For immediate release

Sherritt Reports Higher Nickel and Cobalt Production at Moa JV in Q2 2019

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Toronto – July 31, 2019 – Sherritt International Corporation ("Sherritt", the "Corporation", the "Company") (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 six months ended June 30, 2019. All amounts are in Canadian currency unless otherwise noted.

CEO COMMENTARY

"Against a backdrop of volatile commodity prices and unfavorable geopolitical developments, we continued our focus in the second quarter on preserving our liquidity and managing costs," said David Pathe, President and CEO of Sherritt International. "During Q2, we worked closely with our Cuban partners to ensure sufficient collections to enable us to meet our Canadian cash requirements for the quarter despite increasing U.S. sanctions against Cuba. To that end, we received ratification of an overdue receivables agreement by our Cuban partners and an advance payment on Cuban oil receipts."

Mr. Pathe added, "With commodity prices expected to be volatile in the near term, despite strong underlying market fundamentals, and with the impact of increasing U.S. sanctions against Cuba continuing to adversely affect the country, we remain steadfast in our resolve to continue to work with our Cuban partners and to preserve our liquidity, including taking steps to reduce capital spending and limit administrative expenses in the second half of the year as we continue to benefit from operational excellence initiatives that are driving improved production at the Moa Joint Venture."

SUMMARY OF KEY Q2 DEVELOPMENTS

- Sherritt's Cuban partners ratified an overdue receivables agreement for the repayment of US$150 million from Energas S.A., and made US$5.4 million in payments under the plan through June 30, 2019.
- Received $13.5 million in dividend distributions from the Moa Venture ("Moa JV") and US$32.1 million in Cuban energy payments, a total that included early payments on amounts scheduled to be paid to Sherritt in Q3 2019.
- Sherritt ended Q2 2019 with cash, cash equivalents and short-term investments of $176.8 million, down slightly from $177.3 million at the end of Q1 2019. The decrease was due to the timing of capital expenditures and interest paid on outstanding debentures, partly offset by positive changes to working capital due to the receipt of Cuban energy payments and Moa JV distributions. Sherritt's liquidity position at the end of Q2 2019 included $75.7 million of cash and cash equivalents held by Energas in Cuba.
- Filed a National Instrument 43-101 technical report on SEDAR that confirmed the Moa JV's current Mineral Reserves and outlined increased Mineral Resources with the potential to extend Moa's mine life.
- Sherritt's share of finished nickel production at the Moa JV in Q2 2019 was 3,969 tonnes, up 6% from last year, while finished cobalt was 415 tonnes, up 7% compared to Q2 2018.
- Q2 2019 Adjusted EBITDA(1) was $9.5 million, down from $40.6 million in Q2 2018. The decrease was largely driven by the 12% and 64% year-over-year declines in realized nickel and cobalt prices, respectively.
- Implemented a number of austerity measures, including the elimination of discretionary expenditures, the deferral of non-critical projects and limiting the number of new hires, aimed at preserving liquidity.
- Sir Richard Lapthorne, CBE, was named Chairman of Sherritt's Board of Directors following the Company's 2019 Annual Meeting of shareholders.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER END

- Reduced planned capital spend at the Moa JV to US$30 million from US$40 million in support of austerity measures designed to preserve liquidity.
- Following completion of approximately 5,300 meters of drilling on Block 10 through July 31, Sherritt anticipates drilling to a total depth of approximately 5,700 meters at which point the well will be completed and tested.
- Consistent with its strategy to focus Oil and Gas operations in Cuba, Sherritt sold its working interest in a natural gas field in Pakistan.

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

Q2 2019 FINANCIAL HIGHLIGHTS[1]

	For the three months ended			For the six months ended		
	2019	2018		**2019**	2018	
$ millions, except per share amount	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue	**46.5**	46.5	-	**$ 78.4**	$ 85.9	(9%)
Combined revenue[2]	**144.3**	169.8	(15%)	**268.9**	298.9	(10%)
Net earnings (loss) for the period	**(90.4)**	2.8	nm[3]	**(152.2)**	2.2	nm
Adjusted EBITDA[2]	**9.5**	40.6	(77%)	**8.3**	76.1	(89%)
Cash provided (used) by continuing operations	**14.9**	(30.4)	149%	**(19.7)**	(19.3)	(2%)
Combined adjusted operating cash flow[2]	**(8.2)**	17.3	(147%)	**(18.1)**	24.0	(175%)
Combined free cash flow[2]	**4.0**	(18.3)	122%	**(40.0)**	(3.3)	nm
Average exchange rate (CAD/US$)	**1.338**	1.291	-	**1.334**	1.278	-
Net earnings (loss) from continuing operations per share	**(0.23)**	0.01	nm	**(0.38)**	0.01	nm

(1) The financial results for the Ambatovy JV are only discussed as part of share of earnings in associate based on financial statement amounts. Prior period non-GAAP measures have been revised to exclude the Ambatovy JV performance.
(2) For additional information see the Non-GAAP measures section.
(3) Not meaningful (nm).

