



Q2 Earnings Call

August 1, 2019

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 “Summary of guidance updates” 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; demand in the stainless steel and electric vehicle markets; anticipated payments of outstanding receivables; future distributions from the Moa Joint Venture; funding of future Ambatovy Joint Venture cash calls; drill plans and results on exploration wells; the impact of Title III of the Helms-Burton Act on operations; 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 presentation 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, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; risks related to the liquidity and funding of the Ambatovy Joint Venture; the risk to Sherritt's entitlements to future distributions from the Moa and Ambatovy joint ventures; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; uncertainty of exploration results and Sherritt's ability to replace depleted mineral and oil and gas reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba and Madagascar; 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; 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; 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 related to Sherritt's operations in Madagascar; 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 2019; 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 this presentation and in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Annual Information Form of the Corporation dated February 13, 2019 for the period ending December 31, 2018, which is 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 presentation and in the Corporation's 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 and 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. See Sherritt's Management's Discussion and Analysis for the three and six months ended June 30, 2019 for further information and reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

Participants

David Pathe

President & CEO



Steve Wood

Executive Vice President & COO



Andrew Snowden

Senior Vice President & CFO



Highlights for Q2

- 1 Ratified overdue receivables agreement
- 2 Operational excellence initiatives drove higher production at Moa
- 3 Financial results impacted by 64% decline in realized cobalt prices
- 4 New Resource estimates provide potential to extend Moa mine life

Production improvements offset by volatile commodity prices



Market environment

Headwinds impacting results and performance

1

Increasing commodity price volatility

2

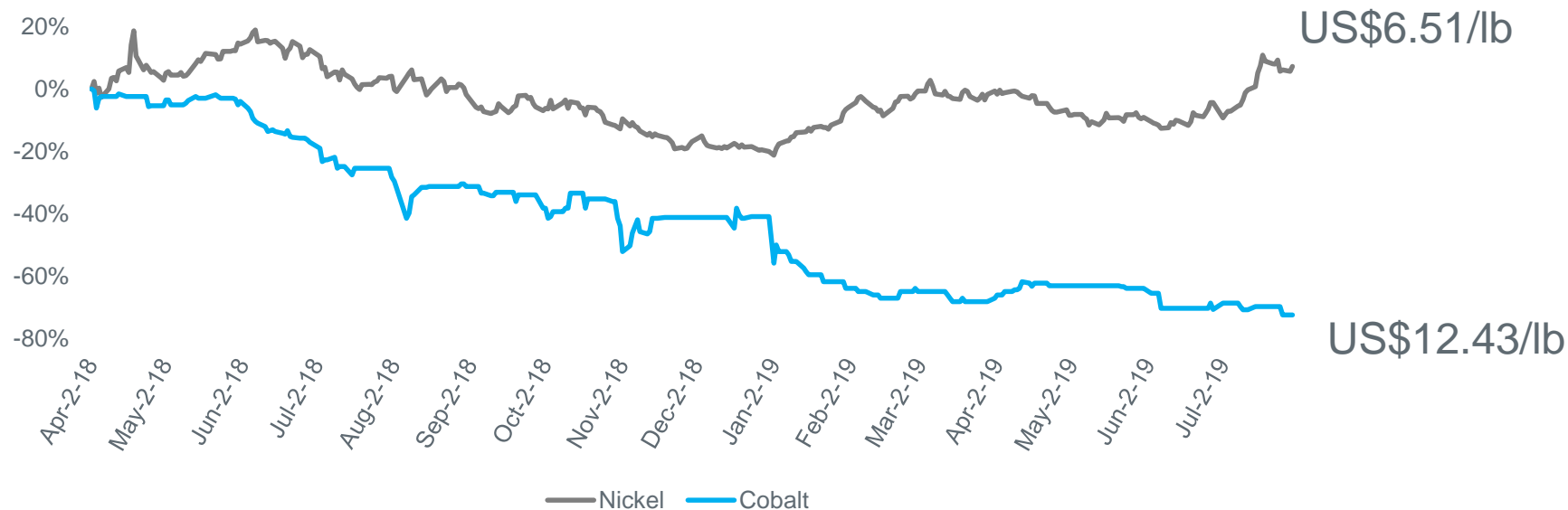
Increasing U.S. sanctions on Cuba and its trading partners

3

Increasing geopolitical and economic tensions

Long-term nickel and cobalt markets outlook remain strong

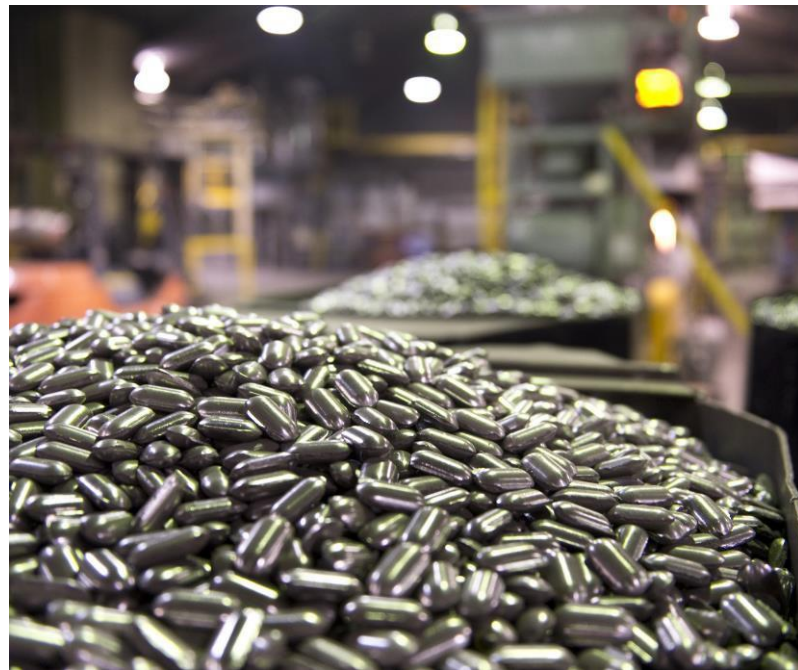
Nickel and cobalt performance since Q2 2018



