For immediate release

Sherritt Announces Q2 2017 Results

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Toronto, Ontario – July 26, 2017 – Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S), the 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, 2017.

David Pathe, President and CEO of Sherritt International, commented "Despite a persistently weak nickel price environment, our Moa JV was able to generate close to $12 million of Adjusted EBITDA(1) in the quarter, driven by cobalt prices which are the highest experienced since 2008, and have greatly enhanced our cost profile."

Q2 2017 HIGHLIGHTS

- Second quarter 2017 Net Direct Cash Costs (NDCC) of US$2.55/lb at the Moa Joint Venture (Moa JV) and US$3.66/lb at the Ambatovy Joint Venture (Ambatovy JV) are both improvements over their prior year comparables of US$2.94/lb and US$5.12/lb. Moa's second quarter NDCC is the lowest experienced since the second quarter of 2008, when the average reference cobalt price was US$45.93/lb and nickel was US$11.67/lb. Moa's NDCC this quarter falls within the lowest quartile of nickel production tracked by Wood Mackenzie. The high cobalt:nickel ratio at Moa combined with historically high cobalt prices provided a cobalt credit of US$2.92/lb in the second quarter.
- Sherritt ended the second quarter with cash, cash equivalents and short-term investments of $274.2 million, down $26.5 million from their levels at the end of the first quarter. This is mainly attributable to normal seasonality in the fertilizer business impacting working capital, higher interest payments on the corporate debentures in Q2, lower Cuban energy receipts (US$8.8 million difference from Q1 2017), and continued debt repayment of $6.5 million. Sherritt received $8.6 million from the Moa JV as repayment on its working capital facility in the second quarter.
- Second quarter 2017 production at the Moa JV was 3,739 tonnes finished nickel (50% basis) and 436 tonnes finished cobalt (50% basis). The main impacts to Moa's second quarter production were carryover from the Q4 2016 and Q1 2017 issues impacting mixed sulphides production and a longer than usual annual shutdown, which reduced refinery availability. The Moa JV has at times supplemented mixed sulphides production by purchasing third-party feed, but has decided not to add an additional nickel-rich feed source as current pricing terms have made additional purchases uneconomical due to tightness in the market.
- Second quarter 2017 production at the Ambatovy JV was 3,443 tonnes finished nickel (40% basis) and 270 tonnes finished cobalt (40% basis), as the Ambatovy JV continued to experience lower PAL production due largely to the effects of acid plant equipment failures.
- Production and cash provided by operations at both the Oil and Power operations were strong, and relatively consistent with Q1 2017 results. On a year-to-date basis, the Oil operations have provided $18.1 million in free cash flow(1) and Power operations have provided $19.5 million in free cash flow. Drilling of the second well in Block 10 is expected to commence in August with first results expected in Q4 2017.
- The net loss of $101.9 million for the quarter ended June 30, 2017 compares to a net loss of $72.6 million in the first quarter of 2017 and $103.6 million in the second quarter of 2016. The net loss is driven largely by Ambatovy's performance, as the share of loss of an associate, net of tax, was $64.2 million in the second quarter.
- The Ambatovy Joint Venture partners continue to work towards implementation of the previously announced Agreement in Principle, with closing expected to occur in late Q3 or Q4 this year.

All amounts are Canadian dollars unless otherwise indicated.
(1) For additional information see the Non-GAAP measures section of this press release.

SIGNIFICANT ITEMS

- Production, capital spending and Unit Operating Cost guidance was released January 31, 2017 and is repeated in the "Outlook" table on page 13 of this document. In light of the lower production year-to-date at both the Moa JV and the Ambatovy JV, production guidance has been reduced as follows:
    - Full year Moa nickel production guidance has been reduced by 1,500 tonnes to a range between 31,500 - 32,500 tonnes (100% basis) to reflect the lower production in the first two quarters, and changes to the availability and economics of using additional third party feed. Finished cobalt production guidance remains unchanged at 3,500 – 3,800 tonnes (100% basis).
    - Full year Ambatovy nickel production guidance has been reduced to a range of 40,000 – 43,000 tonnes (100% basis) from its former range of 48,000 – 52,000 tonnes to reflect the production shortfall experienced in the first half. Finished cobalt production guidance has also been revised down to 3,600 – 3,900 tonnes (100% basis) from 3,800 – 4,100 tonnes (100% basis). The cobalt reduction is less significant, as we expect higher cobalt production in the second half of the year due to better cobalt grades and metallurgical chemistry.
- NDCC
    - In light of the strong cobalt prices and their impact on NDCC, the Moa JV NDCC guidance range has been reduced to US$2.80 – US$3.30/lb (from US$3.20 – US$3.70/lb) and the Ambatovy JV NDCC guidance range has been narrowed to US$3.10 – US$3.40/lb (from US$3.10 – US$3.70).
- CAPITAL EXPENDITURE
    - Oil & Gas capital spending has been revised downward by US$20.0 million primarily due to a reduction in drilling costs attributable to using part of the existing wellbore from the first well drilled on Block 10 in order to drill the second well, as well as deferred spending on the Block 8A seismic program, now expected to occur in Q1 2018.