	2019	2018	
$ millions, as at	**June 30**	December 31	Change
Cash, cash equivalents and short term investments	**$ 176.8**	$ 207.0	(15%)
Loans and borrowings	**705.9**	705.7	-

Cash, cash equivalents and short-term investments at June 30, 2019 were $176.8 million, down from $177.3 million at March 31, 2019. The decline was due to a number of factors, including $15.8 million in interest payments on outstanding debentures and $11.9 million in capital expenditures primarily related to drilling on Block 10. The cash balance decline was partly offset, however, by the receipt of $13.5 million in dividend distributions from the Moa JV and positive changes to working capital totaling $19.1 million largely driven by receipts on overdue receivables. In Q2 2019, US$32.1 million of Cuban energy payments were received, comprising US$11.9 million in total payments from Energas and US$20.2 million of Oil and Gas receivables. Oil and Gas receipts in Q2 2019 included early payments on amounts that CUPET was scheduled to pay Sherritt in Q3 2019. As such, overdue Oil and Gas receivables are expected to increase through September 30, 2019. At June 30, 2019, total overdue energy receivables were US$157.2 million, down from US$171.6 million at March 31, 2019.

During Q2 2019, Sherritt's Cuban partners ratified an overdue receivables agreement (the "Agreement") for repayment of US$150.0 million owed to Sherritt from Energas. Under the terms of the Agreement, Sherritt will receive payments averaging US$2.5 million per month effective May 2019. The monthly payments will be made by way of a currency exchange involving the Moa JV and Energas with foreign currency that would be used by the Moa JV to pay for specified costs in Cuba instead being provided to Sherritt in exchange for local currency held by Energas. Since the ratification of the Agreement on June 13, 2019, Sherritt has received US$5.4 million in overdue payments through June 30, 2019 (this amount is included in the total payments from Energas already cited). As at June 30, 2019, $75.7 million of Sherritt's cash and cash equivalents was held by Energas in Cuba, up from $73.4 million at the end of Q1 2019.

The Agreement recognizes and acknowledges 100% of the amounts owed to Sherritt. In addition, the Agreement provides that Sherritt will receive 100% of available distributions from the Moa JV once each partner has received a minimum amount of distributions. The minimum dividend threshold for 2019 is US$68 million (100% basis). The minimum dividend threshold for 2020 is currently under discussion and is expected to be finalized in Q4 2019.

During the second quarter, the U.S. administration increased its sanctions against Cuba and its trading partners. These sanctions continue to adversely affect Cuba's economy and its ability to conduct international trade, including the sourcing of key supplies.

Adjusted net earnings (loss)[1]

For the three months ended June 30	**$ millions**	**2019** **$/share**	$ millions	2018 $/share
Net earnings (loss) from continuing operations	**(90.4)**	**(0.23)**	2.8	0.01
Adjusting items:				
Unrealized foreign exchange (gain) loss	**8.0**	**0.02**	(11.0)	(0.03)
Revaluation of expected credit losses under IFRS 9	**53.6**	**0.13**	1.1	-
Other	**(12.5)**	**(0.02)**	(0.6)	-
Adjusted net loss from continuing operations	**(41.3)**	**(0.10)**	(7.7)	(0.02)

For the six months ended June 30	**$ millions**	**2018** **$/share**	$ millions	2017 $/share
Net earnings (loss) from continuing operations	**(152.2)**	**(0.38)**	2.2	0.01
Adjusting items:				
Unrealized foreign exchange (gain) loss	**13.8**	**0.04**	(18.7)	(0.05)
Revaluation of expected credit losses under IFRS 9	**54.6**	**0.14**	2.1	0.01
Other	**(12.4)**	**(0.04)**	(6.8)	(0.03)
Adjusted net loss from continuing operations	**(96.2)**	**(0.24)**	(21.2)	(0.06)

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

Net loss from continuing operations for Q2 2019 was $90.4 million, or $0.23 per share, compared to earnings of $2.8 million, or $0.01 per share, for the same period last year.

The Q2 2019 net loss includes a $53.6 million non-cash loss on revaluation of the estimated credit loss (“ECL”) allowance under IFRS 9 recognized on Sherritt’s receivable from the Ambatovy JV. Sherritt reviews and updates its assumptions related to the timing and amount of expected receipts and conversions of the receivables to equity each quarter. Based on a review of Ambatovy operations in Q2 2019, the change in expected equity conversions resulted in an increase in the ECL allowance.

