For immediate release

Sherritt Reports Higher Production at Moa JV and Stronger Balance Sheet for Q3 2018

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Toronto, Ontario – October 31, 2018 – Sherritt International Corporation ("Sherritt" or the "Corporation") (TSX: S), a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ores, today reported its financial results for the three- and nine-month periods ended September 30, 2018. All amounts are in Canadian currency unless noted.

CEO COMMENTARY

"Our performance in the third quarter was marked by clear signs of progress," said David Pathe, President and CEO of Sherritt International. "We ended Q3 with a stronger balance sheet, our first dividend distribution from the Moa JV in more than three years, and higher nickel production at Moa.

"While the momentum that nickel and cobalt prices established at the start of the year has recently been dampened by concerns over international trade disputes and the impacts of tariffs, underlying fundamentals for physical metal remain strong and the outlook is encouraging. Since the start of 2018, we have witnessed a decline in global Class 1 nickel inventory stocks by almost 40%. With no new nickel production coming online in the near term and demand expected to continue to grow, especially as the electric vehicle battery market expands, we anticipate favorable market fundamentals to continue."

Q3 2018 HIGHLIGHTS

- Adjusted EBITDA was $40.6 million, up 20% from $33.8 million in Q3 2017. The increase was largely due to higher realized nickel and cobalt prices, more than offsetting the impact of lower oil production due to the expiration of a production sharing contract at Varadero West as well as the impact of higher mining and input costs, including increased sulphur and energy expenses. Year-to-date adjusted EBITDA for 2018 has improved by 26% to $126.5 million.

- Sherritt's share of finished nickel production at the Moa Joint Venture ("Moa JV") was 4,457 tonnes, up 10% from last year, while finished cobalt was 465 tonnes, flat from Q3 2017. Nickel production in Q3 2018 improved largely due to the arrival of new mining equipment that enabled Moa to surpass its target mixed sulphide production for the quarter.

- Net direct cash cost (NDCC)[1] at the Moa JV was US$2.16 per pound of finished nickel sold, representing the sixth consecutive quarter that the Moa JV is in the lowest cost quartile relative to other nickel producers based on annualized information tracked by Wood Mackenzie. NDCC in Q3 2018 was impacted, however, by higher sulphur and energy prices relative to Q3 2017 when the NDCC at the Moa JV was US$1.94 per pound of finished nickel sold.

- The average-reference price for nickel improved 26% from last year to US$6.01/lb while the average-reference price for cobalt increased 22% to US$35.21/lb.

- Received $5.2 million in dividend distributions from the Moa Joint Venture. The dividend marks the first that Sherritt has received since Q1 2015, and reflects generally improved nickel market conditions.

- Sherritt ended the quarter with $207.1 million in cash, cash equivalents and short-term investments, up from $197.2 million at June 30, 2018.

- Net loss was $13.3 million or $0.03 on a per share basis. In Q3 2017, Sherritt incurred a net loss of $69.5 million or $0.24 per share.

- As previously reported, Sherritt resumed drilling on Block 10 in early July. Drilling continues today. During the quarter, the expandable casing technology imported to address the loss circulation zones in the upper reservoir was successfully deployed. Drilling continued to a total depth of approximately 5,000 meters of the planned 5,960 meters. Recently, wellbore instability has been encountered between the upper and lower reservoirs. To manage the wellbore instability, a portion of the wellbore below the upper reservoir is currently being re-drilled and results are anticipated within 90 days. Total capital spending for the oil division, including added costs for drilling on Block 10, are now estimated at approximately US$29 million for 2018.

- Submitted an application to the Alberta Partial Upgrading Program for a grant to advance development of Sherritt's proprietary process to upgrade bitumen at a lower cost. Sherritt's process is based on 60 years of experience with hydrometallurgical processes and the use of autoclaves.

- Relocated to a new corporate office in Toronto, a move that is expected to result in cost savings of approximately $1 million per year.

DEVELOPMENTS SUBSEQUENT TO QUARTER END

- In early October 2018, delivery of hydrogen sulphide, a key reagent used at the Moa JV refinery in Fort Saskatchewan, Alberta, was interrupted due to the supplier's non-compliance with provincial regulations, resulting in a temporary suspension of hydrogen sulphide delivery to the refinery and a reduction in production of finished nickel and cobalt. Hydrogen sulphide supply has now resumed, and the refinery is once again operating at full capacity. As a result of the impact of the supplier's delivery interruption, Sherritt has lowered the range of its expected production guidance at the Moa JV for finished nickel to 30,500 to 31,000 tonnes (100% basis) and lowered the range of finished cobalt production to 3,250 to 3,400 tonnes (100% basis). Expected NDCC guidance at the Moa JV for 2018 has been updated to be in the range of US$1.90 to US$2.40 per pound of nickel sold, reflecting the impact of the hydrogen sulphide development on production as well as the recent increase in input costs and decline in cobalt prices.

- Sherritt's escrow account to cover funding requirements of the Ambatovy Joint Venture was depleted following a cash call in October 2018. The escrow account was established as a requirement of the Ambatovy restructuring completed in December 2017 when Sherritt's ownership interest was reduced to 12% in exchange for the elimination of $1.4 billion of debt. Any future cash funding requirements will be dependent on Ambatovy's production as well as prevailing commodity prices among other items. If additional cash funding is required, Sherritt does not anticipate providing any such funding based on Ambatovy's current debt structure.