Q2 2017 FINANCIAL HIGHLIGHTS

	For the three months ended			For the six months ended		
	2017	2016		**2017**	2016	
$ millions, except per share amount	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue	**76.8**	74.9	3%	**$ 149.2**	$ 133.3	12%
Combined Revenue(1)	**231.0**	204.1	13%	**459.0**	395.4	16%
Net loss for the period	**(101.9)**	(103.6)	2%	**(174.5)**	(151.4)	(15%)
Adjusted EBITDA(1)	**29.2**	0.2	14,500%	**66.4**	(8.9)	846%
Cash provided (used) by continuing operations	**(21.0)**	(26.4)	20%	**(4.4)**	(36.1)	88%
Combined free cash flow (1)	**(38.2)**	(55.3)	31%	**(28.2)**	(86.7)	67%
Net loss from continuing operations per share	**(0.35)**	(0.35)	-	**(0.59)**	(0.52)	(13%)

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

	2017	2016	
$ millions, except as otherwise noted, as at	**June 30**	December 31	Change
Cash, cash equivalents and short term investments	**$ 274.2**	$ 309.6	(11%)
Non-recourse loans and borrowings	**1,377.4**	1,367.5	1%
Other loans and borrowings	**832.8**	860.7	(3%)

In the second quarter of 2017, $11.2 million operating cash flow was generated by the Oil and Gas and $7.9 million by the Power operations. The Moa JV generated negative operating cash flow of $6.6 million largely due to negative changes in non-cash working capital as a result of fertilizer deliveries that were prepurchased in previous quarters. Cash, cash equivalents and short-term investments at the end of the second quarter were $274.2 million, down $26.5 million from their level at March 31, 2017, with the decline coming largely from $20.1 million in debenture interest payments and the repayment of $6.5 million on the Corporation's syndicated revolving-term credit facility.

During the quarter, US$28.8 million of Cuban energy payments were received compared to US$37.6 million in the first quarter of 2017. Included in this amount was US$19.0 million received by Oil and Gas and US$9.8 million received from Energas in Power. No interest or principal was received on the Energas conditional sales agreement (CSA) in the quarter or on a year-to-date period. Total Cuban overdue receivables were US$90.2 million at June 30, 2017 compared to US$79.1 million at March 31, 2017.

$8.6 million was received from the Moa JV representing a repayment of principal on the working capital facility.

Adjusted earnings (loss) from continuing operations(1)

		2017		2016
For the three months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net loss from continuing operations	**(101.9)**	**(0.35)**	(103.6)	(0.35)
Adjusting items, net of tax:				
Unrealized foreign exchange (gain) loss	**4.4**	**0.01**	1.6	0.01
Other	**(2.3)**	**(0.01)**	(14.1)	(0.05)
Adjusted net loss from continuing operations	**(99.8)**	**(0.34)**	(116.1)	(0.39)

		2017		2016
For the six months ended June 30	**$ millions**	**$/share**	$ millions	$/share
Net loss from continuing operations	**(174.5)**	**(0.59)**	(151.4)	(0.52)
Adjusting items, net of tax:				
Unrealized foreign exchange (gain) loss	**(2.9)**	**(0.01)**	(74.4)	(0.25)
Other	**(5.1)**	**(0.02)**	(17.9)	(0.06)
Adjusted net loss from continuing operations	**(182.5)**	**(0.61)**	(243.7)	(0.83)

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

The adjusted net loss from continuing operations in the second quarter of 2017 was $99.8 million, which included a $4.4 million unrealized foreign exchange loss, and a $2.9 million offsetting gain relating to VAT adjustments.