Adjusted net loss from continuing operations was $41.3 million, or $0.10 per share, for the three months ended June 30, 2019 compared to an adjusted net loss from continuing operations of $7.7 million, or $0.02 per share, for Q2 2018. Significant adjustments to earnings or losses in each of the reporting periods include unrealized foreign exchange gains and losses. In Q2 2019 the loss was adjusted for the ECL discussed above.

METAL MARKETS

Nickel

Nickel experienced considerable price swings during Q2 2019, closing at US$5.74/lb on June 28, down 4% from the quarter's start. Despite strong supply and demand fundamentals, the price volatility was driven by the uncertainty of a U.S./China trade deal being reached, the strength of the U.S. currency and concerns of a slowdown in China's economy. Subsequent to the start of Q3, nickel prices have experienced a modest recovery, reaching a 12-month high price of US$6.66/lb on July 18.

Combined nickel inventories on the London Metals Exchange (LME) and the Shanghai Futures Exchange at the end of Q2 2019 totaled 181,063 tonnes, down 13% from the combined total of 191,292 tonnes at the end of Q1 2019. In the 18 months ended June 30, 2019, combined Class 1 nickel inventories have declined by approximately 55%, although inventory levels in June 2019 were up modestly. Total inventory levels have decreased since the start of Q3 2019. As demand continues to exceed available supply, the nickel market is anticipated to be in a structural deficit in the coming years, particularly with the expected ban of nickel exports from Indonesia slated to take effect in 2022.

Despite the decline in available inventories, the average reference price for nickel in Q2 2019 was down 15% from last year, declining from US$6.56/lb to US$5.56/lb. The year-over-year decline is largely attributable to the concerns that a protracted trade war between the U.S. and China will negatively impact the world's economy.

Demand for nickel continues 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 approximately 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 2019, 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

Consistent with a trend that began in April 2018, cobalt prices continued to soften in Q2 2019. The average reference price for standard grade cobalt in Q2 2019 was US$15.64/lb, down 64% from US$42.93/lb in Q2 2018 according to data collected by Fastmarkets MB. The price decline is being driven by a combination of factors that is resulting in increased available supply and decreased demand. These factors include increased supply of intermediate product from the Democratic Republic of Congo, increased available supply of processed cobalt from China, continued de-stocking of inventory by Chinese consumers and the deferral of purchases by consumers waiting for prices to reach floor levels.

Abundant available supply has recently resulted in cobalt producers selling product at significant discount to prevailing reference prices. During the run-up in prices from late 2017 through 2018, cobalt producers often sold cobalt at a premium to reference prices as consumers looked to lock in supply.

Since the start of Q3, the average standard grade cobalt price has declined by 9% to US$12.43 according to FastMarkets MB. Given growing demand from the electric vehicle battery market, it is expected that the cobalt price is approaching a floor level and will begin a rebound in the second half of the year.

REVIEW OF OPERATIONS

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

$ millions, except as otherwise noted	For the three months ended 2019 June 30	2018 June 30	Change	For the six months ended 2019 June 30	2018 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 123.1**	$ 145.5	(15%)	**$ 225.4**	$ 241.8	(7%)
(Loss) earnings from operations	**(0.4)**	32.1	(101%)	**(9.9)**	48.4	(120%)
Adjusted EBITDA(1)	**14.2**	44.4	(68%)	**18.4**	71.5	(74%)
CASH FLOW						
Cash provided by operations	**$ 7.7**	$ 10.1	(24%)	**$ 3.6**	$ 28.2	(87%)
Adjusted operating cash flow(1)	**14.8**	36.9	(60%)	**17.6**	63.7	(72%)
Free cash flow(1)	**(0.1)**	1.1	(109%)	**(10.5)**	14.7	(171%)
Distributions and repayments to Sherritt from the Moa JV	**13.5**	9.0	50%	**16.8**	25.0	(33%)
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,306**	4,226	2%	**8,642**	8,108	7%
Finished Nickel	**3,969**	3,749	6%	**8,366**	6,603	27%
Finished Cobalt	**415**	388	7%	**841**	724	16%
Fertilizer	**59,665**	52,741	13%	**126,627**	105,181	20%
NICKEL RECOVERY (%)	**86%**	80%	8%	**85%**	80%	6%
SALES VOLUMES (tonnes)						
Finished Nickel	**4,073**	3,668	11%	**8,464**	6,578	29%
Finished Cobalt	**429**	388	11%	**889**	713	25%
Fertilizer	**66,552**	63,735	4%	**93,509**	89,207	5%
AVERAGE-REFERENCE PRICES (US$ per pound)						
Nickel	**$ 5.56**	$ 6.56	(15%)	**$ 5.59**	$ 6.29	(11%)
Cobalt(2)	**15.64**	42.93	(64%)	**17.09**	40.97	(58%)
AVERAGE REALIZED PRICE(1)						
Nickel ($ per pound)	**$ 7.52**	$ 8.50	(12%)	**$ 7.51**	$ 8.19	(8%)
Cobalt ($ per pound)	**19.56**	54.01	(64%)	**17.00**	51.49	(67%)
Fertilizer ($ per tonne)	**491**	427	15%	**470**	407	15%
UNIT OPERATING COSTS(1) (US$ per pound)						
Nickel - net direct cash cost	**$ 3.83**	$ 1.68	128%	**$ 4.19**	$ 1.84	128%
SPENDING ON CAPITAL(3)						
Sustaining	**$ 7.8**	$ 13.1	(40%)	**$ 21.8**	$ 17.6	24%
	$ 7.8	$ 13.1	(40%)	**$ 21.8**	$ 17.6	24%