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

Q3 2018 FINANCIAL HIGHLIGHTS

	For the three months ended			For the nine months ended		
	2018	2017		**2018**	2017	
$ millions, except per share amount	**September 30**	September 30	Change	**September 30**	September 30	Change
Revenue	**29.9**	63.3	(53%)	**$ 115.8**	$ 212.5	(46%)
Combined Revenue[1]	**187.8**	234.7	(20%)	**535.8**	693.7	(23%)
Net Loss for the period	**(13.3)**	(69.5)	81%	**(11.1)**	(244.0)	95%
Adjusted EBITDA[1]	**40.6**	33.8	20%	**126.5**	100.2	26%
Cash used (provided) by continuing operations	**14.1**	28.7	(51%)	**(5.2)**	24.3	(121%)
Combined free cash flow [1]	**(3.5)**	7.3	(148%)	**(13.9)**	(20.9)	33%
Net Loss from continuing operations per share	**(0.03)**	(0.24)	88%	**(0.03)**	(0.83)	96%

(1) For additional information see the Non-GAAP measures section.

(2) The amounts for the periods ended September 30, 2018 have been prepared in accordance with IFRS 9 and IFRS 15; prior year periods amounts have not been restated. Refer to note 4 in the condensed consolidated financial statements for the three months ended March 31, 2018 for further information.

	2018	2017	
$ millions, except as otherwise noted, as at	**September 30**	December 31	Change
Cash, cash equivalents and short term investments	**$ 207.1**	$ 203.0	2%
Loans and borrowings	**696.0**	824.1	(16%)

In Q3 2018, Sherritt generated $14.1 million in cash flow from operations largely as a result of higher realized prices for nickel and cobalt and a $5.2 million dividend distribution received from the Moa JV. In addition, the Moa JV's stronger financial position allowed it to fully repay Sherritt $10.8 million of advances previously provided for working capital purposes. Receipt of this repayment is reported within financing activities and, therefore, not included within Sherritt's operating and free cash flow results.

The dividend distribution, the first in more than three years, was possible following the final repayment on a $45 million Moa JV working credit facility and the $10.8 million advance. Future dividend distributions from the Moa JV will vary in amount based on available free cash generated largely as a result of production totals and prevailing nickel and cobalt prices.

Combined operating cash flow in Q3 2018 included contributions totaling $12.3 million from the Moa JV and Fort Site, $0.8 million from the Oil and Gas division and $10.0 million from the Power division.

As a result of a combination of exploration costs for Block 10 drilling and other capital expenditures totaling $21 million, Sherritt generated negative free cash flow of $3.5 million on a combined basis in Q3 2018. This total was also impacted by reduced Cuban energy payments in the period. Cuban overdue scheduled receivables at September 30, 2018 totaled US$147.8 million, up from US$136.9 million at June 30, 2018. In Q3 2018, Sherritt received US$14.0 million of Cuban energy payments. Sherritt has experienced variability in its Cuban receivables over the years but has not incurred any losses related to any scheduled Cuban receivables.

Cash, cash equivalents and short-term investments at September 30, 2018 were $207.1 million, up from $197.2 million at June 30, 2018. The increase was due to a number of items, including the $5.2 million dividend distribution from the Moa JV, $7.1 million in fertilizer prepayments and the receipt of a $10.8 million advance previously provided to the Moa JV for working capital purposes.

Adjusted earnings (loss) from continuing operations(1)

		2018		2017
For the three months ended September 30	**$ millions**	**$/share**	$ millions	$/share
Net loss from continuing operations	(13.3)	(0.03)	(69.5)	(0.24)
Adjusting items, net of tax:				
Unrealized foreign exchange (gain) loss	6.1	0.01	(13.5)	(0.05)
Other	(3.0)	(0.01)	(1.4)	-
Adjusted net loss from continuing operations	(10.2)	(0.03)	(84.4)	(0.29)

		2018		2017
For the nine months ended September 30	**$ millions**	**$/share**	$ millions	$/share
Net loss from continuing operations	(11.1)	(0.03)	(244.0)	(0.83)
Adjusting items, net of tax:				
Unrealized foreign exchange (gain) loss	(12.6)	(0.03)	(16.4)	(0.06)
Other	(10.0)	(0.03)	(6.5)	(0.02)
Adjusted net loss from continuing operations	(33.7)	(0.09)	(266.9)	(0.91)

(1) For additional information see the Non-GAAP measures section.

Sherritt incurred a net loss from continuing operations of $13.3 million, or $0.03 per share outstanding, in Q3 2018. These compare to a net loss from operations of $69.5 million, or $0.24 per share, in Q3 2017.

On an adjusted basis, Sherritt incurred a net loss from operations of $10.2 million, or $0.03 per share outstanding, in Q3 2018 before the effect of an unrealized foreign exchange loss of $6.1 million. These compare to an adjusted net loss of $84.4 million, or $0.29 per share, for the same period of 2017 when Sherritt recorded an unrealized foreign exchange gain of $13.5 million.

