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Sherritt Announces Q2 2015 Results

Nickel production increases 8% over Q2 2014 and Net Direct Cash Costs decline at Moa and Ambatovy

Toronto, Ontario – July 28, 2015 – Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S), a world leader in the mining and refining of nickel from lateritic ores, today reported its financial results for the three and six months ended June 30, 2015.

"Our metals business continues to provide stable production while we find ways to lower cash costs. Our business-wide emphasis on controlling costs while ramping up to full production at Ambatovy contributed to lower cash costs of US$5.48 at Ambatovy, and US$4.12 at Moa," said David Pathe, President and CEO.

"Despite a once in ten year maintenance shutdown at Fort Saskatchewan and some unplanned disruptions at Ambatovy in the quarter, we saw overall nickel production increase by 8% over the prior year period," continued Pathe. "During the quarter, we obtained three more certificates from the Independent Engineer, leaving two outstanding certificates to attain financial completion at the end of September."

Q2 HIGHLIGHTS(1)(2)(3)

- Average reference prices for our primary products were down significantly year over year, with nickel down 30% and oil down 45% from the same quarter last year.
- Finished nickel production was 8% higher at 8,035 tonnes, in a quarter that included a once-in-10 year maintenance shutdown at Fort Saskatchewan and Ambatovy production impacts from a strike and damage to ore thickeners.
- Net direct cash costs fell for the second consecutive quarter this year, to US$4.12 per pound at the Moa JV and US$5.48 per pound at Ambatovy.
- Ambatovy's Independent Engineer signed off on the Efficiency, Production and Environmental Certificates, leaving two remaining certificates required for Financial Completion.
- Adjusted EBITDA decreased 47% from the same quarter last year, and 9% from Q1 2015 Adjusted EBITDA, consistent with the decline in metal and oil prices.
- Combined adjusted operating cash flow per share increased to $0.09 per share in the second quarter this year from $0.06 per share in the same quarter last year.
- Combined administration expenses declined for the second consecutive quarter this year, to $17.3 million compared to $27.5 million in the second quarter of 2014.

OUTLOOK AND SIGNIFICANT ITEMS

- We lowered production guidance at Ambatovy and narrowed the expected production range to 45,000 – 48,000 tonnes (100% basis) finished nickel, from the original guidance of 47,000 – 52,000 tonnes finished nickel (100% basis). Mixed sulphide and cobalt production expectations have also been revised as presented in the Outlook table. This change recognizes the production impacts in the second quarter, and our schedule to return to operations with both thickeners online.

All amounts are Canadian dollars unless otherwise indicated.
(1) For additional information see the Non-GAAP measures section of this press release.
(2) Compared to the same period in the prior year.
(3) Shown on Sherritt's attributable share ownership basis.

- We reduced expected capital spending in Oil and Gas to $81 million from the $96 million projection provided as part of the Q1 2015 disclosure, which was itself a downward revision from the original $107 million estimate. These revisions are consistent with the objective of preserving capital and adjusting capital spending as new results are analyzed.
- In the first quarter this year, we had a tax recovery of $30.1 million due to the reduction in statutory tax rates in Cuba accompanying Cuba's new foreign investment regime. In the second quarter, we had an additional tax recovery of $13.2 million in Oil and Gas, as we received clarification from the Cuban tax authority pertaining to a further recovery, which will be a non-recurring item.
- We recorded a $19.1 million gain on the sale of our corporate head office.

Q2 2015 FINANCIAL HIGHLIGHTS

$ millions, except per share amount	For the three months ended 2015 June 30	2014 June 30	Change		For the six months ended 2015 June 30		2014 June 30	Change
Combined Revenue[1]	**268.4**	304.6	(12%)	$	**546.7**	$	555.3	(2%)
Adjusted EBITDA[1]	**40.2**	75.4	(47%)		**84.4**		130.3	(35%)
Combined free cash flow [1]	**(67.0)**	(19.6)	(242%)		**(55.8)**		(78.6)	29%
Net loss from continuing operations per share	**(0.16)**	(0.16)	-		**(0.36)**		(0.40)	10%
Combined adjusted operating cash flow per share [1]	**0.09**	0.06	50%		**0.28**		0.18	56%

(1) For additional information, see the Non-GAAP measures section of this release.