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

(2) Average standard grade cobalt published price per Fastmarkets MB.

(3) Spending on capital for the six months ended June 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

The Moa JV produced 3,969 tonnes of finished nickel in Q2 2019, up 6% from 3,749 tonnes produced in Q2 2018. Increased production was driven by a number of operational excellence initiatives implemented over the past 18 months, including the deployment of new mining equipment acquired throughout 2018 and Q1 2019 that resulted in improved ore access and reduced equipment downtime compared to the same period of last year. Other operational excellence initiatives that contributed to higher production included the commissioning of a new slurry preparation plant dump pocket in Q1 2019 at the Moa JV, which improved ore screening and processing, and efforts to increase ore stockpiles to mitigate the impact of the rainy season.

Finished cobalt production for Q2 2019 was 415 tonnes, up 7% from Q2 2018. The nickel to cobalt ratio in mixed sulphides produced at Moa in Q2 2019 is consistent with historical norms.

Second quarter production in the current and prior year periods was impacted by the annual maintenance shutdown of the refinery in Fort Saskatchewan. The maintenance shutdown in Q2 2019 was completed on time and budget, and equipment inspection resulted in no unplanned repairs or replacements.

Despite higher production, revenue for Q2 2019 was down 15% and totaled $123.1 million. The revenue decrease was due to the 12% and 64% decline in realized nickel and cobalt prices, respectively, from Q2 2018. A weaker Canadian dollar relative to the U.S. dollar partly offset the impact of softer commodity prices.

Mining, processing and refining (MPR) costs for Q2 2019 were US$5.71/lb, up 2% from US$5.62/lb for Q2 2018 due to the impact of higher energy costs, though partly offset by higher nickel sales volume.

NDCC in Q2 2019 was US$3.83/lb, up from US$1.68/lb for the same period last year. The increase was largely due to lower by-product revenue stemming from the 64% decline in realized cobalt prices. Higher fertilizer prices and sales volumes as well as lower third-party feed costs in Q2 2019 partly offset the impact of lower realized cobalt prices, however. NDCC in Q2 2019 was US$0.70/lb lower than Q1 2019, reflecting the timing of spring season fertilizer shipments and that the impact of provisional pricing adjustments experienced last quarter due to the rapid decline in cobalt pricing was not a significant factor in the current quarter.

Sherritt received $13.5 million in dividend distributions from the Moa JV in Q2 2019. In the comparable period of 2018, Sherritt received $9.0 million as the final repayment on the Moa JV credit facility that was outstanding at the time.

Sustaining capital spending in Q2 2019 was $7.8 million, down from $13.1 million in Q2 2018 when Moa JV began acquiring new mining equipment that has successfully improved equipment reliability, reduced maintenance costs and improved ore accessibility. As a result of expected volatile commodity prices and unfavorable geo-political developments in the near term, the Moa JV has implemented austerity measures for the balance of the year and will reduce capital spending from US$40 million to US$30 million.

Based on the Moa JV's performance year-to-date, production targets for the year remain unchanged while NDCC guidance has been updated to reflect the 53% year-to-date decline in cobalt prices has had on by-product credits. Sherritt now expects NDCC at the Moa JV to be in the range of US$4.00 to US$4.50 per pound of nickel sold for 2019.