Nickel is up 13%, cobalt down 9% since start of Q3

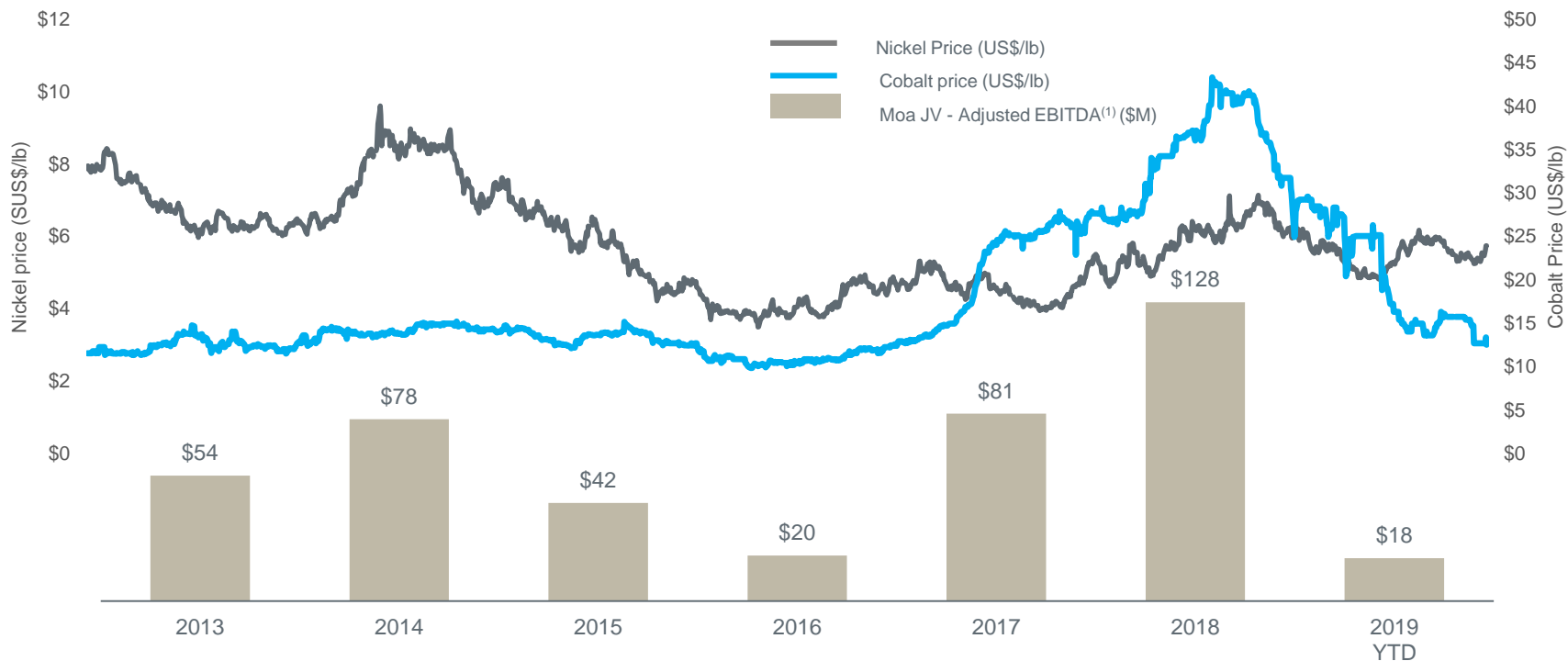
Factors driving recent nickel price swings

1. Stainless steel production growth in China
2. Short sellers covering their positions
3. Concerns of Indonesian ore export ban in 2022



