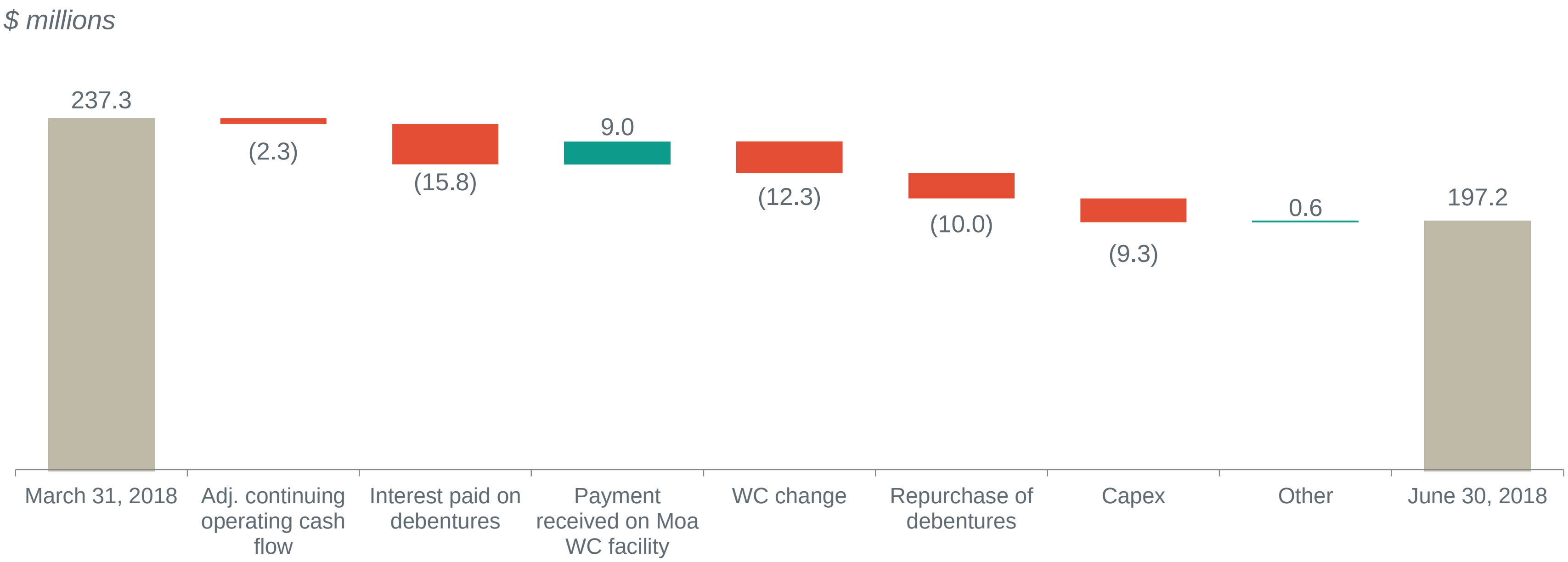
Financial highlights

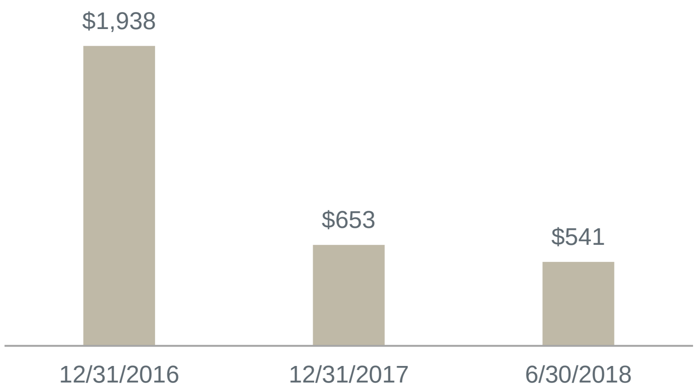
Consolidated cash from March 31, 2018 to June 30, 2018



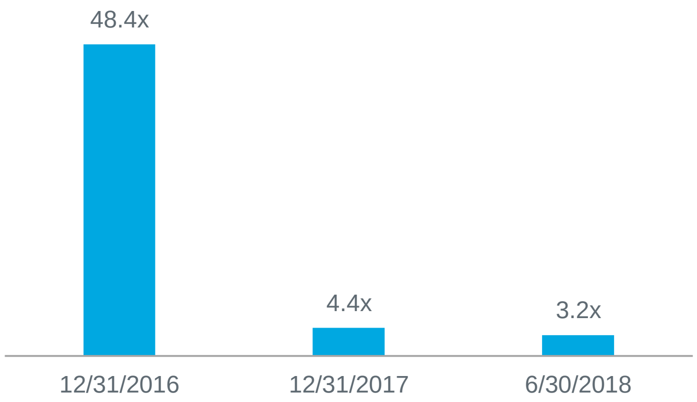
Cash position expected to increase in H2