Oil and Gas

	For the three months ended			For the six months ended		
	2019	2018		**2019**	2018	
$ millions, except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 7.5**	$ 9.6	(22%)	**$ 16.5**	$ 27.7	(40%)
Earnings (loss) from operations	**(5.4)**	(3.1)	(74%)	**(11.1)**	(1.4)	(693%)
Adjusted EBITDA[1]	**(2.7)**	(0.6)	(350%)	**(5.4)**	4.0	(235%)
CASH FLOW						
Cash provided by operations	**21.5**	10.5	105%	**13.5**	17.8	(24%)
Adjusted operating cash flow[1]	**(4.6)**	(3.3)	(39%)	**(6.8)**	(11.0)	38%
Free cash flow[1]	**11.2**	3.7	203%	**(3.7)**	7.9	(147%)
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) - Cuba	**4,420**	4,689	(6%)	**4,432**	5,128	(14%)
Total net working-interest (NWI)	**1,523**	1,821	(16%)	**1,648**	2,862	(42%)
AVERAGE REFERENCE PRICE (US$ per barrel)						
West Texas Intermediate (WTI)	**$ 59.88**	$ 68.14	(12%)	**$ 57.35**	$ 65.56	(13%)
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)	**61.26**	62.42	(2%)	**61.15**	58.86	4%
Brent	**69.77**	74.67	(7%)	**66.28**	70.78	(6%)
AVERAGE-REALIZED PRICE[1] (NWI)						
Cuba ($ per barrel)	**$ 62.11**	$ 59.97	4%	**$ 60.47**	$ 53.44	13%
UNIT OPERATING COSTS[1] (GWI)						
Cuba ($ per barrel)	**$ 19.93**	$ 16.10	24%	**$ 20.56**	$ 18.66	10%
SPENDING ON CAPITAL[2]						
Development, facilities and other	**$ (0.5)**	$ 0.3	(267%)	**$ 1.0**	$ -	-
Exploration	**11.8**	6.9	71%	**16.0**	9.5	68%
	$ 11.3	$ 7.2	57%	**$ 17.0**	$ 9.5	79%

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

(2) Spending on capital for the six months ended June 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

Gross working-interest oil production in Cuba in Q2 2019 was 4,420 barrels of oil per day ("bopd"), down 6% from 4,689 bopd for Q2 2018. Lower production in 2019 was primarily due to natural reservoir declines and the absence of new development drilling.

Revenue in Q2 2019 was $7.5 million, down 22% when compared to last year. The decline in gross working-interest production resulted in a corresponding decline in total net working-interest production. The decline was partially offset, however, by a higher realized oil price which was positively impacted by a weaker Canadian dollar relative to the U.S. currency.

Unit operating costs in Cuba in Q2 2019 were $19.93 per barrel, up 24% from Q2 2018. The increase was driven largely by reduced production. Costs were also negatively impacted by a stronger U.S. dollar relative to the Canadian currency as expenses in Cuba are generally denominated in U.S. currency.

Capital spending in Q2 2019 was $11.3 million, up 57% from Q2 2018. Exploration capital spending in both the current and prior year periods are primarily related to drilling on Block 10.

Drilling on Block 10 resumed on April 1, 2019 using updated drilling parameters developed with the assistance of third-party experts and the results of detailed lab analysis of rock cuttings collected previously. Approximately 5,300 meters were drilled and lined with casing through July 31, 2019. During Q2, Sherritt successfully traversed a number of zones where it previously experienced technical challenges due to the complexity of the geological formation. Sherritt anticipates drilling to a total depth of approximately 5,700 meters. The well will then be completed and tested.

The adoption of new drilling parameters implemented in Q2 2019 is not expected to increase planned capital spending previously disclosed for the Oil and Gas business. Any incremental capital spend at the Oil and Gas business in 2019 will be predicated on successful drill results on Block 10 and collections on overdue receivables. Sherritt intends to explore partnerships for further investment in Block 10 following completion of the current well. In Q2, Sherritt's production sharing contract on Block 10 was extended to 28 years from 25 years.

Subsequent to Q2 2019, Sherritt sold its working interest in a natural gas field in Pakistan for a price that did not differ materially from the carrying amount of the assets sold. The sale was consistent with Sherritt's strategy to focus its Oil and Gas business on Cuban operations.

As a result of the sale of its working interest in a gas field in Pakistan, Sherritt has reduced its net working-interest production guidance for 2019 to 1,600 to 1,800 barrels of oil equivalent per day. Based on performance year to date, Sherritt expects to realize its gross working interest production target in Cuba for 2019. Unit operating costs guidance for oil production in Cuba have been lowered to a range of $23.00 to $24.50 per barrel, consistent with Sherritt's austerity measures to preserve liquidity.