$ millions, except as noted, as at	2015 June 30	2014 December	Change
Cash, cash equivalents and short term investments	**398.3**	476.2	(16%)
Total loans and borrowings	**1,986.9**	1,859.9	7%
Total debt-to-capital[1]	37%	35%	6%

(1) Calculated as total debt divided by the sum of total debt and shareholder's equity.

Adjusted earnings (loss) from continuing operations[1]

For the three months ended	2015 June 30 $ millions	2015 June 30 $/share	2014 June 30 $ millions	2014 June 30 $/share
Net loss from continuing operations	**(47.6)**	(0.16)	**(49.0)**	(0.16)
Adjusting Items, net of tax	**(27.6)**	(0.09)	**(7.2)**	(0.02)
Adjusted net loss from continuing operations	**(75.2)**	(0.25)	**(56.2)**	(0.19)

For the six months ended	2015 June 30 $ millions	2015 June 30 $/share	2014 June 30 $ millions	2014 June 30 $/share
Net loss from continuing operations	**(104.4)**	**(0.36)**	(119.5)	(0.40)
Adjusting Items, net of tax	**(41.8)**	**(0.14)**	4.9	0.02
Adjusted net loss from continuing operations	**(146.2)**	**(0.50)**	(114.6)	(0.39)

(1) For additional information, see the Non-GAAP measures section of this release.

During the second quarter, $27.6 million ($0.09 per share) in adjusting items occurred that primarily included a $19.1 million gain on the sale of the corporate office, and a $13.2 million tax recovery due to the reduction in statutory tax rates in Cuba. This tax recovery follows a similar tax recovery of $30.1 million recognized in the first quarter of 2015. We received clarification from the Cuban tax authority pertaining to this additional recovery, which will be a non-recurring item.

REVIEW OF OPERATIONS

METALS

$ millions except as otherwise noted, for the three months ended June 30	2015				2014				
	Moa JV & Fort Site[1] (50%)	**Ambatovy JV (40%)**	**Other[2]**	**Total**	Moa JV and Fort Site[1] (50%)	Ambatovy JV (40%)	Other[2]	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 109.4**	**$ 80.6**	**$ 14.2**	**$ 204.2**	$ 122.9	$ 77.8	$ 15.3	$ 216.0	(5%)
Adjusted EBITDA[3]	**14.2**	**(1.7)**	**-**	**12.5**	22.0	2.1	0.6	24.7	(49%)
Cash provided (used) by operations	**(11.4)**	**7.3**	**(0.7)**	**(4.8)**	(16.5)	(35.7)	(4.9)	(57.1)	92%
Spending on capital	**15.9**	**9.2**	**-**	**25.1**	5.7	8.4	-	14.1	78%
Free cash flow[3]	**(26.9)**	**5.1**	**(0.7)**	**(22.5)**	(22.1)	(43.6)	(4.9)	(70.6)	68%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**4,702**	**4,533**	**-**	**9,235**	4,893	3,756	-	8,649	7%
Finished Nickel	**3,877**	**4,158**	**-**	**8,035**	3,870	3,602	-	7,472	8%
Finished Cobalt	**429**	**264**	**-**	**693**	376	285	-	661	5%
Fertilizer	**58,977**	**12,028**	**-**	**71,005**	68,905	9,872	-	78,777	(10%)
NICKEL RECOVERY (%)	**89%**	**86%**			89%	88%			
SALES VOLUMES (tonnes)									
Finished Nickel	**3,919**	**4,271**	**-**	**8,190**	3,792	3,485	-	7,277	13%
Finished Cobalt	**411**	**279**	**-**	**690**	366	260	-	626	10%
Fertilizer	**57,870**	**12,260**	**-**	**70,130**	81,929	10,721	-	92,650	(24%)
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 5.90**				$ 8.38	(30%)
Cobalt				**13.61**				13.94	(2%)
AVERAGE-REALIZED PRICES[3]									
Nickel ($ per pound)	**$ 7.16**	**$ 7.10**		**$ 7.13**	$ 8.74	$ 8.92		$ 8.83	(19%)
Cobalt ($ per pound)	**16.40**	**18.08**		**17.10**	14.68	13.26		14.13	21%
Fertilizer ($ per tonne)	**503**	**194**		**449**	416	153		384	17%
UNIT OPERATING COSTS[3] (US$ per pound)									
Nickel - net direct cash cost	**$ 4.12**	**$ 5.48**			$ 5.05	$ 7.19			

(1) Includes results for certain 100% owned assets at Fort Saskatchewan plant.
(2) Includes results for Sherritt's marketing organization for certain Ambatovy sales.
(3) For additional information, see the Non-GAAP measures section of this release.