METAL MARKETS

Nickel

Nickel prices softened in Q3 2018 due largely to concerns of the potential negative impacts that escalating international trade disputes and the imposition of new tariffs will have on future demand. These concerns, which became heightened in September, slowed the momentum that nickel prices developed starting in the second half of 2017. The average reference price in Q3 2018 was US$6.01/lb, up 26% from US$4.78/lb in the third quarter of 2017.

Combined nickel inventories on the London Metals Exchange and the Shanghai Futures Exchange at the end of Q3 2018 totaled 240,066 tonnes, down 20% from 298,803 tonnes at the end of Q2 2018. Total Class 1 nickel inventories since the start of the year have declined by almost 40%. As demand continues to exceed available supply, the nickel market is anticipated to be in a structural deficit in the coming years.

Demand for nickel will continue to be driven by the stainless steel sector. According to market research by CRU, stainless steel demand is expected to grow at an average annual rate of 4% through 2022 with production emanating largely from China and Indonesia. Demand for nickel – particularly Class 1 nickel – from non-stainless steel sectors is also expected to accelerate given the growth of the electric vehicle battery market. Class I nickel, along with cobalt, are key metals needed to manufacture electric vehicle batteries.

Beyond 2018, a shortage of Class 1 nickel is anticipated over the coming years since current market prices are below incentive levels needed to develop new nickel projects. As a result, no new Class 1 nickel supply is expected to come on stream in the near term.

Cobalt

Cobalt prices experienced continued softness in Q3 2018 over the prior quarter. The price decline was driven by a number of developments, including increased supply of physical metal from the Democratic Republic of Congo as well as tightening liquidity conditions for traders and buyers based in China that reduced demand. The average-reference price for Q3 2018 was US$35.21/lb, up 22% from US$28.84/lb for Q3 2017.

Low physical demand and current cobalt oversupply is likely to keep market conditions subdued through the end of 2018.The recent softening of prices is expected to be temporary due to the growing demand from the electric vehicle battery market and persistent supply risk concerns linked to the Democratic Republic of Congo, which is currently the world’s largest source of cobalt supply. Cobalt prices since the start of Q4 2018 have experienced some recovery and have stabilized in the US$33-$34/lb range.

High cobalt prices are not expected to cause supply-chain disruptions or delay the growth of the electric vehicle market given that cobalt prices represent a relatively small percentage of the overall battery pack costs. As a result, the potential for removing cobalt from electric vehicle battery production in the near term is relatively low especially since cobalt’s unique properties give batteries energy stability. While battery manufacturers continue to explore alternatives to existing electric vehicle battery chemistry, particularly to increase the battery’s energy density, the likely beneficiary of any changes is expected to be Class I nickel.

REVIEW OF OPERATIONS

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

	For the three months ended			For the nine months ended		
	2018	2017		**2018**	2017	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 136.3**	$ 100.7	35%	**$ 378.1**	$ 294.1	29%
Earnings from operations	**25.1**	12.8	96%	**73.5**	11.4	545%
Adjusted EBITDA(1)	**39.5**	23.9	65%	**111.0**	48.4	129%
CASH FLOW						
Cash provided by operations	**$ 12.3**	$ 17.6	(30%)	**$ 40.5**	$ 25.8	57%
Adjusted operating cash flow(1)	**29.2**	21.5	36%	**92.9**	40.5	129%
Free cash flow(1)	**3.8**	14.5	(74%)	**18.5**	12.5	48%
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,861**	4,555	7%	**12,969**	13,207	(2%)
Finished Nickel	**4,457**	4,049	10%	**11,060**	11,628	(5%)
Finished Cobalt	**465**	464	-	**1,189**	1,336	(11%)
Fertilizer	**57,235**	60,033	(5%)	**162,416**	181,759	(11%)
NICKEL RECOVERY (%)	**89%**	87%	2%	**83%**	87%	(5%)
SALES VOLUMES (tonnes)						
Finished Nickel	**4,404**	4,018	10%	**10,982**	11,550	(5%)
Finished Cobalt	**467**	447	4%	**1,180**	1,303	(9%)
Fertilizer	**27,567**	32,080	(14%)	**116,774**	127,350	(8%)
AVERAGE-REFERENCE PRICES (US$ per pound)						
Nickel	**$ 6.01**	$ 4.78	26%	**$ 6.20**	$ 4.55	36%
Cobalt(2)	**35.21**	28.84	22%	**39.05**	24.84	57%
AVERAGE REALIZED PRICE						
Nickel ($ per pound)	**$ 7.96**	$ 6.02	32%	**$ 8.10**	$ 5.94	36%
Cobalt ($ per pound)	**44.75**	34.89	28%	**48.82**	30.85	58%
Fertilizer ($ per tonne)	**333**	309	8%	**390**	367	6%
UNIT OPERATING COSTS(1) (US$ per pound)						
Nickel - net direct cash cost	**$ 2.16**	$ 1.94	11%	**$ 1.96**	$ 2.53	(23%)
SPENDING ON CAPITAL						
Sustaining	**$ 8.9**	$ 3.0	197%	**$ 26.5**	$ 13.2	101%
	$ 8.9	$ 3.0	197%	**$ 26.5**	$ 13.2	101%

(1) For additional information see the Non-GAAP measures section.