Power

	For the three months ended			For the six months ended		
	2019	2018		**2019**	2018	
$ millions (33 ⅓% basis), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 11.1**	$ 12.4	(10%)	**$ 21.8**	$ 24.3	(10%)
Earnings from operations	**0.8**	1.5	(47%)	**1.7**	3.3	(48%)
Adjusted EBITDA[1]	**7.1**	7.6	(7%)	**14.3**	15.4	(7%)
CASH FLOW						
Cash provided by operations	**11.6**	8.1	43%	**15.2**	19.3	(21%)
Adjusted operating cash flow[1]	**7.0**	7.3	(4%)	**13.3**	14.8	(10%)
Free cash flow[1]	**11.5**	7.9	46%	**14.6**	19.0	(23%)
PRODUCTION AND SALES						
Electricity (GWh)	**180**	204	(12%)	**353**	406	(13%)
AVERAGE-REALIZED PRICE[1]						
Electricity ($/MWh)	**$ 56.20**	$ 54.18	4%	**$ 55.97**	$ 53.71	4%
UNIT OPERATING COSTS[1] ($/MWh)						
Base	**16.24**	15.63	4%	**18.00**	15.04	20%
Non-base[2]	**0.11**	2.94	(96%)	**0.27**	2.86	(91%)
	16.35	18.57	(12%)	**18.27**	17.90	2%
NET CAPACITY FACTOR (%)	**57**	64	(11%)	**56**	63	(11%)
SPENDING ON CAPITAL[3]						
Sustaining	**$ 0.1**	$ 0.2	(50%)	**$ 0.6**	$ 0.3	100%
	$ 0.1	$ 0.2	(50%)	**$ 0.6**	$ 0.3	100%

(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.

(3) Spending on capital for the six months ended June 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

Power production in Q2 2019 was 180 gigawatt hours ("GWh") of electricity, down 12% from 204 GWh for the comparable period of 2018. The decline was due to reduced natural gas supply that is used to generate electricity.

Average-realized prices in Q2 2019 were $56.20, up 4% from $54.18 from last year. The increase was due to the depreciation of the Canadian dollar relative the U.S. currency.

Revenue in Q2 2019 totaled $11.1 million, down 10% from $12.4 million for last year. The decline was due to lower power production, partially offset by higher realized prices.

Unit operating costs in Q2 2019 were $16.35, down 12% from $18.57 for last year. The decrease was primarily due to Sherritt's decision to limit operational spending to levels required to maintain certain plant operations as the Company continues to work with its Cuban partners to collect on Cuban energy receivables. The impact of reduced spending more than offset the impact of lower sales volume and a weaker Canadian dollar in Q2 2019 as Power business costs are generally denominated in U.S. currency.

Total capital spending in Q2 2019 was negligible.

The Power business remains on track to achieve its production and capital spend targets for 2019 based on performance year to date. Guidance for unit operating costs has been lowered to a range of $20.00 to $23.75 per MWh consistent with austerity measures to preserve liquidity.

INVESTMENT IN AMBATOVY JOINT VENTURE (12% interest)

$ millions, except as otherwise noted	For the three months ended 2019 June 30	2018 June 30	Change	For the six months ended 2019 June 30	2018 June 30	Change
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**1,138**	1,270	(10%)	**2,130**	1,945	10%
Finished Nickel	**1,023**	1,147	(11%)	**1,943**	1,815	7%
Finished Cobalt	**88**	99	(11%)	**169**	148	14%
Fertilizer	**3,118**	3,762	(17%)	**6,075**	5,751	6%
UNIT OPERATING COSTS[1]						
Mining, processing and refining costs	**6.10**	6.60	(8%)	**6.45**	7.07	(9%)
Cobalt by-product credits	**(0.73)**	(3.53)	79%	**(1.14)**	(3.37)	66%
Other[2]	**(0.01)**	0.07	(114%)	**0.30**	0.15	100%
NDCC (US$ per pound of nickel)	**$ 5.36**	$ 3.14	71%	**$ 5.61**	$ 3.85	46%
SPENDING ON CAPITAL[3] ($ millions)						
Sustaining	**2.3**	3.1	(26%)	**4.5**	5.6	(20%)
	2.3	3.1	(26%)	**4.5**	5.6	(20%)

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

(2) Includes selling costs, discounts and other by-product costs.

(3) Spending on capital for the six months ended June 30, 2019 excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

Sherritt's share of finished production at Ambatovy in Q2 2019 was 1,023 and 88 tonnes of finished nickel and cobalt, respectively. Each total was 11% lower than amounts produced in Q2 2018. Production in Q2 2019 was impacted by unplanned replacement of a critical process line after the failure of rubber lining, lime shortages due to ash ring formation in the lime kiln and other equipment reliability issues.

NDCC in Q2 2019 was US$5.36/lb, up 71% from Q2 2018. The increase was attributable to lower cobalt by-product credits stemming from the rapid decline in realized cobalt prices from Q2 2018.

Capital spend at Ambatovy based on Sherritt's ownership interest was $2.3 million in Q2 2019. Capital spending continues to focus on improving the reliability of the acid plants, replacement of mobile equipment at the plant site, fixing corroded equipment and restoring general plant and equipment.