REVIEW OF OPERATIONS

METALS

$ millions except as otherwise noted, for the three months ended June 30	**2017**				2016				
	Moa JV & Fort Site[1] (50%)	**Ambatov JV (40%)**	**Other[2]**	**Total**	Moa JV and Fort Site[1] (50%)	Ambatovy JV (40%)	Other[2]	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	$ **103.0**	**$ 68.3**	**$ 11.7**	**$ 183.0**	$ 89.5	$ 60.5	$ 10.5	$ 160.5	14%
(Loss) earnings from operations	**(3.4)**	**(38.6)**	**0.4**	**(41.6)**	(5.5)	(47.5)	-	(53.0)	22%
Adjusted EBITDA[3]	**11.7**	**(1.6)**	**0.4**	**10.5**	6.7	(14.1)	-	(7.4)	242%
Cash provided (used) by operations	**(6.6)**	**(12.1)**	**3.6**	**(15.1)**	(8.4)	(16.9)	1.0	(24.3)	38%
Free cash flow[3]	**(14.6)**	**(14.8)**	**3.6**	**(25.8)**	(20.0)	(18.0)	1.0	(37.0)	30%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**4,370**	**3,784**	**-**	**8,154**	4,432	3,843	-	8,275	(1%)
Finished Nickel	**3,739**	**3,443**	**-**	**7,182**	4,145	3,620	-	7,765	(8%)
Finished Cobalt	**436**	**270**	**-**	**706**	477	270	-	747	(5%)
Fertilizer	**62,858**	**10,904**	**-**	**73,762**	57,552	10,797	-	68,349	8%
NICKEL RECOVERY (%)	**88%**	**85%**			87%	83%			
SALES VOLUMES (tonnes)									
Finished Nickel	**3,670**	**3,465**	**-**	**7,135**	4,068	4,251	-	8,319	(14%)
Finished Cobalt	**435**	**297**	**-**	**732**	473	361	-	834	(12%)
Fertilizer	**57,816**	**10,335**	**-**	**68,151**	59,947	13,764	-	73,711	(8%)
AVERAGE EXCHANGE RATE (CAD/US)				**1.345**				1.289	4%
AVERAGE REFERENCE PRICES (US$ per pound)									
Nickel				**$ 4.18**				$ 4.00	5%
Cobalt				**25.87**				10.85	138%
AVERAGE-REALIZED PRICES[3]									
Nickel ($ per pound)	**$ 5.58**	**$ 5.83**	**-**	**$ 5.70**	$ 5.06	$ 5.08	-	$ 5.07	12%
Cobalt ($ per pound)	**33.12**	**33.07**	**-**	**33.10**	13.37	13.46	-	13.38	147%
Fertilizer ($ per tonne)	**414**	**176**	**-**	**380**	455	146	-	396	(4%)
UNIT OPERATING COSTS[3] (US$ per pound)									
Nickel - net direct cash cost	**$ 2.55**	**$ 3.66**	**-**	**3.09**	$ 2.94	$ 5.12	-	4.05	(24%)
SPENDING ON CAPITAL									
Sustaining	**$ 8.1**	**$ 12.8**	**$ -**	**$ 20.9**	$ 7.3	$ 2.9	$ -	$ 10.2	105%
Expansion	**-**	**-**	**-**	**-**	4.1	-	-	4.1	(100%)
	$ 8.1	**$ 12.8**	**$ -**	**$ 20.9**	$ 11.4	$ 2.9	$ -	$ 14.3	(15%)