(2) Average low-grade cobalt published price per Fastmarkets MB (formerly Metals Bulletin).

The Moa JV produced 4,457 tonnes of finished nickel in Q3 2018, up 10% from 4,049 tonnes produced in Q3 2017. Growth was largely driven by the deployment of new mining equipment that provided access to higher grade ore for processing. The new equipment also contributed to significantly improved equipment availability when compared to the same period of 2017.

Finished cobalt production in Q3 2018 was 465 tonnes, flat from 464 tonnes produced in Q3 2017. Finished cobalt production in Q3 2018 was impacted by a higher nickel to cobalt ratio in supplemental third-party feeds supplied to the Fort Saskatchewan refinery when compared to Q3 2017. The nickel to cobalt ratio in Moa's mixed sulphide in Q3 2018 was within range of historic norm.

Q3 2018 revenue for the Moa JV and the Fort Site totaled $136.3 million, up 35% from $100.7 million for the comparable period of 2017. The increase was driven by higher realized prices in 2018 for nickel (+32%), cobalt (+28%) and fertilizer (+8%) and a weaker Canadian dollar relative to the U.S. dollar.

Nickel sales represented 57% of the Moa JV's total Q3 2018 revenue while cobalt sales represented 34%. Fertilizer sales in Q3 2018 were down 7% from last year, reflecting weaker demand leading up to the fall fertilizer application season. The impact of weaker sales was partially offset, however, by higher realized prices of 8%.

Mining, processing and refining (MPR) costs for Q3 2018 were US$5.25/lb, up 15% from US$4.57/lb for Q3 2017. The increase was primarily due to higher input costs, largely from increased sulphur and energy prices as well as the impact of planned maintenance activities at an acid plant at Moa that contributed to higher maintenance and purchased sulphuric acid costs relative to the comparable period of 2017.

After taking into account a cobalt credit of US$3.63/lb, NDCC at Moa in Q3 2018 was US$2.16/lb, up 11% from US$1.94/lb for the same period last year. NDCC in Q3 2018 was, nevertheless, ranked in the lowest cost quartile relative to other nickel producers based on annualized information tracked by Wood Mackenzie. NDCC at the Moa JV has now ranked in the lowest cost quartile for six consecutive quarters.

The Moa JV generated adjusted operating cash flow of $29.2 million in Q3 2018, up 36% from $21.5 million in the same period of 2017. The increase was largely due to the year-over-year improvement in realized prices for nickel and cobalt.

The Moa JV's sustaining capital spending in Q3 2018 was $8.9 million, up from $3.0 million in Q3 2017. The increase was due to higher planned spending, including the construction of the new slurry preparation plant dump pocket at Moa, which is expected to be commissioned in Q4 2018. Following an internal equipment inspection, a significant capital project at the Fort Site has been reassessed and is able to be reduced and deferred until future years. As a result, when combined with certain other opportunities to defer some maintenance projects to 2019, sustaining capital spending for 2018 at the Moa JV has been lowered to $40 million (US$31 million). The Moa JV is expected to continue to operate and fund capital expenditures without shareholder funding.

Subsequent to quarter end, delivery of hydrogen sulphide, a key reagent used at the Moa JV refinery in Fort Saskatchewan, Alberta, was interrupted due to the supplier's non-compliance with provincial regulations, resulting in a temporary suspension of hydrogen sulphide delivery to the refinery and a reduction in production of finished nickel and cobalt. Hydrogen sulphide supply has now resumed, and the refinery is once again operating at full capacity. As a result of the impact of the supplier's delivery interruption, Sherritt has lowered the range of its expected production guidance at the Moa JV for finished nickel to 30,500 to 31,000 tonnes (100% basis) and lowered the range of finished cobalt production to 3,250 to 3,400 tonnes (100% basis). Expected NDCC guidance at the Moa JV for 2018 has been updated to be in the range of US$1.90 to US$2.40 per pound of nickel sold, reflecting the impact of the hydrogen sulphide development on production as well as the recent increase in input costs and decline in cobalt prices.

Investment in Ambatovy Joint Venture (12% interest effective December 11, 2017)[1]