Sherritt announced on March 6, 2019 that it would not fund a cash call request by the Ambatovy JV. As a result of this decision, Sherritt became a defaulting shareholder, losing its voting rights at the Ambatovy JV board level and incurring a further reduction in influence and authority at the local level. Given these developments, Sherritt no longer considers the Ambatovy JV as an operating segment for reporting purposes, and no longer presents Ambatovy's financial results as part of Sherritt's combined financial results, including combined revenue, Adjusted EBITDA and combined cash flow. The accounting treatment for the Ambatovy JV for financial statement purposes has not changed, but as a result of the Company's decision to not fund any further cash calls, Sherritt's Ambatovy partner loans totaling $141 million has been re-classified as a short-term liability.

As at June 30, 2019 Sherritt had received cash calls totaling US$13 million based on its ownership share that have not been funded. To date, Sherritt has received exemptions from its Ambatovy JV partners, indicating that they will not accelerate re-payment of Sherritt's partner loan. The loan, and any acceleration prior to 2023, is only recourse to Sherritt's 12% interest in the Ambatovy JV.

In Q2, the Ambatovy JV and its senior lenders agreed to temporarily defer principal repayments that were due in June to late September 2019. This deferral is intended to provide additional time for the Ambatovy JV and its senior lenders to continue a constructive dialogue on the restructuring of the senior debt.

The Ambatovy JV has updated its NDCC guidance for 2019 as a result of the 53% year-to-date decline in cobalt prices. Its production and capital spend targets for the year remain unchanged based on expected performance in the second half of 2019.

2019 REVIEW OF STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2019, and summarizes how the Corporation has performed against those priorities on a year to date basis.

Strategic Priorities	2019 Actions	Status
PRESERVE LIQUIDITY AND BUILD BALANCE SHEET STRENGTH	Continue to emphasize de-leveraging of the balance sheet within the context of a low commodity price environment.	Sherritt's net debt at the end of Q2 2019 was $560 million, down from almost $2 billion at the end of 2016. The Company continues to implement measures to reduce costs and preserve its liquidity in advance of debt maturities slated to begin in November 2021.
	Optimize working capital and receivables collection	Sherritt's Cuban partners ratified an agreement on US$150 million of Energas receivables comprising of regular monthly payments of US$2.5 million (average) and a 100% share of Moa JV dividends once a minimum threshold amount is exceeded (US$68 million for 2019). In Q2 2019, Sherritt received US$32.1 million of Cuban energy payments. Overdue receivables at quarter end were US$157.2 million, down from US$171.6 million in Q1. Energy payments received in Q2 included amounts that were scheduled for payment in Q3 2019. As a result, overdue receivables are expected to increase through September 30, 2019.
	Operate the Metals business 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 $17.6 million of adjusted operating cash flow year-to-date in 2019, despite the decline in realized nickel and cobalt prices of 8% and 67%, respectively.
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 was US$3.83/lb in Q2 2019, down 15.5% from US$4.53/lb in Q1 2019.
	Maximize production of finished nickel and cobalt and improve predictability over 2018 results	The Moa JV has produced 18,414 tonnes of finished nickel and cobalt year-to-date in 2019 (100% basis) and is on track to exceed guidance for the year. Higher production has been driven by initiatives aimed at improving operational effectiveness, ore access and mining equipment reliability.
	Achieve peer leading performance in environmental, health, safety and sustainability	Sherritt's operations at Moa, Fort Site, Oil & Gas and Power had zero work-related fatalities. There were zero lost time incidents at Oil & Gas and Power and two at Moa JV/Fort Site. In Q2 2019, Moa/Fort Site had a recordable injury frequency rate of 0.23 and a lost time injury frequency rate of 0.14 while the Oil and Gas business had a recordable injury frequency rate of 0.70 and a lost time injury rate of 0.00 while the Power business had a recordable injury frequency rate of 1.20 and a lost time injury frequency rate of 0.00. Sherritt is in the lowest quartile of its benchmark peer set of data.
OPTIMIZE OPPORTUNITIES IN CUBAN ENERGY BUSINESS	Successfully execute Block 10 drilling program	Sherritt completed approximately 5,300 meters of drilling through July 31, 2019. The Company anticipates drilling to a total depth of 5.700 meters at which point the well will be completed and tested.
	Review opportunities to leverage Oil and Gas experience and relationships	The Production Sharing Contract at Puerto Escondido/ Yumuri was extended in 2018 for three years to 2021.

OUTLOOK

2019 Production, unit operating cost and capital spending guidance

The guidance for 2019 reflects Sherritt's targets for production, unit costs and capital spending updated from those announced on January 28, 2019.