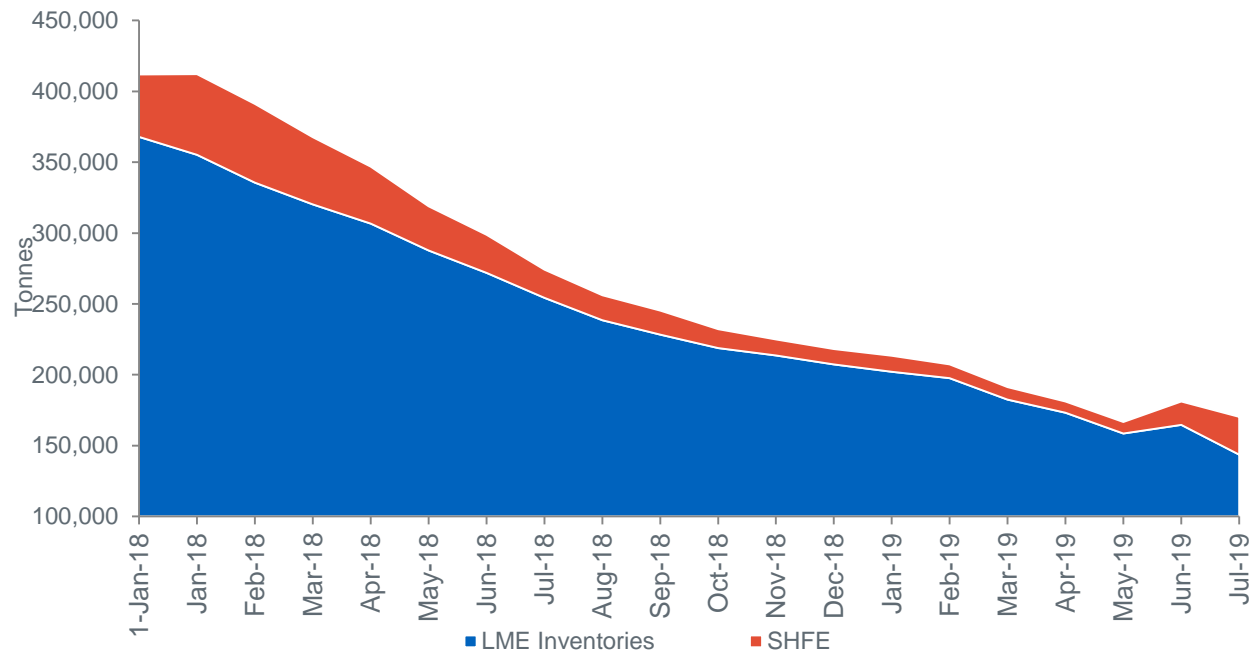
Growth of EV market having minimal impact on prices so far

Sherritt's sensitivity to nickel and cobalt prices



Volatile commodity prices have dramatically impacted YTD 2019 results

Nickel market fundamentals remain strong



59%

Decline in inventory
since Jan 1 2018

Supply deficit for Class 1 nickel is accelerating

Source: LME, SHFE



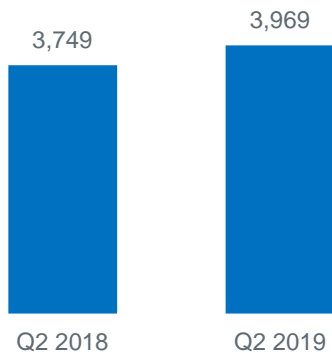
Operations

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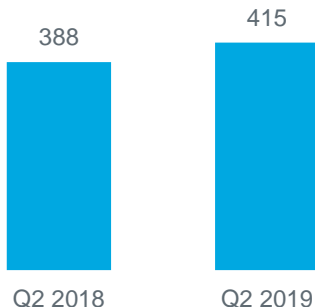
Metals highlights - Moa JV

Production⁽¹⁾ (tonnes)

Nickel

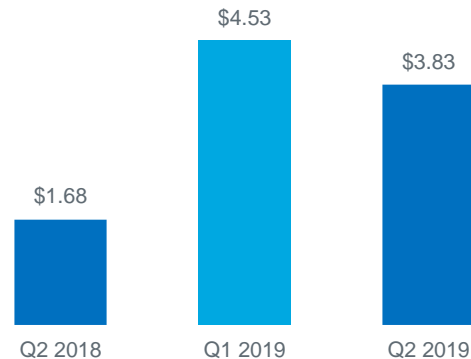


Cobalt



- Growth driven by new mining equipment and operational excellence initiatives
- Annual maintenance shutdown completed in Q2

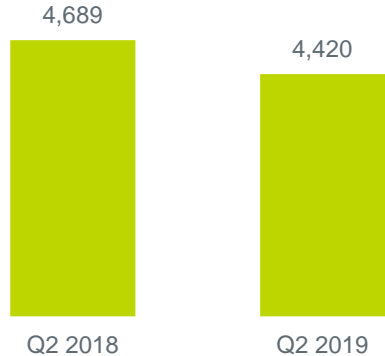
NDCC (US\$/lb)



- Q2 2019 NDCC impacted by 64% reduction in realized cobalt prices year-over-year
- Q2 2019 unaffected by impact of provisional pricing
- Q2 2019 NDCC declined 15% from Q1 2019

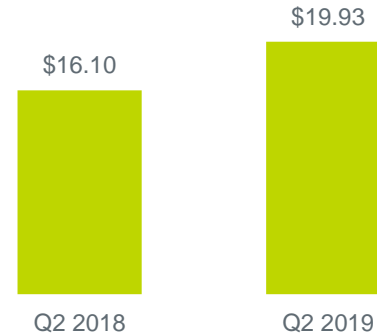
Oil and Gas highlights

Oil Production (Cuba GWI, bopd)⁽¹⁾



- Production decrease due to natural reservoir declines

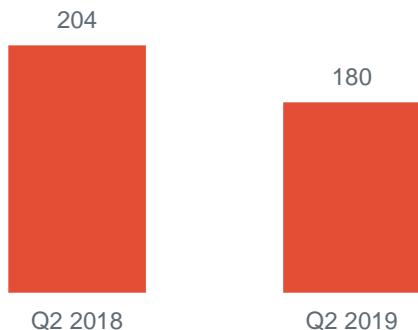
Unit operating costs (Cuba GWI, \$/bbl)⁽²⁾