$ millions, except as otherwise noted	For the three months ended 2018 September 30	2017 September 30	Change	For the nine months ended 2018 September 30	2017 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 28.6**	$ 78.0	(63%)	**$ 77.7**	$ 221.1	(65%)
Loss from operations	**(7.7)**	(34.2)	77%	**(18.2)**	(101.8)	82%
Adjusted EBITDA[2]	**2.9**	1.3	123%	**12.7**	7.9	61%
CASH FLOW						
Cash provided (used) by operations	**$ 2.6**	$ (8.9)	129%	**$ 1.0**	$ (23.3)	104%
Adjusted operating cash flow[2]	**2.8**	0.9	211%	**5.7**	(10.6)	154%
Free cash flow[2]	**(1.0)**	(13.8)	93%	**(8.1)**	(34.9)	77%
PRODUCTION VOLUMES (tonnes)[3]						
Mixed Sulphides	**1,070**	1,022	5%	**3,015**	3,452	(13%)
Finished Nickel	**914**	974	(6%)	**2,729**	3,152	(13%)
Finished Cobalt	**88**	100	(12%)	**236**	278	(15%)
Fertilizer	**2,383**	3,122	(24%)	**8,134**	9,932	(18%)
NICKEL RECOVERY (%)	**86%**	77%	12%	**87%**	82%	6%
SALES VOLUMES (tonnes)[3]						
Finished Nickel	**1,069**	1,145	(7%)	**2,918**	3,328	(12%)
Finished Cobalt	**103**	103	-	**251**	298	(16%)
Fertilizer	**3,274**	3,336	(2%)	**7,411**	10,171	(27%)
AVERAGE-REFERENCE PRICES (US$ per pound)						
Nickel	**$ 6.01**	$ 4.78	26%	**$ 6.20**	$ 4.55	36%
Cobalt[4]	**35.21**	28.84	22%	**39.05**	24.84	57%
AVERAGE-REALIZED PRICE						
Nickel ($ per pound)	**$ 8.03**	$ 5.77	39%	**$ 7.96**	$ 5.92	34%
Cobalt ($ per pound)	**41.36**	36.16	14%	**47.42**	31.89	49%
Fertilizer ($ per tonne)	**195.00**	160	22%	**193.92**	166	17%
UNIT OPERATING COSTS[2] (US$ per pound)						
Nickel - net direct cash cost	**$ 3.91**	$ 4.27	(8%)	**$ 4.07**	$ 3.96	3%
SPENDING ON CAPITAL						
Sustaining	**$ 4.6**	$ 13.0	(65%)	**$ 10.2**	$ 34.2	(70%)
	$ 4.6	$ 13.0	(65%)	**$ 10.2**	$ 34.2	(70%)

(1) Sherritt's share for Ambatovy Joint Venture reflects its interest at 40% through December 10, 2017 and 12% thereafter.
(2) For additional information, see the Non-GAAP measures section of this release.
(3) To allow for easier comparison, Ambatovy production volume information for the periods ended September 30, 2017 are presented on a 12% basis.
(4) Average low-grade cobalt published price per Fastmarkets MB (formerly Metals Bulletin).

Sherritt's financial results at Ambatovy are presented on a 12% basis for Q3 2018 and on a 40% basis for Q3 2017. Production totals are presented on a 12% for both periods for better comparison purposes. Along with its partners, Sherritt completed the restructuring of the Ambatovy Joint Venture on December 11, 2017. The restructuring led to Sherritt's ownership interest being reduced to 12% in exchange for the elimination of $1.4 billion of debt. Sherritt will continue to serve as operator of Ambatovy at least through 2024, however, as a result of the reduction in its ownership interest, Sherritt's ability to direct local decision-making at Ambatovy has diminished.

Finished nickel production at Ambatovy in Q3 2018 was 914 tonnes, down 6% from 974 tonnes produced in Q3 2017. Finished cobalt production in Q3 2018 was 88 tonnes, down 12% from 100 tonnes for Q3 2017. Production in Q3 2018 was impacted by a number of developments, including bottlenecks in the pressure acid leach (PAL) circuit caused by ore that was highly oxidizing and constrained throughput. The bottleneck issues experienced in Q3 2018 have since been resolved. Production in Q3 2018 was also impacted by a longer than expected planned shutdown that lasted 10 days and included the replacement of an economizer as well as related maintenance and inspection activities.

Throughout 2018, the Ambatovy JV has been implementing a number of initiatives aimed at improving production and increasing the reliability of acid production and PAL circuits. These initiatives have included the replacement of two acid plant economizers, replacement of equipment damaged by Cyclone Ava, and efforts to improve autoclave reliability.

Based on the progress of the initiatives to strengthen asset reliability, Sherritt continues to expect that its nickel and cobalt production at Ambatovy in the second half of 2018 will be greater than production through the first six months of the year, and also expects to reach the lower range of its production guidance for the year.

MPR costs for Q3 2018 were US$7.28/lb, up 11% from US$6.58/lb in Q3 2017. The year-over-year increase was largely due to the impact of higher input costs, including sulphur and energy expenses.

NDCC for finished nickel at Ambatovy in Q3 2018 was US$3.91/lb, down 8% from US$4.27/lb for Q3 2017. The decrease was due to a higher cobalt by-product credit, partially offset by higher energy and sulphur input costs. As a result of the recent decline in cobalt prices and increase in sulphur and energy costs, Sherritt expects that NDCC at the Ambatovy JV will be in the range of US$3.75 to US$4.25 per pound of nickel sold for 2018.

Spending on sustaining capital at Ambatovy on a 100% basis was relatively unchanged in Q3 2018 from the same period last year. Capital spend in Q3 2018 was approximately $33 million (100% basis) and was largely allocated towards the replacement of the economizer at Acid Plant 2, restoring the conditions of the acid plants, repairing corroded equipment and improving plant reliability.