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

$ millions, except as otherwise noted, for the six months months ended June 30	**2017**				2016				
	Moa JV and Fort Site[1] (50%)	**Ambatov JV (40%)**	**Other[2]**	**Total**	Moa JV and Fort Site[1] (50%)	Ambatovy JV (40%)	Other[2]	Total	Change
FINANCIAL HIGHLIGHTS									
Revenue	**$ 193.4**	**$ 143.1**	**$ 26.0**	**$ 362.5**	$ 166.2	$ 125.6	$ 21.7	$ 313.5	16%
(Loss) earnings from operations	**(1.4)**	**(67.6)**	**0.7**	**(68.3)**	(16.8)	(97.4)	0.3	(113.9)	40%
Adjusted EBITDA[3]	**24.5**	**6.6**	**0.7**	**31.8**	6.5	(26.9)	0.3	(20.1)	258%
Cash provided (used) by operations	**8.2**	**(14.4)**	**5.2**	**(1.0)**	(11.4)	(22.4)	5.2	(28.6)	97%
Free cash flow[3]	**(2.0)**	**(21.1)**	**5.2**	**(17.9)**	(30.6)	(23.5)	5.2	(48.9)	63%
PRODUCTION VOLUMES (tonnes)									
Mixed Sulphides	**8,652**	**8,101**	**-**	**16,753**	8,753	8,413	-	17,166	(2%)
Finished Nickel	**7,579**	**7,260**	**-**	**14,839**	8,387	8,062	-	16,449	(10%)
Finished Cobalt	**872**	**593**	**-**	**1,465**	976	635	-	1,611	(9%)
Fertilizer	**121,726**	**22,700**	**-**	**144,426**	128,459	25,152	-	153,611	(6%)
NICKEL RECOVERY (%)	**87%**	**85%**			87%	85%			
SALES VOLUMES (tonnes)									
Finished Nickel	**7,532**	**7,275**	**-**	**14,807**	8,209	8,742	-	16,951	(13%)
Finished Cobalt	**856**	**651**	**-**	**1,507**	941	693	-	1,634	(8%)
Fertilizer	**95,270**	**22,782**	**-**	**118,052**	91,660	27,871	-	119,531	(1%)
AVERAGE EXCHANGE RATE (CAD/USD)				**1.334**				1.330	-
AVERAGE REFERENCE PRICES (US$ per pound)[3]									
Nickel				**$ 4.43**				$ 3.93	13%
Cobalt				**22.83**				10.78	112%
AVERAGE-REALIZED PRICES[3]									
Nickel ($ per pound)	**$ 5.89**	**$ 5.99**	**-**	**$ 5.94**	$ 5.11	$ 5.12	**-**	$ 5.12	16%
Cobalt ($ per pound)	**28.73**	**29.64**	**-**	**29.09**	13.60	14.38	**-**	13.93	109%
Fertilizer ($ per tonne)	**386**	**169**	**-**	**345**	433	166	-	370	(7%)
UNIT OPERATING COSTS (US$ per pound)[3]									
Nickel - net direct cash cost	**$ 2.86**	**$ 3.79**	**-**	**$ 3.32**	$ 3.15	$ 4.75	-	$ 3.98	(17%)
SPENDING ON CAPITAL									
Sustaining	**$ 10.2**	**$ 21.2**	**$ -**	**$ 31.4**	$ 11.1	$ 4.6	$ -	$ 15.7	100%
Expansion	**-**	**-**	**-**	**-**	8.1	-	-	8.1	(100%)
	$ 10.2	**$ 21.2**	**$ -**	**$ 31.4**	$ 19.2	$ 4.6	$ -	$ 23.8	(25%)

(1) Includes results for certain 100% owned assets at Fort Saskatchewan plant.

(2) Includes results for Sherritt's marketing organizations for certain Ambatovy and Moa Joint Venture sales.

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

METAL MARKETS

Nickel

The nickel average reference price of US$4.18/lb in the second quarter is only 5% above the average for the same period last year, and 8% above the Q1 2016 historic low quarterly average of US$3.86/lb. This is after a rally in the latter half of 2016 that saw prices exceed US$5.25/lb for a period in November 2016 before selling off in December.

Although an intermediate rally in February briefly brought prices back to US$5.00/lb, nickel prices have since declined steadily because of the growing uncertainty on the supply side following the announcement from Indonesia of the relaxation to the export ban in Q1 and the dismissal of the Philippines environment minister Ms. Regina Lopez, who had introduced strict closure regulations that would have curtailed production at multiple nickel mines producing low-grade ore for NPI production. On the demand side, the Chinese demand forecasts have been revised down with weak stainless steel consumption, contributing to the lower price recovery expected by the market in the short term. The nickel market remains in deficit but the high level of LME and Shanghai warehouse stocks neutralizes any positive impact this may have on the nickel price for now.

Fundamental long-term demand remains strong for high quality, LME deliverable nickel with a positive trend in the aerospace and the electric vehicle sectors as nickel is one of the critical elements of the increasingly popular NMC cathodes but this is a longer term phenomenon, with the short term being more difficult to predict until Indonesian and Philippines supply is clarified. It is, however, important to note that neither the Indonesian nor the Philippines low-grade ore meets the demands of high purity battery manufacturers, as the material is directed to the production of NPI.

Cobalt

Cobalt prices have continued to increase in Q2 2017; the cobalt reference price is up by 82% since the start of the year with an average reference price at US$25.87/lb for the quarter versus an average reference price of US$10.85/lb in the same period last year (+138%). Prices have been consistently over US$23/lb in the quarter with a minimum of US$23.59/lb and a maximum of US$27.22/lb.

The low price elasticity and the rising demand for battery materials led by the electric vehicle industry continue to support the upward trend in pricing. In the short term, the substitution risk seems fairly low in battery chemistry, given the unique chemical properties of cobalt and the key beneficiary of a potential substitution in the longer term would be nickel. Due to the limited number of copper and nickel projects with significant cobalt by-products and the political risks in the DRC, potential supply risk is clearly motivating battery manufacturers, with announcements made by several battery manufacturers who have tried to secure long term supply. Overall, deficits are expected in the cobalt market until 2025, with a shortage of over 15,000 tonnes of cobalt in 2025 being predicted. In addition to the industrial player end users, financial investors are also driving the continuing bullish trend in cobalt, further impacting the expected supply deficits.