- Cost increase due to lower production volumes
- Costs also negatively impacted by a stronger \$US

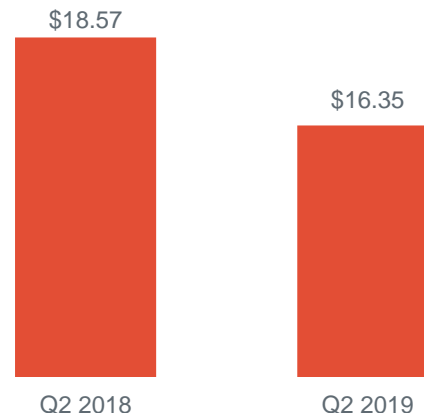
Power highlights

Electricity production (33⅓% GWh⁽¹⁾)



- Production impacted by reduced natural gas supply

Unit operating costs (\$/MWh⁽²⁾)



- Unit costs lower due to decision to limit spending pending collection of Cuban energy receivables

Updated 43-101 Technical Report for Moa

- Mineral Reserve estimates confirmed
 - 53.4M tonnes of proven and probable reserves
 - 621.7K tonnes of nickel
 - 68.6K tonnes of cobalt
- Mineral Resource estimates increased by 77%
 - 157.96M tonnes of measured and indicated resources
 - 1,579K tonnes of nickel
 - 205K tonnes of cobalt
 - Increase due to lower economic cut-off grade



Potential to significantly extend Moa's mine life beyond current 15 years



Financial highlights

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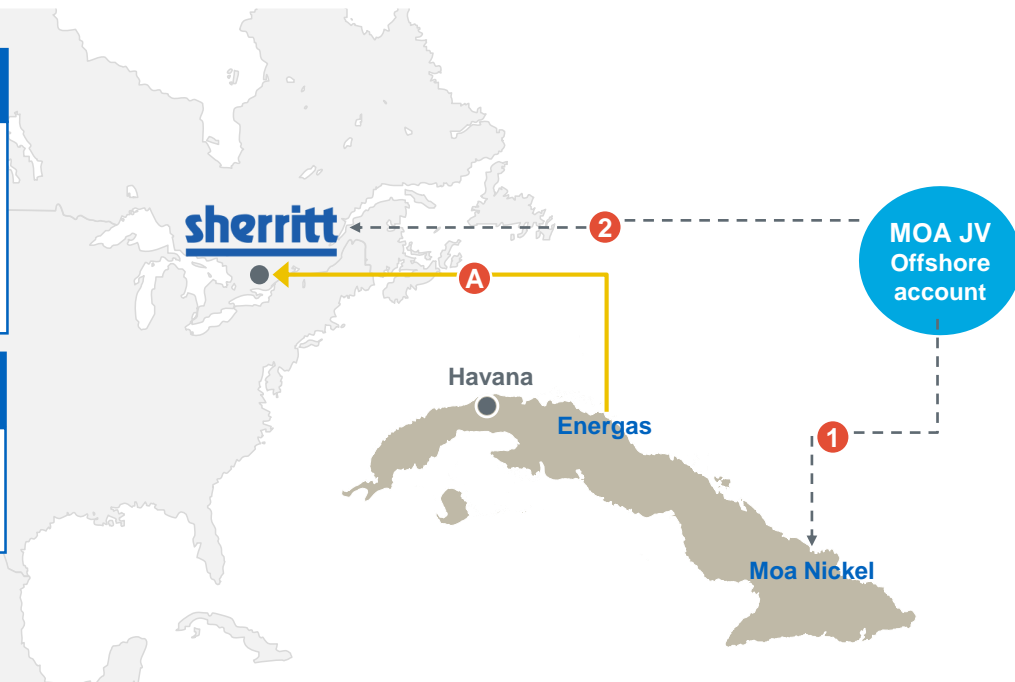
Before Overdue Receivables Agreement

Moa JV

- Holds cash primarily in offshore accounts
- 1. Provides approximately US\$10M per month for local purchases from offshore account
- 2. Provides quarterly distributions to Sherritt in US\$ based on cash position

Energas

- Holds cash in local account
- A. Pays Sherritt monthly for trade receivables when foreign currency is available



Limited collaboration among joint ventures

With Overdue Receivables Agreement

Moa JV

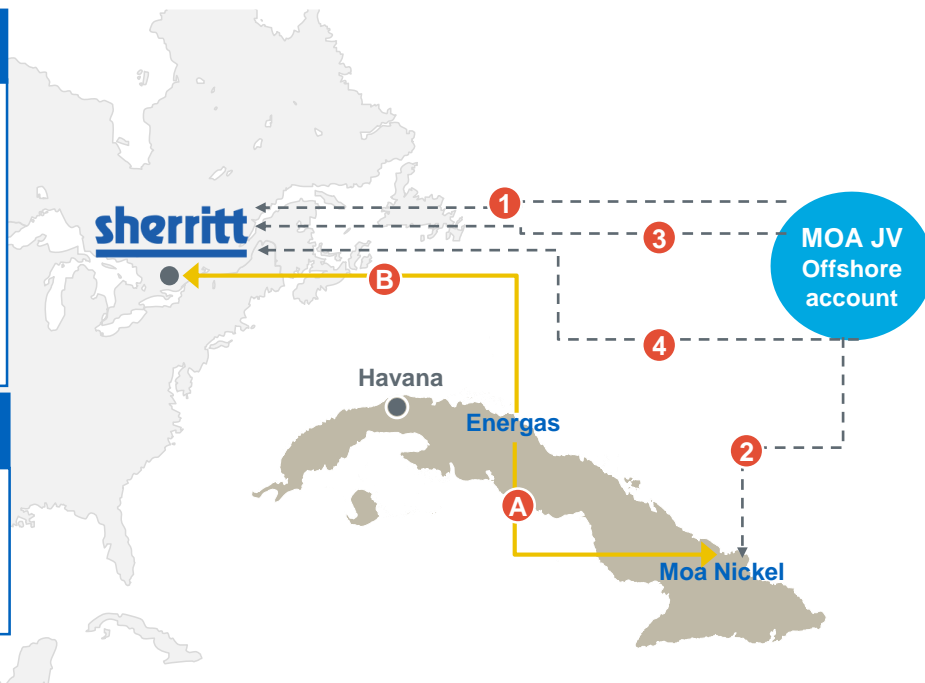
- Holds cash primarily in offshore accounts