OIL AND GAS

	For the three months ended			For the nine months ended		
	2018	2017		**2018**	2017	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 8.7**	$ 29.9	(71%)	**$ 36.4**	$ 99.3	(63%)
(Loss) earnings from operations	**(5.2)**	5.8	(190%)	**(6.6)**	25.7	(126%)
Adjusted EBITDA[1]	**(2.7)**	14.0	(119%)	**1.3**	51.4	(97%)
CASH FLOW						
Cash provided by operations	**0.8**	7.9	(90%)	**18.6**	33.1	(44%)
Adjusted operating cash flow[1]	**(3.5)**	10.4	(134%)	**(14.5)**	39.7	(137%)
Free cash flow[1]	**(7.3)**	0.7	(1143%)	**0.6**	18.8	(97%)
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) - Cuba	**4,668**	13,831	(66%)	**4,973**	14,524	(66%)
Total net working-interest (NWI)	**1,536**	7,658	(80%)	**2,414**	8,446	(71%)
AVERAGE EXCHANGE RATE (CAD/USD)	**1.307**	1.253	4%	**1.288**	1.307	(2%)
AVERAGE REFERENCE PRICE (US$ per barrel)						
West Texas Intermediate (WTI)	**$ 69.56**	$ 48.21	44%	**$ 66.90**	$ 49.29	36%
U.S. Gulf Coast High Sulpher Fuel Oil (USGC HSFO)[2]	**65.72**	46.39	42%	**61.16**	45.03	36%
Brent	**74.95**	52.51	43%	**72.18**	51.66	40%
AVERAGE-REALIZED PRICE[1] (NWI)						
Cuba ($ per barrel)	**$ 63.55**	$ 42.10	51%	**$ 55.25**	$ 42.63	30%
UNIT OPERATING COSTS[1] (GWI)						
Cuba ($ per barrel)	**$ 18.84**	$ 8.98	110%	**$ 18.72**	$ 9.19	104%
SPENDING ON CAPITAL						
Development, facilities and other	**$ 1.4**	$ 0.9	56%	**$ 1.4**	$ (0.3)	567%
Exploration	**7.1**	6.6	8%	**16.6**	12.5	33%
	$ 8.5	$ 7.5	13%	**$ 18.0**	$ 12.2	48%

(1) For additional information see the Non-GAAP measures section.

(2) Starting in 2018, the Oil and Gas division uses U.S. Gulf Coast High Sulphur Fuel Oil for pricing purposes, replacing U.S. Gulf Coast Fuel Oil #6 used previously. The comparative period has been adjusted accordingly.

Gross working-interest oil production in Q3 2018 in Cuba was 4,668 barrels of oil per day ("bopd"), down 66% from 13,831 bopd for the comparable period of 2017. The decrease was primarily due to the expiration of the Varadero West Production Sharing Contract (PSC) in November 2017, natural reservoir declines and the absence of new development drilling.

Revenue in Q3 2018 was $8.7 million, down 71% from $29.9 million for last year. The decline was attributable to lower production due to the expiration of the Varadero West PSC and the reduction of Sherritt's profit oil percentage to 6% from 45% with the renewal of the Puerto Escondido/Yumuri PSC. The revenue decline was partially offset by higher realized oil prices of 51% to $63.55 per barrel in Cuba and by the impact of a weaker Canadian dollar relative to the U.S. currency.

Total net working-interest production for Q3 2018 was 1,536 barrels of oil equivalent per day ("boepd"), down from 7,658 boepd in the same period of 2017. The decline was due to the impact of the expiration of the Varadero West PSC and decrease in profit oil percentage with the renewal of the Puerto Escondido/Yumuri PSC already noted.

Unit operating costs in Q3 2018 in Cuba were $18.84 per barrel, up 110% from $8.98 in Q3 2017, driven largely by reduced production. Costs were negatively impacted by the weakening of the Canadian dollar relative to the U.S. dollar in Q3 2018 as expenses in Cuba are denominated in U.S. currency.

Capital spending in Q3 2018 was $8.5 million, up from $7.5 million for the comparable period of last year, largely due to Block 10 drilling activities.

Sherritt resumed drilling on Block 10 in early July 2018. Drilling continues today. During Q3, the expandable casing technology imported to address the loss circulation zones in the upper reservoir was successfully deployed. Drilling continued to a total depth of approximately 5,000 meters of the planned 5,960 meters. Recently, wellbore instability has been encountered between the upper and lower reservoirs. To manage the wellbore instability, a portion of the wellbore below the upper reservoir is currently being re-drilled and results are anticipated within 90 days. Total capital spending for the oil division, including added costs for drilling on Block 10, are now estimated at approximately US$29 million for 2018.