Moa Joint Venture (50% interest) and Fort Site (100%)

The Moa JV finished nickel production of 3,739 tonnes (50% basis) in the second quarter is 101 tonnes lower than its level in the first quarter this year despite better mixed sulphides production. Although the impacts from Hurricane Matthew ended in the first quarter, second quarter production was impacted by a longer planned annual refinery shutdown (7 days compared to 3 days in Q2 2016), a higher cobalt:nickel ratio, and carryover impacts from the last two quarters that reduced mixed sulphides availability. Although third party feed continues to be processed and mitigates lower mixed sulphides availability from Moa, current pricing terms for an additional nickel-rich third party feed source are currently uneconomical. This condition is expected to continue for the balance of the year, resulting in a 1,500 tonne reduction to Moa’s nickel production guidance for 2017. The Moa mixed sulphide nickel to cobalt ratio in the second quarter was similar to the ratio in the first quarter this year, and is expected to be similar for the balance of the year based on mine plan sequencing.

Revenue in the quarter is up 14% from Q1 2017, and up 15% from the comparable quarter of 2016. Cobalt made up 31% of total revenue in the second quarter, with fertilizer accounting for another 23%. The higher cobalt and fertilizer prices in the second quarter of 2017 compared to first quarter 2017 more than offset the lower nickel price, with the weaker Canadian dollar also benefiting revenue. Fertilizer sales volumes were up 54% from first quarter volumes, but consistent with normal seasonality and with the comparable quarter of 2016. Although fertilizer prices continued to climb, as they have since fourth quarter 2016, they remained below the prices experienced last year, and margins were significantly lower in the second quarter compared to the first quarter this year and to Q2 2016. Higher fertilizer cost of sales came from higher maintenance costs associated with the longer planned annual refinery and bi-annual acid plant shutdowns.

The NDCC of US$2.55/lb of nickel in the second quarter is the lowest experienced since Q2 2008, and an improvement on the year-ago level of US$2.94/lb despite lower levels of production and a lower net fertilizer credit. The cobalt credit of US$2.92/lb demonstrates the value of Moa's cobalt production. For the Moa JV's cash contribution, an approximately US$8/lb change in the cobalt price equals a US$1/lb change in the nickel price. Higher mining, processing & refining costs on a year-to-date basis are mainly a function of lower production volumes, higher energy prices and costs associated with the longer annual planned refinery maintenance shutdown.

Cash used by operations of $6.6 million in the second quarter despite positive Adjusted EBITDA of $11.7 million is mainly due to negative working capital changes from delivery of fertilizer against pre-buys received in the last two quarters.

Capital spending of $8.1 million in the quarter is higher than the $2.1 million capital expenditure in the first quarter this year, as was expected given the outlook for the year and the arrival of mining trucks at Moa. The Moa JV is expected to operate and to fund capital expenditures through internally generated cash flow and/or external loans.

Ambatovy Joint Venture (40% interest)

Nickel production in the second quarter and year-to-date period this year was down 10% from first quarter 2017 levels, and down 5% compared to its comparable level last year. Limited sulphuric acid production capacity was the main contributor to lower production in Q2 with substantial unplanned maintenance required on an acid plant during a planned maintenance outage on the second acid plant in April. Accordingly, PAL ore throughput was restricted to manage available acid supply and low Ambatovy finished nickel production in the second quarter this year was caused primarily by the lower PAL ore throughput, but also by lower than expected metal recoveries caused by inconsistent PAL operations and lower CCD (counter current decantation) thickener availability. Taking into account the weaker first half of 2017, the Ambatovy production outlook has been revised to a range of 40,000 – 43,000 tonnes (100% basis) nickel and 3,600 – 3,900 tonnes (100% basis) cobalt.

Despite the lower production in the first half, revenue on a six-month basis is up 14% compared to its comparable period last year, due to a 13% change in nickel reference prices, and a 112% change in cobalt reference prices. Cobalt revenues accounted for 32% of revenue in the second quarter this year compared to 18% in the comparable quarter last year.

The NDCC of US$3.66/lb for the second quarter is a 29% improvement over the comparable quarter last year, and a 7% improvement over the first quarter 2017, again benefiting from a higher cobalt credit of US$2.44/lb. Taking into account improving cobalt prices and a higher cobalt:nickel ratio expected in the second half of the year, the Ambatovy NDCC outlook has been narrowed to a range of US$3.10 - US$3.40/lb.