$ millions unless otherwise noted, for the six months ended June 30				2015				2014	
	Moa JV and Fort Site[1] (50%)	**Ambatovy JV (40%)**	**Other[2]**	**Total**	Moa JV and Fort Site[1] (50%)	Ambatovy JV[3] (40%)	Other[2]	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 213.9**	**$ 181.3**	**$ 32.7**	**$ 427.9**	$ 213.3	$ 128.6	$ 34.2	$ 376.1	14%
Adjusted EBITDA[4]	**32.5**	**2.6**	**0.1**	**35.2**	29.0	(2.3)	0.8	27.5	28%
Cash provided (used) by operations	**18.8**	**19.8**	**(1.2)**	**37.4**	(10.2)	(56.7)	(6.8)	(73.7)	151%
Spending on Capital	**24.0**	**15.6**	**-**	**39.6**	10.3	12.3	-	22.6	75%
Free cash flow[4]	**(4.6)**	**15.0**	**(1.2)**	**9.2**	(20.2)	(65.4)	(6.8)	(92.4)	110%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**9,578**	**8,932**	**-**	**18,510**	8,884	7,608	-	16,492	12%
Finished Nickel	**8,234**	**8,814**	**-**	**17,048**	7,509	7,114	-	14,623	17%
Finished Cobalt	**855**	**608**	**-**	**1,463**	732	562	-	1,294	13%
Fertilizer	**119,506**	**23,690**	**-**	**143,196**	128,758	18,209	-	146,967	(3%)
NICKEL RECOVERY (%)	**89%**	**86%**			90%	84%			
SALES VOLUMES (tonnes)									
Finished Nickel	**8,194**	**9,215**	**-**	**17,409**	7,615	6,089	-	13,704	27%
Finished Cobalt	**820**	**620**	**-**	**1,440**	755	453	-	1,208	19%
Fertilizer	**88,712**	**25,387**	**-**	**114,099**	118,812	15,349	-	134,161	(15%)
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 6.21**				$ 7.49	(17%)
Cobalt[5]				**13.67**				13.92	(2%)
AVERAGE-REALIZED PRICES[4]									
Nickel ($ per pound)	**$ 7.55**	**$ 7.56**		**$ 7.55**	$ 7.93	$ 8.26		$ 8.10	(7%)
Cobalt ($ per pound)	**16.32**	**16.06**		**16.22**	14.77	14.31		14.65	11%
Fertilizer ($ per tonne)	**459**	**192**		**399**	398	165		372	7%
UNIT OPERATING COSTS[4] (US$ per pound)									
Nickel - net direct cash cost	**$ 4.24**	**$ 5.63**			$ 5.17	$ 7.04			

(1) Includes results for certain 100% owned assets at Fort Saskatchewan plant.
(2) Includes results for Sherritt's marketing organization for certain Ambatovy sales.
(3) Represents the post-commercial production period except for production volumes and nickel recovery.
(4) For additional information, see the Non-GAAP measures section of this release.

Metal markets

Nickel prices continued to deteriorate in the second quarter, reaching a new six year low in July when spot prices dipped below US$ 5.00 per pound for the first time since 2009. At the prices reached in July approximately 50% of global nickel production is below break even on a C1 cash cost basis. Despite some nickel production being curtailed in the last year it appears that more significant production cuts will be required in order to have any impact on market fundamentals. Weaker nickel demand is supported by the decline in stainless steel output as many mills are entering a period of planned maintenance outages and stainless steel inventories remain high.

Longer term, a supply deficit is still expected, although timing is expected to shift from the latter half of 2015 to 2016 as a consequence of reduced global stainless steel demand. A decline in nickel ore inventories in China, a modest reduction in LME inventory levels and less than 50% capacity utilization of Chinese NPI production facilities as reported by Shanghai Metal Markets support the thesis that Chinese NPI production has declined. This had been an expected consequence of NPI production being generally at a higher cost than current market.