POWER

	For the three months ended			For the nine months ended		
	2018	2017		**2018**	2017	
$ millions (33 ⅓% basis), except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 11.7**	$ 12.2	(4%)	**$ 36.0**	$ 39.2	(8%)
Earnings (loss) from operations	**(0.2)**	1.5	(113%)	**3.1**	5.8	(47%)
Adjusted EBITDA(1)	**6.1**	7.5	(19%)	**21.5**	24.6	(13%)
CASH FLOW						
Cash provided by operations	**10.0**	18.4	(46%)	**29.3**	39.1	(25%)
Adjusted operating cash flow(1)	**5.7**	7.9	(28%)	**20.5**	24.5	(16%)
Free cash flow(1)	**9.8**	18.2	(46%)	**28.8**	37.7	(24%)
PRODUCTION AND SALES						
Electricity (GWh)	**191**	210	(9%)	**597**	647	(8%)
AVERAGE-REALIZED PRICE(1)						
Electricity ($/MWh)	**$ 54.57**	$ 53.10	3%	**$ 53.99**	$ 55.50	(3%)
UNIT OPERATING COSTS(1) ($/MWh)						
Base	**17.38**	14.19	22%	**15.79**	15.18	4%
Non-base(2)	**7.22**	2.40	201%	**4.25**	2.82	51%
	24.60	16.59	48%	**20.04**	18.00	11%
NET CAPACITY FACTOR (%)	**60**	65	(8%)	**62**	67	(7%)
SPENDING ON CAPITAL						
Sustaining	**$ 0.2**	$ 0.2	-	**$ 0.5**	$ 1.4	(64%)
	$ 0.2	$ 0.2	-	**$ 0.5**	$ 1.4	(64%)

(1) For additional information see the Non-GAAP measures section.

(2) Costs incurred at the Boca de Jaruco and Puerto Escondido facilities that otherwise would have been capitalized if these facilities were not accounted or as service concession arrangements.

Power production in Q3 2018 was 191 gigawatt hours ("GWh") of electricity, down 9% from 210 GWh for the comparable period of 2017. The decline was largely due to reduced gas supply used for power generation activities and the timing of maintenance activities.

Average-realized prices in Q3 2018 declined to $54.57 per megawatt hour ("MWh") of electricity from $53.10 per MWh in Q3 2017. The decline was due to the appreciation of the Canadian dollar relative to the U.S. currency.

Revenue in Q3 2018 totaled $11.7 million, down 4% from $12.2 million for Q3 2017. The decrease is attributable to lower production and lower realized prices.

Free cash flow in Q3 2018 decreased by 46% to $9.8 million due to the higher operating costs, which were negatively impacted by a weakening Canadian dollar relative to the U.S. currency.

Unit operating cost in Q3 2018 was $24.60 per MWh of electricity, up 48% from $16.59 per MWh for Q3 2017. The increase was mainly due to the timing of maintenance activities as a major inspection on one of the gas turbines in Boca was completed in Q3 2018.

Total capital spending in Q3 2018 was negligible and relatively unchanged from last year.

2018 REVIEW OF STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2018, and summarizes how the Corporation has performed against those priorities on a year to date basis.

Strategic Priorities	2018 Actions	Status
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Continue to emphasize de-leveraging of the balance sheet	Eliminated \$131.9 million of long-term debt through September 30, 2018 as a result of efforts to purchase outstanding debentures using the proceeds of a \$132 million equity raise completed in January, 2018. The debt reduction also allows Sherritt to generate annual savings of approximately \$11 million in interest expense.
	Optimize working capital and receivables collection	Management continues to take action to expedite Cuban energy receipts and received US\$14.0 million in payments in Q3 2018. Overdue scheduled receivables at quarter end were US\$147.8 million.
	Operate the Metals businesses to maintain a leadership position as a low-cost producer of finished nickel and cobalt while maximizing Free Cash Flow	The Moa JV and Fort Site has generated \$92.9 million of adjusted operating cash flow through September 30, 2018, up 129% from the same period in 2017.
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC towards the goal of being consistently in the lowest cost quartile.	NDCC at the Moa JV through September 30, 2018 was US\$1.96/lb, down 23% from last year. Moa's NDCC has been consistently ranked within the lowest cost quartile relative to other nickel producers since Q1 2017. Ambatovy's NDCC of US\$3.91/lb in Q3 2018 improved by 8% from last year, due, in part, to efforts to increase production stability and acid plant reliability.
	Maximize production of finished nickel and cobalt and improve predictability over 2017 results	Combined nickel production at the Moa JV and the Ambatovy JV improved in Q3 2018 by 2% to 16,531 tonnes (100% basis) from 16,215 tonnes (100% basis) in Q3 2017. The improvement was due to efforts aimed at increasing production stability and equipment reliability, particularly at the Ambatovy JV. Through September 30, 2018, the Moa JV deployed new mining equipment, and made progress on the buildout of a new slurry preparation plant dump pocket. Combined, these initiatives are expected to contribute to higher production at the Moa JV and Ambatovy in the second half of 2018 when compared to the first six months of the current year.
	Achieve peer leading performance in environmental, health, safety and sustainability	Through September 30th, Sherritt's operations at Moa, Ambatovy, Oil & Gas and Power had zero work-related fatalities and one lost time incident. Sherritt's Recordable injury frequency rate in Q3 was 0.17 and the lost time injury frequency rate was 0.05, both are in the lowest quartile of benchmark peer set data.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Successfully execute Block 10 drilling program	Drilling on Block 10 resumed in July 2018. Drilling, which is currently ongoing, has made effective use of expandable casing technology for dealing with lost circulation zones. Recently, wellbore instability has been encountered between the upper and lower reservoirs. To manage the wellbore instability, a portion of the wellbore below the upper reservoir is currently being re-drilled and results are anticipated in Q4 2018. Total capital spending for the oil division, including added costs for drilling on Block 10, are now estimated at approximately US\$29 million for 2018.
	Review opportunities to leverage Oil and Gas experience and relationships	The Production Sharing Contract at Puerto Escondido/ Yumuri was extended for three years to 2021.