Capital spending of $12.8 million in the second quarter and $21.2 million year-to-date is consistent with guidance for the year, with all of the sustaining capital relating to mine development, tailings management facility construction and the purchase of articulated dump trucks and new excavators.

Ambatovy Agreement in Principle

The Ambatovy Joint Venture partners continue to work towards implementation of the previously announced Agreement in Principle, with closing expected to occur in late Q3 or Q4 this year.

OIL AND GAS

$ millions, except as otherwise noted	For the three months ended 2017 June 30	2016 June 30	Change	For the six months ended 2017 June 30	2016 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 34.1**	$ 28.3	20%	**$ 69.4**	$ 50.7	37%
(Loss) earnings from operations	**8.9**	(3.0)	397%	**19.9**	(11.7)	270%
Adjusted EBITDA(1)	**17.8**	8.9	100%	**37.4**	12.9	190%
Cash provided by operations	**11.2**	7.9	42%	**25.2**	10.5	140%
Free cash flow(1)	**7.8**	3.0	160%	**18.1**	0.6	2917%
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) - Cuba	**14,545**	16,200	(10%)	**14,877**	16,324	(9%)
Total net working-interest (NWI)	**8,805**	10,567	(17%)	**8,848**	10,537	(16%)
AVERAGE EXCHANGE RATE (CAD/USD)	**1.345**	1.289	4%	**1.334**	1.330	-
AVERAGE REFERENCE PRICE (US$ per barrel)						
West Texas Intermediate (WTI)	**$ 48.06**	$ 45.59	5%	**$ 49.83**	$ 39.64	26%
Gulf Coast Fuel Oil No. 6	**43.26**	31.02	39%	**44.43**	26.19	70%
Brent	**49.13**	45.29	8%	**51.23**	39.51	30%
AVERAGE-REALIZED PRICE(1) (NWI)						
Cuba ($ per barrel)	**$ 42.10**	$ 28.16	50%	**$ 42.86**	$ 24.98	72%
UNIT OPERATING COSTS(1) (GWI)						
Cuba ($ per barrel)	**$ 9.95**	$ 9.30	7%	**$ 9.29**	$ 9.42	(1%)
SPENDING ON CAPITAL(2)						
Development, facilities and other	**$ (0.4)**	$ 3.6	(111%)	**$ (1.2)**	$ 7.7	(116%)
Exploration	**2.1**	1.3	62%	**5.9**	1.9	211%
	$ 1.7	$ 4.9	(65%)	**$ 4.7**	$ 9.6	(51%)

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

(2) Spending on capital includes accruals.

Cuba gross working-interest oil production of 14,545 bopd in the second quarter is down 4% from Q1 2017 levels and down 10% from Q2 2016 levels, reflecting natural reservoir declines.

Revenue in the second quarter this year was similar to first quarter 2017 revenue and up 20% compared to the second quarter 2016. On a year-to-date basis, revenue is up 37% over the first half of 2016, with Gulf Coast Fuel Oil No. 6 prices holding at 88-90% of WTI prices compared to 66% in the first half of 2016 when energy prices experienced multi-year lows.

Cost-recovery oil production in Cuba in the second quarter of 2017 was up 11% from first quarter 2017 levels due to a higher allocation of indirect costs to the development blocks, given minimal costs were incurred in relation to the exploration blocks in Q2 2017. Cost-recovery oil production in Cuba was down 45% from comparable levels in the second quarter of 2016, due to the combination of lower spending and higher oil prices which result in fewer cost recovery barrels.

Despite the decrease in production year-over-year, unit operating costs remain competitive, with Q2 2017 Cuba unit operating costs of $9.95 per barrel compared to $8.66 in the first quarter this year and $9.30 in Q2 2016. On a year-to-date basis, unit operating costs are largely unchanged despite the lower production, as lower labour and treatment and transportation costs offset the impact of lower production.

Cash provided by operations in the second quarter this year of $11.2 million is down 20% from the first quarter this year, and up 42% from Q2 2016 despite the lower oil production, as the improvement in realized prices and continuing low operating costs have offset the lower production.

The results from the first well in Block 10 were announced by press release during the first quarter. The well targeted the previously discovered Lower Veloz formation, but the lower section of the well was abandoned due to geotechnical instability in the wellbore. Drilling of the second well is expected to commence in August this year with first results expected in the fourth quarter of this year. The capital cost estimated to drill this second well is approximately US$8 million, as the well will utilize part of the first well drilled. Any future capital in Block 10 will be contingent upon success in this well, and expected capital spending will be revised when the well has been completed and results disclosed.