1. Pays Sherritt US\$2.5M monthly on behalf of Energas
2. Provides approximately US\$7.5M per month for local purchases from offshore account
3. Pays Sherritt 50% of available distributions up to US\$68M
4. Pays Sherritt 100% of available distributions once US\$68M exceeded

Energas

- Holds cash in local account

- A. Transfers \$2.5M of local currency monthly to Moa JV for local payments
- B. Pays Sherritt monthly when foreign currency is available



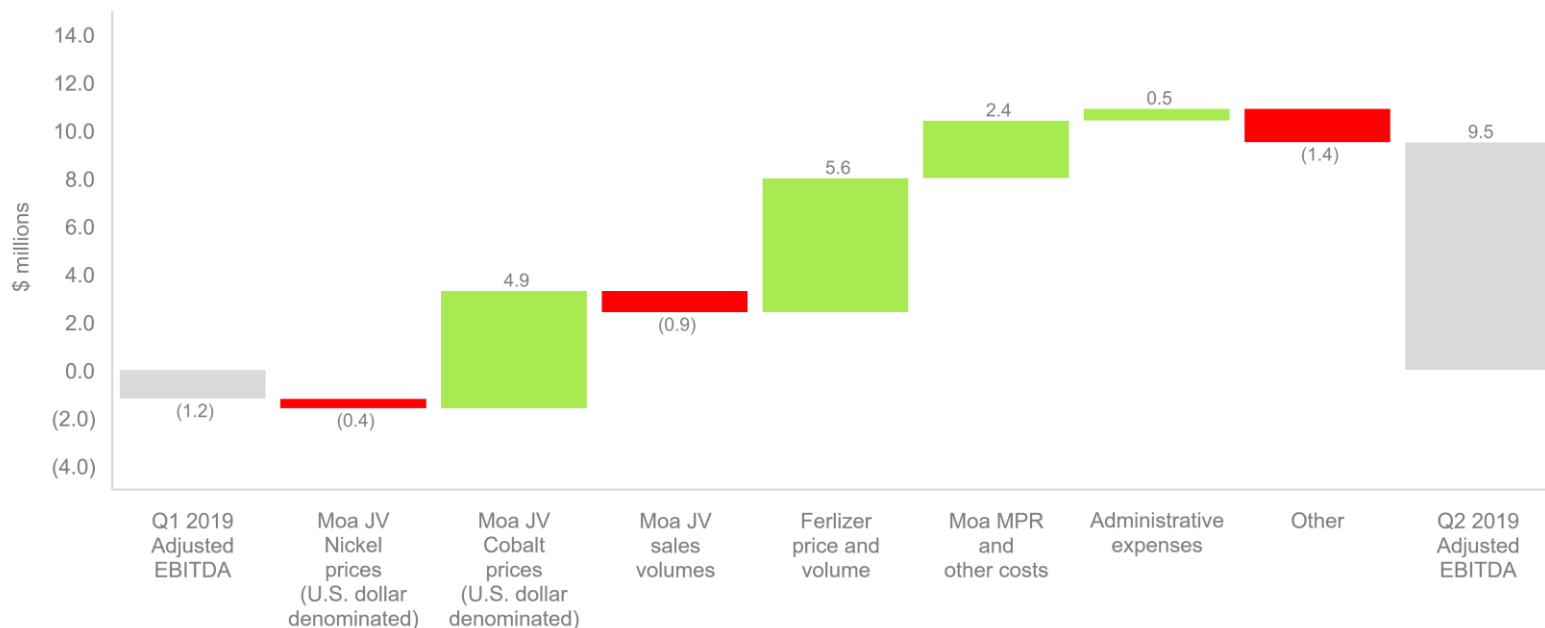
Increased collaboration among joint ventures

Status of scheduled Cuban energy receivables

<i>US\$M</i>	Q1 2019 overdue	Expected/due	Received	Received on Receivables Agreement	Q2 2019 overdue
Oil & Gas - Trade receivables	\$ 38.8	\$ 4.1	\$ (20.2)	--	\$ 22.7
Power					
Trade receivables/other	\$ 17.1	\$ 7.8	\$ (6.5)	\$ (5.4)	\$ 13.0
Energas CSA	\$115.7	\$ 5.8	--	--	\$ 121.5
Total Cuban energy receivables	\$171.6	\$17.7	\$ (26.7)	\$ (5.4)	\$ 157.2