The average reference price for cobalt was relatively flat year over year and over the first quarter this year, although exchange rate changes account for a more significant increase in the realized prices year over year. Realized price differences between Moa and Ambatovy in cobalt generally reflect the longer shipment times to customers from Ambatovy, and timing of revenue recognition.

Moa Joint Venture (50% interest) and Fort Site

Adjusted EBITDA declined by 35% ($7.8 million) during the second quarter compared to the prior year period primarily due to lower nickel prices, partially offset by lower fuel oil and other energy prices and higher fertilizer prices.

Finished nickel production of 3,877 tonnes (50% basis) for the second quarter of 2015 was 7 tonnes higher than the prior year quarter despite a longer planned annual maintenance shutdown. Stable operations at Moa continue to have a positive impact on mixed sulphides availability.

Finished cobalt production of 429 tonnes (50% basis) for the second quarter of 2015 was higher than the prior year quarter, consistent with the trend in Q1 2015. A modestly higher cobalt ratio in the feed contributed to the increase.

Nickel recovery at Moa of 89% in the quarter was consistent with the prior year quarter, and up slightly from the 88% historical standard.

The net direct cash cost of US$4.12 per pound of nickel was down 18% (US$0.93 per pound) from the second quarter of 2014, despite flat production, as lower fuel oil and energy prices and lower third party feed costs were partially offset by higher sulphur and sulphuric acid prices.

Fertilizer's EBITDA contributions have been strong both in the quarter and year to date, although the impact was partly offset by reduced production and sales volumes. Lower opening inventories after a strong Q4 2014 and the maintenance shutdown that occurred this quarter impacted production and sales volumes.

Capital spending of $15.9 million in the quarter and $24.0 million year to date is mainly attributable to the higher planned spending, with expansion capital as budgeted for the construction of the 2,000 tonne per day acid plant which will eliminate the need to import acid.

Ambatovy Joint Venture (40% interest)

Adjusted EBITDA in the second quarter was negative $1.7 million during the quarter compared to Adjusted EBITDA of $2.1 million in the same quarter last year. For the six month period ended June 30, 2015, Adjusted EBITDA of $2.6 million compares with negative $2.3 million in the first half of last year.

During the quarter, finished nickel production was 4,158 tonnes (10,395 tonnes, 100% basis), an improvement of 15% over last year. Nickel average-realized prices in the quarter followed the decline in reference prices year over year. Average-realized prices for cobalt strengthened in the second quarter this year compared to their year ago level mainly because of exchange rate benefit, but also from the first quarter this year without any exchange rate benefit. The change from Q1 to Q2 this year relates to the timing of shipments and revenue recognition.

Second quarter throughput and production were impacted by a strike in April, and by unplanned repair and redesign work required on both ore thickeners, one of which has returned to service. As announced in the May Ambatovy monthly production update, both ore thickeners were damaged in the third week of May, 2015 after two power failures and were subsequently emptied and taken offline for repair. Unthickened ore was processed directly through the PAL circuit during late May and June, reducing ore throughput capacity by approximately 15%. Ore Thickener 1 has since returned to service and is operating normally, with overall ore throughput rate capacity currently reduced by approximately 6%.

Ore Thickener 2 will be re-assembled with additional support to the bridge structure, with the repair scheduled for Q3 this year. Capital spending is not expected to increase beyond the original 2015 guidance of $35 million (40% basis).

Q2 nickel recovery was 86% compared to 85% in Q1 primarily due to efficiency improvements in the mixed sulphide precipitation circuit resulting from operational and process control improvements.

The net direct cash cost (NDCC) of nickel was US$5.48 per pound in the second quarter of 2015, compared to US$5.74 in the first quarter this year, when production was higher. Mining, processing and refining costs per pound continue to fall with lower commodity input costs and lower maintenance costs, apart from the thickener repairs. Impacts to NDCC from the ore thickener failures have been limited, as fixed costs over lower unit volumes have been offset by savings in input costs, specifically sulphuric acid.

Significant fixed cost reductions have also been identified and realised in response to the continued nickel price deterioration, including the head count reduction of approximately 1,100 employees and contractors as previously announced. The estimated annual savings from this reduction are approximately $5 million.

Production in the second half of 2015 is expected to return to forecast levels with the outlook impacted by the unplanned and now resolved challenges experienced in the first half. Accordingly, we have narrowed our expected outlook range with a modest reduction to 45,000 – 48,000 tonnes nickel.