Capital spending has been minimal in the first half of the year, as preparations were made to start drilling the second well on Block 10. Negative capital spending for development, facilities and other reflect the reversal of accruals. Oil & Gas capital spending has been revised downward by US$20 million primarily due to a reduction in drilling costs attributable to using part of the existing wellbore from the first well drilled on Block 10 in order to drill the second well, as well as the deferred spending on the Block 8A seismic program, now expected to occur in Q1 2018.

POWER

	For the three months ended			For the six months ended		
	2017	2016		**2017**	2016	
$ millions (33 ⅓% basis), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 13.6**	$ 14.9	(9%)	**$ 27.0**	$ 30.5	(11%)
(Loss) earnings from operations	**1.5**	(1.8)	183%	**4.3**	(2.0)	315%
Adjusted EBITDA(1)	**7.9**	6.8	16%	**17.1**	15.5	10%
Cash provided by operations	**7.9**	4.9	61%	**20.7**	5.8	257%
Free cash flow(1)	**7.5**	4.8	56%	**19.5**	5.6	248%
PRODUCTION AND SALES						
Electricity (GWh)	**220**	227	(3%)	**437**	444	(2%)
AVERAGE-REALIZED PRICE(1)						
Electricity ($/MWh)	**$ 57.02**	$ 54.51	5%	**$ 56.66**	$ 56.35	1%
UNIT OPERATING COSTS(1) ($/MWh)						
Base	**15.80**	15.64	1%	**15.65**	15.26	3%
Non-base(2)	**5.56**	8.76	(37%)	**3.03**	5.45	(44%)
	21.36	24.40	(12%)	**18.68**	20.71	(10%)
NET CAPACITY FACTOR (%)	**69**	69	-	**69**	70	(1%)
SPENDING ON CAPITAL AND SERVICE CONCESSION ARRANGEMENTS(3)						
Sustaining	**$ 0.4**	$ 0.2	100%	**$ 1.2**	$ 0.3	300%
Service concession arrangements	**-**	1.7	(100%)	**-**	3.6	(100%)
	$ 0.4	$ 1.9	(79%)	**$ 1.2**	$ 3.9	(69%)

(1) For additional information see the Non-GAAP measures section of this release.
(2) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted for as service concession arrangements.
(3) Spending on capital includes accruals.

Power production in the second quarter of 220 GWh is marginally higher than in the first quarter this year, and down 3% from its year-ago quarterly level. The change in average-realized prices from first quarter to second quarter 2017 and on a year-over-year basis reflects fluctuations in the Canadian dollar against the U.S. dollar.

Second quarter 2017 revenue of $13.6 million is basically flat from first quarter revenue, and on a year-to-date basis is down 11% from its comparable period last year despite similar production at similar average-realized prices, because of first half 2016 revenue from construction activity, which had offsetting construction activity expenses recorded in cost of goods sold. This construction activity was related to the Puerto Escondido/ Yumuri pipeline, which is a service concession arrangement, and was completed in 2016.

Unit operating costs in the second quarter this year are up 34% from first quarter 2017, but down 12% from second quarter 2016 due to the timing of gas turbine maintenance activities.

Adjusted EBITDA of $7.9 million in the second quarter of 2017 is down 14% from first quarter 2017 levels, but up 16% from second quarter 2016 levels, with cash provided by operations of $7.9 million. On a year-to-date basis, the power operations have generated cash from operations of $20.7 million and free cash flow of $19.5 million. No CSA interest or principal payments were made by Energas to Sherritt in the first half of 2017.

2017 STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2017. The 2017 Strategic Priorities reflect the continuing cautious commodity price outlook and the Corporation's responsibility to preserve liquidity, continue to drive down costs, improve organizational effectiveness and execute rational capital allocation plans. Sherritt's purpose, originally communicated in 2014, continues to be ***a low-cost nickel producer that creates sustainable prosperity for our employees, investors and communities***.