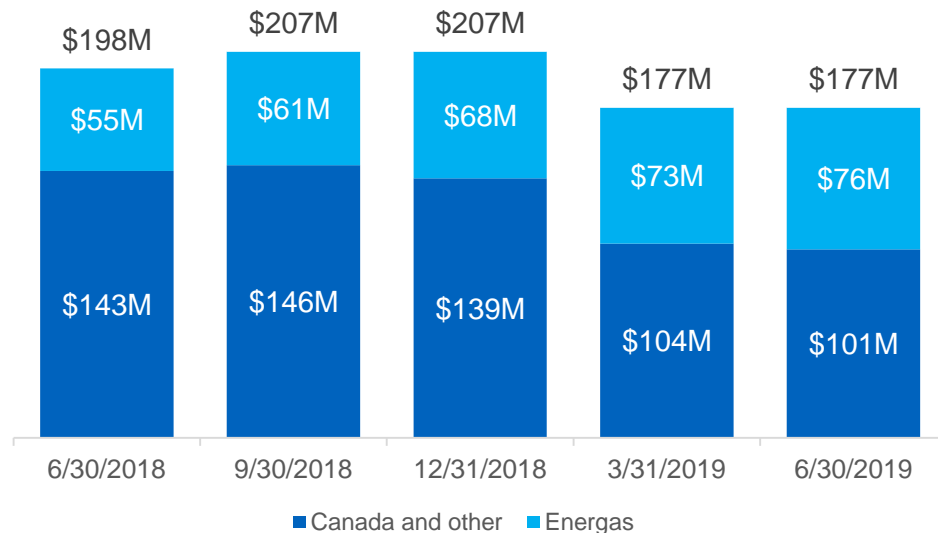
Oil and Gas receipts in Q2 included advance payments scheduled for Q3

Adjusted EBITDA⁽¹⁾ waterfall from Q1 2019 to Q2 2019



Q2 was not impacted by cobalt provisional pricing adjustments

Liquidity position

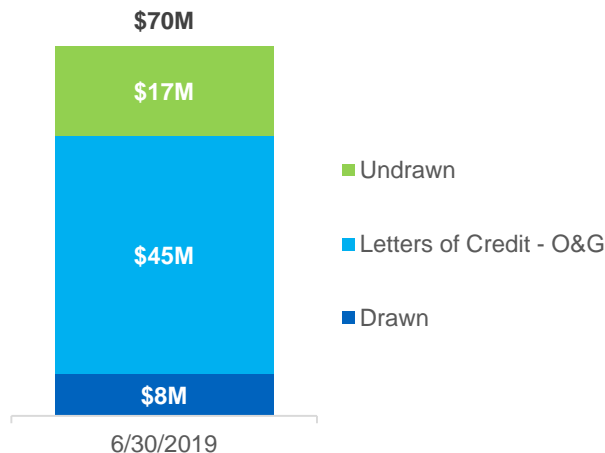


Decline in total cash position exacerbated by the increase in cash held in Cuba

Liquidity preservation remains a priority

Credit facility availability & status of covenants

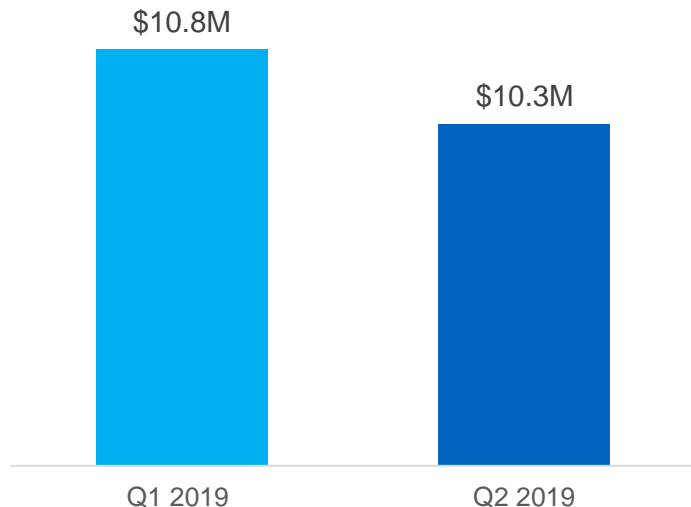
Existing credit facility



- Minimum cash covenant remains unchanged
 - \$100M in Canada less undrawn credit facility calculated monthly
 - June 30 covenant requirement = \$82.7M
- New covenants provide relief for Q2 & Q3:
 - EBITDA not less than \$70M
 - EBITDA/interest expense: 1.35:1

Sherritt is compliant with current covenants

Focus on administrative expenses



- Admin expenses in Q2 impacted by higher legal fees due to Helms-Burton
- Austerity measures implemented in Q2 will reduce discretionary spending in H2

Reducing administrative expenses is consistent with austerity measures

Summary of guidance updates

	Old	New
Production		
Oil & Gas NWI	1,800 – 2,100 BOEPD	1,600 – 1800 BOEPD
Unit Operating Costs		
Moa JV NDCC	US\$3.40 - \$3.90/lb	US\$4.00 - \$4.50/lb
Oil and Gas Cuba	\$25.00 - \$26.50/barrel	\$23.00 - \$24.50/barrel
Electricity	\$25.25 - \$26.75/MWh	\$20.00 - \$23.75/MWh
Capital Spend		
Moa JV	US\$40 million	US\$30 million