Financial completion is described in Note 6 to the Interim Condensed Consolidated Financial Statements for the period ended June 30, 2015. The two remaining certificates required to achieve financial completion are Legal and Other Conditions Certificate, which requires, among other things, registration of security interests over the project's assets and real property; and the Financial Certificate, which requires the funding of a senior debt reserve account in an amount equivalent to six months principal and interest payable, or approximately US$48 million for Sherritt's 40% share. Upon submission of the final certificates, the US$1.7 billion Ambatovy Joint Venture Financing (100% basis, balance at June 30, 2015) becomes non-recourse to the Ambatovy partners, and the interest rate increases by approximately 1% from approximately LIBOR plus 1.4% to LIBOR plus 2.55%.

For the three months ended June 30, 2015, the Joint Venture partners were required to fund US$90.0 million on a 100% basis (US$36 million, Sherritt's 40% share) to cover obligations including the required semi-annual principal payments on the project finance facility. Further funding is required for obligations including the senior debt reserve account described above, prior to the September 30 2015 deadline for financial completion.

OIL AND GAS

	For the three months ended			For the six months ended		
	2015	2014		**2015**	2014	
$ millions, except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 51.3**	$ 74.7	(31%)	**$ 93.6**	$ 151.6	(38%)
Adjusted EBITDA(1)	**29.9**	57.5	(48%)	**51.4**	117.9	(56%)
Cash provided by operations	**6.4**	80.5	(92%)	**13.0**	96.5	(87%)
Spending on Capital	**16.5**	15.4	7%	**43.5**	31.2	39%
Free cash Flow(1)	**(13.9)**	64.0	(122%)	**(27.9)**	65.0	(143%)
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) - Cuba	**18,607**	19,528	(5%)	**19,160**	19,862	(4%)
Total net working-interest (NWI)	**11,948**	11,109	8%	**11,445**	11,441	-
AVERAGE REFERENCE PRICE (US$ per barrel)						
Gulf Coast Fuel Oil No. 6	**$ 50.92**	$ 91.82	(45%)	**$ 47.67**	$ 90.58	(47%)
Brent	**61.17**	110.25	(45%)	**57.47**	109.68	(48%)
AVERAGE-REALIZED PRICE(1) (NWI)						
Cuba ($ per barrel)	**$ 45.71**	$ 72.88	(37%)	**$ 43.69**	$ 72.32	(40%)
UNIT OPERATING COSTS(1) (GWI)						
Cuba ($ per barrel)	**$ 10.13**	$ 7.69	32%	**$ 9.17**	$ 7.19	28%

(1) For additional information, see the Non-GAAP measures section of this release.

Adjusted EBITDA was 48% ($27.6 million) lower in the second quarter compared to the prior year period, with realized oil and gas prices down 37% over the same period. In our Cuban operation, the average-realized price in the second quarter was $45.71 per barrel, an improvement over the average-realized price of $41.44 in the first quarter this year, as WTI and Brent crude prices showed some signs of stabilization in the second quarter.

Gross working interest ("GWI") oil production in Cuba decreased by 5% (921 barrels of oil per day in the second quarter compared to the prior year period, primarily due to natural reservoir declines and lower than expected production from development wells drilled under the Puerto Escondido/Yumuri Production Sharing Contract (PSC) extension. We have now drilled and completed a total of six new wells with a seventh in progress, fulfilling our commitments under the PSC extension. To date, oil production from the PSC extension wells has been lower than expected, with four of the six wells producing oil, and one being evaluated. After evaluation including results of the well currently in progress, we will determine what new drill activity to conduct, if any, on the PSC extension.

Unit operating costs in Cuba increased 32% ($2.44 per barrel) in the second quarter compared to the prior year period, mainly reflecting increased workover costs, lower production and the weaker Canadian dollar. Q2 unit operating costs were also higher than Q1 this year, with lower production and increased workover costs accounting for the majority of the change. Cost-recovery oil production for the three and six months increased, consistent with the lower realized prices and an increase in eligible expenditures that can be claimed compared to the prior year periods.

On a year to date basis, capital spending of $43.5 million is up 39% year over year, consistent with the higher capital expenditures required to drill the PSC extension. Consistent with the objective of preserving capital and adjusting capital spending as new production results are analyzed, we are reducing estimated capital spending for the second consecutive quarter to $81 million from $96 million estimated last quarter.