OUTLOOK

2018 PRODUCTION, UNIT OPERATING COST AND CAPITAL SPENDING GUIDANCE

Production volumes, unit operating costs and spending on capital	2018 Guidance	Year-to-date actual at September 30, 2018	Updated Guidance at September 30, 2018
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	31,500 - 32,500	22,120	30,500 - 31,000
Cobalt, finished	3,500 - 3,800	2,378	3,250 - 3,400
Ambatovy Joint Venture (tonnes, 100% basis)			
Nickel, finished	35,000 - 38,000(1)	22,742	Unchanged
Cobalt, finished	3,100 - 3,400(1)	1,967	Unchanged
Oil – Cuba (gross working-interest, bopd)	4,300 - 4,800	4,973	Unchanged
Oil and Gas – All operations (net working-interest, boepd)	2,300-2,600(2)	2,414	Unchanged
Electricity (GWh, 33⅓% basis)	750 - 800	597	Unchanged
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	$1.75 - $2.25(2)	$1.96	$1.90 - $2.40
Ambatovy Joint Venture	$3.00 - $3.50(1)	$4.07	$3.75 - $4.25
Oil and Gas - Cuba (unit operating costs, $ per barrel)	$22.00 - $23.50	$18.72	Unchanged
Electricity (unit operating cost, $ per MWh)	$20.75 - $21.50	$20.04	Unchanged
Spending on capital (US$ millions)			
Moa Joint Venture (50% basis), Fort Site (100% basis)(3)	US$41 (CDN$52)	US$21 (CDN$27)	US$31 (CDN$40)
Ambatovy Joint Venture (12% basis)(4)	US$13 (CDN$17)	US$8 (CDN$10)	Unchanged
Oil and Gas	US$25 (CDN$32)(1)	US$14 (CDN$18)	US$29 (CDN$37)
Power (33⅓% basis)	US$1 (CDN$1)	US$1 (CDN$1)	Unchanged
Spending on capital (excluding Corporate)	US$80 (CDN$102)	US$44 (CDN$56)	US$74 (CDN$95)

(1) Guidance updated June 30, 2018.
(2) Guidance updated March 31, 2018.
(3) Spending is 50% of US$ expenditures for Moa JV and 100% expenditures for Fort Site fertilizer and utilities.
(4) Sherritt's ownership interest at the Ambatovy Joint Venture was reduced to 12% following a restructuring completed on December 10, 2017.

NON-GAAP MEASURES

The Corporation uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted operating cash flow and free cash flow to monitor the performance of the Corporation and its operating divisions. Management believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and/or 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 September 30, 2018 for further information and reconciliation of non-GAAP measures to the most directly comparable IFRS measure.

CONFERENCE CALL AND WEBCAST

Sherritt will hold its conference call and webcast November 1st at 9:00 a.m. Eastern Time to review its Q3 and 2018 results.

Conference Call and Webcast:	November 1, 2018, 9:00 a.m. ET
North American callers, please dial:	1-866-521-4909
International callers, please dial:	647-427-2311
Live webcast:	www.sherritt.com

An archive of the webcast and replay of the conference call will also be available on the website.

COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's complete condensed consolidated financial statements and MD&A for the three and nine months ended September 30, 2018 are available at www.sherritt.com and should be read in conjunction with this news release. Financial and operating data can also viewed in the investor relations section of Sherritt's website.

ABOUT SHERRITT

Sherritt is a world leader in the mining and refining of nickel and cobalt 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".

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 regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel and cobalt markets; anticipated payments of outstanding receivables; future distributions from the Moa Joint Venture, funding of future Ambatovy cash calls, drill plans and results on exploration wells and amounts of certain other commitments.

Forward looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory approvals; compliance with applicable environmental laws and regulations; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans. By their nature, forward looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this 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; 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; risks associated with the Corporation’s joint venture partners; variability in production at Sherritt’s operations in Madagascar and Cuba; potential interruptions in transportation; uncertainty of gas supply for electrical generation; uncertainty of exploration results and Sherritt’s ability to replace depleted mineral and oil and gas reserves; the Corporation’s reliance on key personnel and skilled workers; the possibility of equipment and other failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; environmental risks and risks related to rehabilitation provisions estimates; risks related to the Corporation’s corporate structure; political, economic and other risks of foreign operations; risks related to Sherritt’s operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; risks related to Sherritt’s operations in Madagascar; risks associated with Sherritt’s development, construction and operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; 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; risks relating to community relations and maintaining the Corporation’s social license to grow and operate; credit risks; shortage of equipment and supplies; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation’s accounting policies; risks associated with future acquisitions; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; uncertainties in growth management. 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, including without limitation the Annual Information Form of the Corporation dated March 20, 2018 for the period ending December 31, 2017, 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 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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