Debt reduction in perspective

Net debt ($M)(1)



Net debt / LTM EBITDA



Sherritt has reduced debt by $130M in 2018 and $2B since 2014

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(1) Net debt is defined as debt due within one year plus the face value of long-term debt, less cash, cash equivalents and short-term investments, as shown in Sherritt's consolidated statement of financial position

Status of scheduled Cuban energy receivables

US$M	Q2 progress			
	Q1 overdue	Expected/due	Received	Q2 overdue
Oil & Gas receivables	$35.5	$18.3	($13.5)	$40.3
Power receivables	$91.2	$17.1	($11.7)	$96.6
Total Cuban energy receivables	$126.7	$35.4	($25.2)	$136.9

- Overdue receivables have always fluctuated over the years
- Timing of payments linked to foreign currency availability

Sherritt has always collected 100% of overdue receivables

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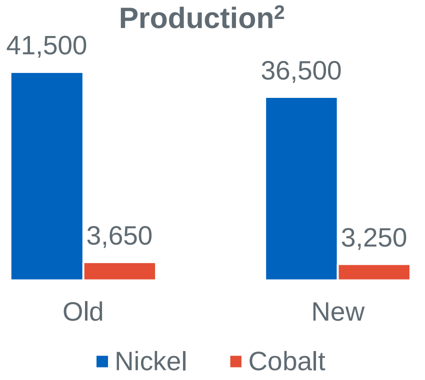
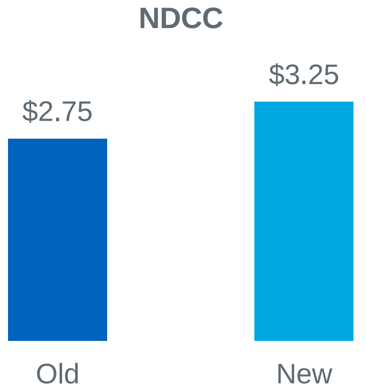
Updates to 2018 forecasts

Ambatovy[1]

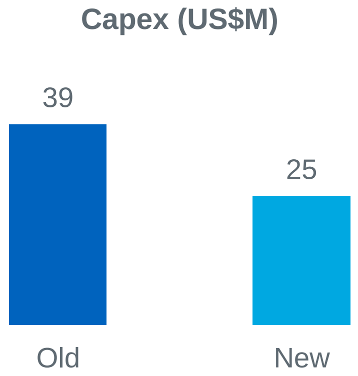


- New estimates driven by efforts to improve acid plant reliability and production stability



- Adjustment due to lowered production estimate

Oil & Gas



- New estimate reflects the deferral of second well drilling and purchase of equipment to Q1 2019

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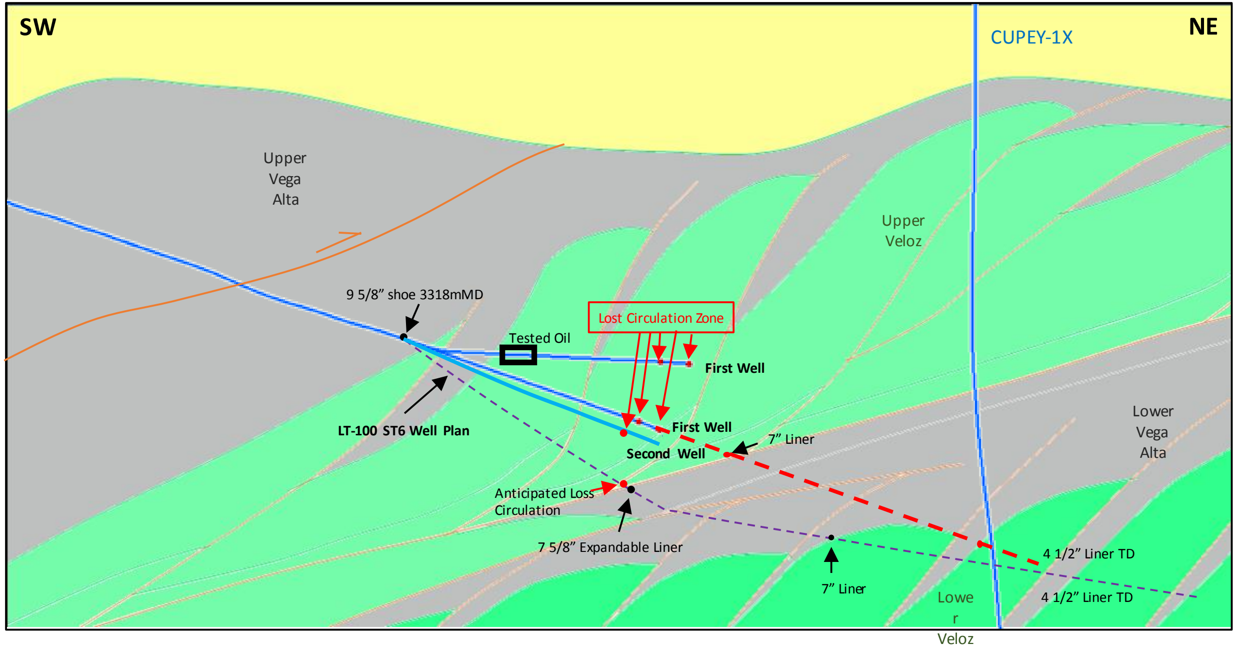
1. 100% basis
2. Mid-point of guidance