POWER

	For the three months ended			For the six months ended		
	2015	2014		**2015**	2014	
$ millions (33⅓% basis), except	**June 30**	June 30	**Change**	**June 30**	June 30	**Change**
FINANCIAL HIGHLIGHTS						
Revenue	**$ 12.7**	$ 12.7	-	**$ 24.5**	$ 24.6	-
Adjusted EBITDA[1]	**7.6**	6.5	17%	**14.9**	11.4	31%
Cash provided by operations	**10.6**	9.3	14%	**34.7**	10.2	240%
Spending on Capital[2]	**0.8**	1.0	(20%)	**1.2**	3.2	(63%)
Free cash flow[1]	**9.6**	8.8	9%	**33.3**	8.7	283%
PRODUCTION AND SALES						
Electricity (GWh)	**224**	224	-	**434**	411	6%
AVERAGE-REALIZED PRICE[1]						
Electricity ($/MWh)	**$ 52.17**	$ 46.24	13%	**$ 52.39**	$ 46.22	13%
UNIT OPERATING COSTS[1]						
Electricity ($/MWh)	**16.86**	15.62	8%	**16.27**	16.45	(1%)
NET CAPACITY FACTOR (%)	**69**	67	3%	**68**	62	10%

(1) For additional information see the Non-GAAP measures section of this release.
(2) Includes service concession arrangements and accruals.

Quarterly Adjusted EBITDA increased by 17% ($1.1 million) year over year with most of the benefit coming from higher average-realized pricing, which is mainly due to the weaker Canadian dollar. The average-realized price of electricity was 13% higher ($5.93 per MWh) in the second quarter compared to the prior year period.

In the second quarter this year, electricity production and sales were consistent with the prior year period. On a year to date basis, production and sales are higher in the first six months of 2015, with six months of production from the Boca de Jaruco Combined Cycle Project compared to five months in the same period last year.

Operating costs increased by 8% ($1.24 per MWh) in the second quarter compared to the prior year period, due to an increase in turbine maintenance and equipment repairs.

STRATEGIC PRIORITIES 2015

Sherritt continues to execute against its stated strategy to focus on its core competencies, improve its liquidity position and streamline its operations, consisting of the following near-term priorities:

Strategic Priorities	2015 Targets	Status
FOCUSING ON OUR CORE NICKEL BUSINESS 1	Sustaining production and lowering costs at Moa Advancing the acid plant project at Moa	In Q2 2015, our remaining North Sea licenses were sold for nominal consideration, as they were non-core assets Nickel production was up year over year, and Net Direct Cash Costs have declined each quarter this year
CONTINUING TO RAMP UP AMBATOVY 2	Targeting a production rate of 90% of nameplate capacity over a 90-day period within the first half of 2015 Targeting financial completion by September 30, 2015	Achieved 90 for 90 in Q1 2015, but Q2 production suffered from a strike and two power outages with subsequent structural damage to the thickeners; one thickener now back in service, with repairs to the second scheduled for Q3 Progressing toward financial completion, with three certificates signed off by the Independent Engineer in Q2
EXTENDING THE LIFE OF OUR CUBAN ENERGY BUSINESS 3	Securing two additional exploration PSCs Commencing drilling on extended Puerto Escondido/Yumuri PSC	Seven commitment wells drilled or in progress in the Puerto Escondido/ Yumuri extension area PSCs
BUILDING BALANCE SHEET STRENGTH 4	Maintaining a strong balance sheet and liquidity	Cash, cash equivalents and short term investments of $398 million as at June 30, 2015
REDUCING COSTS 5	Optimizing operating and administrative costs	Unit operating costs in Ambatovy and Moa have declined for two consecutive quarters this year, partially offset by increases in oil and gas and power First half combined administrative costs down 31% year over year Gain of $19.1 million recognized in Q2 from sale of corporate head office

OUTLOOK

For the year ending December 31, 2015, Sherritt expects production volumes and spending on capital projected for the full year as shown below.