Strategic Priorities	2017 Targets	Status
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Finalize long-term Ambatovy equity and funding structure	Agreement in principle reached with the Ambatovy project partners, closing of the transaction expected in Q3 or Q4
	Optimize working capital and receivables collection	Timing of working capital changes at the Fort Site fluctuate quarter-to-quarter. Management continues to take action to expedite Cuban energy receipts
	Operate Metals and Power businesses to be free cash flow neutral or better	On a year-to-date basis, Oil and Power continue to produce positive free cash flow, and the Moa JV has generated sufficient operating cash flow to repay a portion of the working capital facility
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Determine future capital allocation based on results from first two wells drilled on Block 10	The results from the first well have provided constructive data to optimize the drilling of the second well, again targeting the Lower Veloz formation
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC at Moa and Ambatovy towards the goal of achieving or remaining in the lowest quartile of global nickel cash costs	Q2 NDCC of US$2.55/lb at the Moa JV is expected to be in the lowest quartile, while Ambatovy Q2 NDCC of US$3.66/lb fell short of expectations, due to lower production
	Increase Ambatovy production and predictability over 2017	Ambatovy production in the first half has experienced unanticipated challenges that are expected to be rectified in the second half of 2017
	Achieve peer leading performance in environmental, health, safety and sustainability	Sherritt was named as one of *Corporate Knights'* 2017 Future 40 Responsible Corporate Leaders in Canada, based on sustainability disclosures, and began implementing the Mining Association of Canada's *Towards Sustainable Mining* program

OUTLOOK

2017 PRODUCTION, UNIT OPERATING COST AND CAPITAL SPENDING GUIDANCE

In 2017, Sherritt added Unit Operating Cost guidance.

Production volumes, unit operating costs and spending on capital	Guidance at 2016 December 31	Actual 2017 June 30	Revised Projected 2017
Production volumes			
Nickel, finished (tonnes, 100% basis)			
Moa Joint Venture	33,000-34,000	15,158	31,500-32,500
Ambatovy Joint Venture	48,000-52,000	18,150	40,000-43,000
Total	81,000-86,000	33,308	71,500-75,500
Cobalt, finished (tonnes, 100% basis)			
Moa Joint Venture	3,500-3,800	1,744	No change
Ambatovy Joint Venture	3,800-4,100	1,483	3,600-3,900
Total	7,300-7,900	3,227	7,100-7,700
Oil – Cuba (gross working-interest, bopd)	11,500-12,500	14,877	No change
Oil and Gas – All operations (net working-interest, boepd)	6,400-7,000	8,848	No change
Electricity (GWh, 33⅓% basis)	850-900	437	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	3.20-3.70	2.86	2.80-3.30
Ambatovy Joint Venture	3.10-3.70	3.79	3.10-3.40
Total	3.14-3.70	3.32	2.95-3.35
Oil and Gas - Cuba (unit operating costs, $ per barrel)	11.00-12.00	9.29	No change
Electricity (unit operating cost, $ per MWh)	18.75-19.50	18.68	No change
Spending on capital (US$ millions)			
Metals – Moa Joint Venture (50% basis), Fort Site (100% basis) (1)	US$28 (38)	US$8 (10)	No change
Metals – Ambatovy Joint Venture (40% basis)	US$45 (61)	US$16 (21)	No change
Oil and Gas	US$55 (73)	US$4 (5)	US$35 (47)
Power (33⅓% basis)	US$1 (2)	US$1 (1)	No change
Spending on capital (excluding Corporate)	US$129 (174)	US$28 (37)	US$109 (148)

(1) Spending is 50% of US$ expenditures for Moa JV and 100% expenditures for Fort Site fertilizer and utilities.

NON-GAAP MEASURES

The Corporation uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, and adjusted operating cash flow, and free 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, 2017 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 27, 2017, 10:00 a.m. ET
North American callers, please dial:	1-800-263-0877
International callers, please dial:	416-640-5944
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 1, 2017 by calling 647-436-0148 or 1-888-203-1112, access code 6484196#.

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete condensed consolidated financial statements and MD&A for the three and six months ended June 30, 2017 are available at www.sherritt.com and should be read in conjunction with this news release.

ABOUT SHERRITT

Sherritt, which is celebrating its 90th anniversary in 2017, is the world leader in the mining and refining of nickel from lateritic ores with projects and operations in Canada, Cuba and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "S".

Source: Sherritt Investor Relations

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”, “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 “Outlook” sections of this press release and certain expectations about capital costs and expenditures; production volumes; capital project completion and ramp up dates; future price of key commodities; sales volumes; revenue, costs, and earnings; sufficiency of working capital and capital project funding; results of on-going discussions regarding the partnership structure and future financing arrangements at the Ambatovy Joint Venture; results of discussions regarding timing of ongoing Cuban payments; 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. 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 and access to capital resources, access to financing, risk of future non-compliance with debt restrictions and covenants; risks associated with the Corporation’s joint venture partners; discrepancies between actual and estimated production; 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 Madagascar and 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 amounts owed to the Corporation by the Malagasy and Cuban governments; 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; 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; risks related to information technology systems; and certain corporate objectives, goals and plans for 2017; 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 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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