Production volumes, unit operating costs and spending on capital	Guidance for 2019	Year-to-date actual at June 30, 2019	Updated Guidance for 2019
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	31,000 - 33,000	16,732	No change
Cobalt, finished	3,300 - 3,600	1,682	No change
Ambatovy Joint Venture (tonnes, 100% basis)			
Nickel, finished	40,000 - 45,000	16,192	No change
Cobalt, finished	3,500 - 4,000	1,408	No change
Oil – Cuba (gross working-interest, bopd)	3,800 - 4,100	4,432	No change
Oil and Gas – All operations (net working-interest, boepd)	1,800 - 2,100	1,648	1,600 - 1,800
Electricity (GWh, 33⅓% basis)	650 - 700	353	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	$3.40 - $3.90	$4.19	$4.00 - $4.50
Ambatovy Joint Venture	$3.80 - $4.30	$5.61	$4.80 - $5.30
Oil and Gas - Cuba (unit operating costs, $ per barrel)	$25.00 - $26.50	$20.56	$23.00 - $24.50
Electricity (unit operating cost, $ per MWh)	$25.25 - $26.75	$18.27	$20.00 - $23.75
Spending on capital(1)			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	US$40 (CDN$54)	US$16 (CDN$22)	US$30 (CDN$39)
Ambatovy Joint Venture (12% basis)	US$10 (CDN$14)	US$4 (CDN$5)	No change
Oil and Gas	US$21 (CDN$28)	US$13 (CDN$17)	No change
Power (33⅓% basis)	US$1 (CDN$1)	US$1 (CDN$1)	No change
Spending on capital (excluding Corporate)	US$72 (CDN$97)	US$34 (CDN$45)	US$62 (CDN$82)

(1) Excludes right of use assets recognized on adoption of IFRS 16. Refer to note 4 of the condensed consolidated financial statements for the three months ended March 31, 2019 for additional information.

(2) Spending is 50% of US$ expenditures for the 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, 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 six months ended June 30, 2019 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 August 1st, 2019 at 9:00 a.m. Eastern Time to review its Q2 2019 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1-866-521-4909
International callers, please dial:	647-427-2311
Live webcast:	www.sherritt.com

Please dial-in 15 minutes before the start of the call to secure a line. The conference call discussion will include a presentation that will be available from Sherritt's website.

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 six months ended June 30, 2019 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" section 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; demand in the stainless steel and electric vehicle battery markets; anticipated payments of outstanding receivables; future distributions from the Moa Joint Venture; funding of future Ambatovy cash calls; future debt to equity conversions at the Ambatovy Joint Venture; drill plans and results on exploration wells; the impact of Title III of the Helms-Burton Act on operations; and amounts of certain other commitments.

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

The Corporation cautions readers of this 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, fertilizers or certain other commodities; security market fluctuations and price volatility; level of liquidity; access to capital; access to financing; risks related to the liquidity and funding of the Ambatovy Joint Venture; the risk to Sherritt's entitlements to future distributions from the Moa and Ambatovy joint ventures; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; uncertainty of exploration results and Sherritt's ability to replace depleted mineral and oil and gas reserves; risks associated with the Corporation's joint venture partners; variability in production at Sherritt's operations in Cuba and Madagascar; risks related to Sherritt's operations in Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; potential interruptions in transportation; uncertainty of gas supply for electrical generation; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other failures; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; the potential for shortages of equipment and supplies; risks related to environmental liabilities including liability for reclamation costs, tailings facility failures and toxic gas releases; risks related to the Corporation's corporate structure; political, economic and other risks of foreign operations; risks related to Sherritt's operations in Madagascar; risks associated with Sherritt's operation of large projects generally; risks related to the accuracy of capital and operating cost estimates; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding climate change and greenhouse gas emissions; risks relating to community relations and maintaining the Corporation's social license to grow and operate; credit risks; competition in product markets; future market access; interest rate changes; risks in obtaining insurance; uncertainties in labour relations; uncertainty in the ability of the Corporation to enforce legal rights in foreign jurisdictions; uncertainty regarding the interpretation and/or application of the applicable laws in foreign jurisdictions; legal contingencies; risks related to the Corporation's accounting policies; identification and management of growth opportunities; uncertainty in the ability of the Corporation to obtain government permits; risks to information technologies systems and cybersecurity; failure to comply with, or changes to, applicable government regulations; bribery and corruption risks, including failure to comply with the Corruption of Foreign Public Officials Act or applicable local anti-corruption law; the ability to accomplish corporate objectives, goals and plans for 2019; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this 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 February 13, 2019 for the period ending December 31, 2018, which is available on SEDAR at www.sedar.com.

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this 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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