Updates driven by austerity measures and 53% YTD decline in cobalt prices



Recent developments and outlook

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Update on Block 10

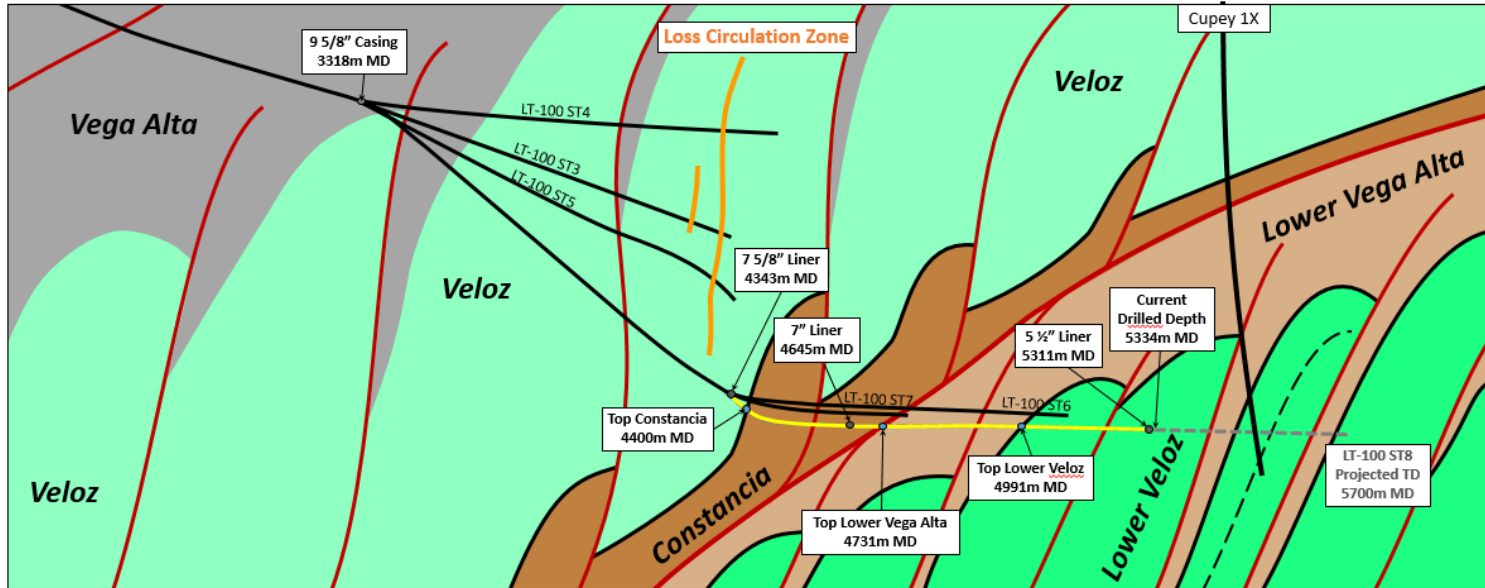


- Approximately 5,300 meters drilled and lined
- Drilling has traversed zones where previous technical challenges were encountered
- Target drilling depth is 5,700 metres
- Completion is expected in coming weeks

Prudent drilling and capital spending driven by complex geological formation

Current drilling on Block 10

Figure 1: LT-100 ST8 Current Status July 29, 2019



Drilling is 150 meters from target wellbore intersection

Summary

1

Progress made on items we can control

2

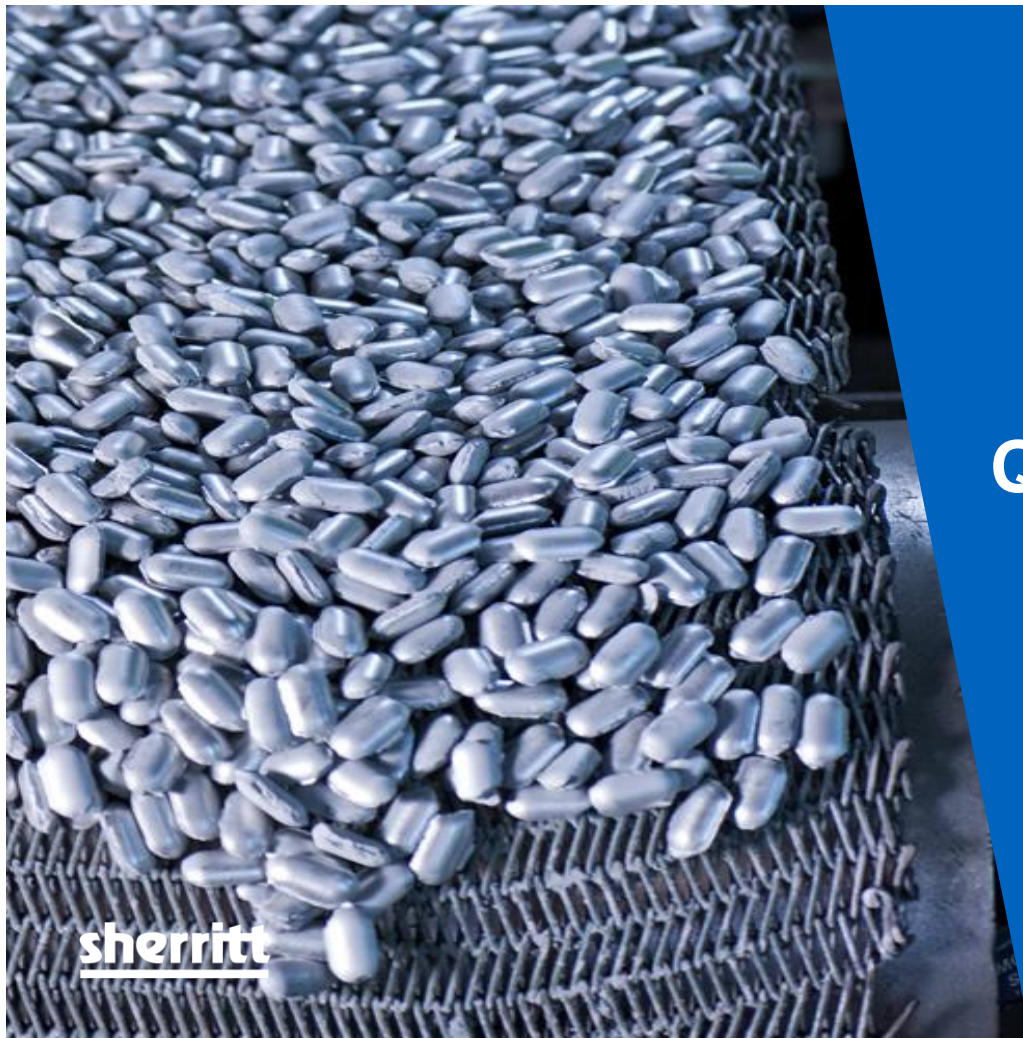
Preserving liquidity and managing costs remain priorities