Production volumes and spending on capital for the six months and twelve months ended	Previous Guidance 2015 December 31	Actual 2015 June 30	Revised Projected 2015 December 31
Production volumes			
Mixed sulphides (tonnes, Ni+Co contained, 100% basis)			
Moa Joint Venture	36,500-38,000	19,156	No change
Ambatovy Joint Venture	50,500-56,000	22,330	48,000-51,000
Total	87,000-94,000	41,486	84,500-89,000
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	33,000-34,000	16,467	No change
Ambatovy Joint Venture	47,000-52,000	22,035	45,000-48,000
Total	80,000-86,000	38,502	78,000-82,000
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-4,000	1,709	No change
Ambatovy Joint Venture	3,500-4,000	1,520	3,300-3,500
Total	7,000-8,000	3,229	6,800-7,500
Oil – Cuba (gross working-interest, bopd)	19,000	19,160	No change
Oil and Gas – All operations (net working-interest, boepd)	12,000	11,445	No change
Electricity (GWh, 100% basis)	2,550	1,302	No change
Spending on capital ($ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis)	75	24	No change
Metals – Ambatovy Joint Venture (40% basis)	35	16	No change
Oil and Gas	96	44	81
Power (33 ⅓% basis)	4	1	No change
Spending on capital (excluding Corporate)	210	85	195

NON-GAAP MEASURES

The Corporation uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, and adjusted operating cash flow to monitor the 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 period ended June 30, 2015 for further information.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its quarterly conference call and webcast tomorrow at 10:00 a.m. Eastern Time.

Conference Call and Webcast:	July 29, 2015, 10:00 a.m. ET
Speakers:	David Pathe, President and CEO
	Dean Chambers, EVP and CFO
	Steve Wood, EVP and COO
North American callers, please dial:	1-866-530-1553
International callers, please dial:	416-847-6330
Live webcast:	www.sherritt.com

An archive of the webcast will also be available on the website. The conference call will be available for replay until August 3, 2015 by calling 647-436-0148 or 1-888-203-1112, access code 9622152#.

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete interim condensed consolidated financial statements and MD&A for the three and six months ended June 30, 2015 are available at www.sherritt.com and should be read in conjunction with this news release.

ABOUT SHERRITT

Sherritt is a world leader in the mining and refining of nickel from lateritic ores with operations in Canada, Cuba, and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations on the island. Sherritt licenses its proprietary technologies and provides metallurgical services to commercial metals 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”, “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 “Outlook” sections of this press release and certain expectations about capital costs and expenditures; capital project completion dates; completion of financial certificates at Ambatovy; sales volumes; revenue, costs, and earnings; sufficiency of working capital and capital project funding; completion of development and exploration wells; and amounts of certain joint venture commitments.

Forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events. 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.

Key factors that may result in material differences between actual results and developments and those contemplated by this press release include global economic and market conditions, and business, economic and political conditions in Canada, Cuba, Madagascar, and the principal markets for the Corporation's products. Other such factors include, but are not limited to, uncertainties in the ramp-up and operation of large mining, processing and refining projects; risks related to the availability of capital to undertake capital initiatives; changes in capital cost estimates in respect of the Corporation's capital initiatives; risks associated with the Corporation's joint-venture partners; risk of future non-compliance with financial covenants; potential interruptions in transportation; political, economic and other risks of foreign operations; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other unexpected failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of gas supply for electrical generation; uncertainties in oil and gas exploration; risks related to foreign exchange controls on Cuban government enterprises to transact in foreign currency; risks associated with the United States embargo on Cuba and the Helms-Burton legislation; risks related to the Cuban government's and Malagasy government's ability to make certain payments to the Corporation; risks related to exploration and development programs; uncertainties in reserve estimates; risks associated with access to reserves and resources; uncertainties in environmental rehabilitation provisions estimates; risks related to the Corporation's reliance on partners and significant customers; risks related to the Corporation's corporate structure; foreign exchange and pricing risks; uncertainties in commodity pricing; credit risks; competition in product markets; the Corporation's ability to access markets; 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; risks associated with future acquisitions; uncertainty in the ability of the Corporation to obtain government permits; risks associated with government regulations and environmental, health and safety matters; uncertainties in growth management; interest rate risk; risks related to political or social unrest or change and those in respect of community relations; risks associated with rights and title claims; 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 press release and in the Corporation's other documents filed with the Canadian securities authorities.

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 press release and in the Corporation's other documents filed with the Canadian securities authorities including, but not limited to, the Corporation's Annual Information Form for the year ended December 31, 2014 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 press 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.

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For further investor information contact:
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