Recent developments and outlook

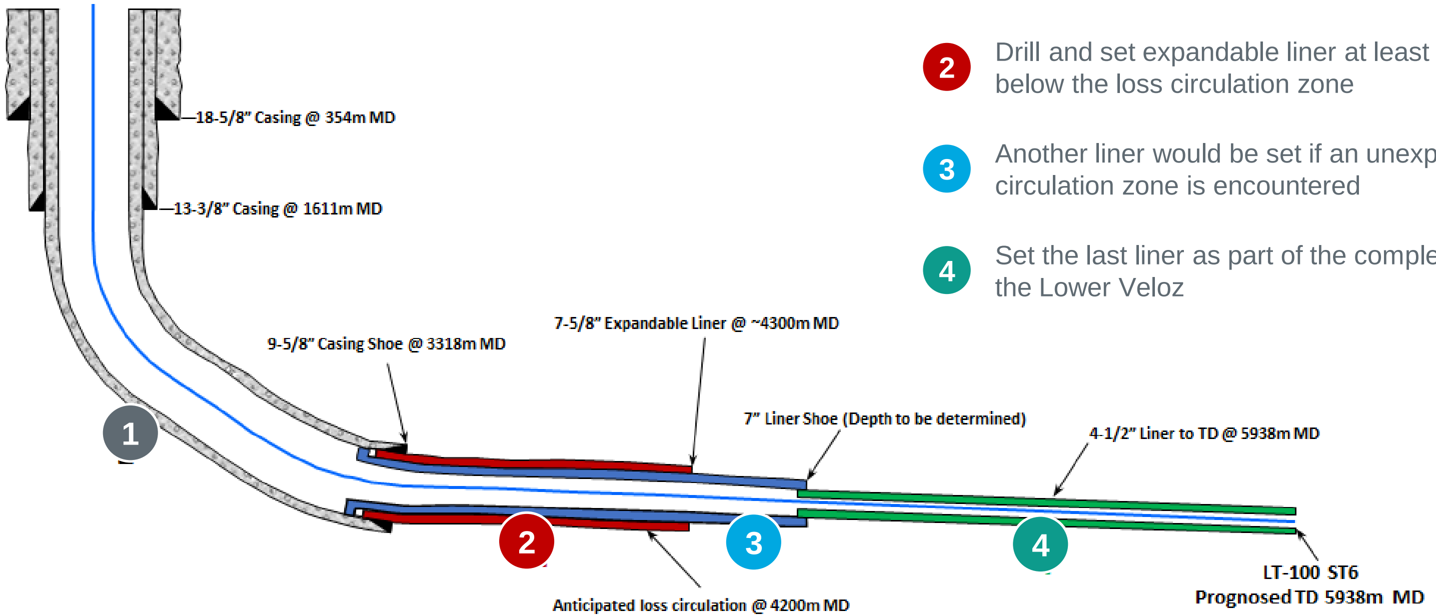
Update on Block 10



- Drilling resumed July 1
- Preliminary results expected in Fall 2018
- US$14 million in spend budgeted

New drilling will take advantage of new available technology

New available technology



1. Using the existing wellbore
2. Drill and set expandable liner at least 100 meters below the loss circulation zone
3. Another liner would be set if an unexpected loss circulation zone is encountered
4. Set the last liner as part of the completion of the well in the Lower Veloz

Designed for drilling wells in lost circulation zones

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Sherritt bitumen upgrade process addresses industry need

Bitumen

- Highly viscous material
- Must be thinned for pipeline transportation
- Thinned through addition of expensive diluent

Sherritt Process

- Eliminates need for diluent addition
- Leverages 60+ years of hydrometallurgical processes and use of autoclaves
- Pilot-scale demonstration successfully completed
- Opportunity to commercialize technology

Traditional processes

- Requires addition of diluent – expensive thinning agent
- Addition of diluent is estimated to cost Alberta industry $6 billion/year
- Reduces pipeline capacity

Reduces costs and improves pipeline capacity

Q&A Discussion

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