3

Near-term volatility expected until geopolitical conditions improve

4

Long-term outlook for nickel market is favorable



Q&A Discussion



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Appendix

Important definitions (Non-GAAP measures)

All non-GAAP measures are reconciled to the most directly comparable IFRS measure in the MD&A.

Adjusted EBITDA

- The Corporation defines Adjusted EBITDA as earnings (loss) from operations, joint venture and associate as reported in the financial statements for the period adjusted for share of loss of an associate; depletion, depreciation and amortization; impairment charges for long lived assets, intangible assets, goodwill and investments; gain or loss on disposal of property, plant and equipment of the Corporation or joint venture; and gain or loss on disposition of an interest in investment in associate or joint venture of the Corporation.

Average Realized Prices:

- Calculated by dividing revenue per the financial statements by sales volume for the given product in a given division, typically expressed in Canadian dollars (the Corporation's functional currency):
 - The average-realized price for nickel, cobalt, and fertilizer excludes the impact of by-product revenue.
 - The average-realized price for oil and gas is based on net working-interest oil plus natural gas production stated in barrels of oil equivalent.

Combined results

- The Corporation uses combined revenue (along with other combined measures, not used in this current MD&A) as a measure to help management assess the Corporation's financial performance across its operating divisions. The combined results include the Corporation's consolidated financial results and the results of its 50% share of the Moa Joint Venture, which is accounted for using the equity method for accounting purposes.

Net Direct Cash Cost (NDCC):

- The Moa Joint Venture's and Ambatovy Joint Venture's net direct cash cost is calculated by dividing cost of sales, as reported in the financial statements, adjusted for the following: depreciation, depletion and amortization in cost of sales; cobalt by-product, fertilizer and other revenue; and other costs primarily related to the impact of opening and closing inventory values, by the number of finished nickel pounds sold in the period, and expressed in U.S. dollars.

Unit operating cost:

- Unit operating cost is generally calculated by dividing cost of sales as reported in the financial statements, less depreciation, depletion and amortization in cost of sales, the impact of impairment, gains and losses on property, plant, and equipment and exploration and evaluation assets and certain other non-production related costs by the number of units sold.

Important definitions

Reference Prices:

- Market price upon which price of the Sherritt's products' sales prices are derived:
 - Nickel – LME nickel;
 - Cobalt – Average low-grade cobalt published price per Fastmarkets MB;
 - Cuban Oil - U.S. Gulf Coast High Sulphur Fuel Oil.

Mining, Processing and Refining Cost (MPR):

- Costs related to bringing mix sulphides to finished goods, include fuel, coal, utilities, labour maintenance, sulphur, an other fixed direct variable and fixed costs. Typically expressed as a subset of NDCC on per unit basis (in U.S. dollars).

Gross Working-Interest (GWI):

- Gross Working interest barrels are the total number of barrels pumped during any period (The MD&A generally states production in barrels of oil per day (Bopd)

Net Working-interest (NWI)

- Total of Cost Recovery barrels + Profit Oil Barrels

Cost Recovery Oil (CRO):

For each production-sharing contract, after a declaration of commerciality, Sherritt is allocated cost recovery oil as reimbursement for approved capital and operating costs, including any costs in the cost recovery pools since the inception of the contract.

- Volume of cost recovery oil = balance of approved capital and operating costs divided by the average net selling price per barrel of oil produced in the quarter.
- The amount of cost recovery oil barrels can vary depending on the size of the cost recovery pool (capital and operating costs) and the prevailing market price of oil.

Profit Oil (PO)

- Once CRO's have been allocated (costs have been recovered) Sherritt is entitled to profit barrels
- Barrel entitlement is defined by the PSC agreements
 - PE/Yumuri, entitlement is approximately - 6%.
 - Block 10 - 45%