For immediate release

Sherritt Reports Financial Results for Q3 2019

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Toronto – October 30, 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 nine-month periods ended September 30, 2019. All amounts are in Canadian currency unless otherwise noted.

CEO COMMENTARY

"Strengthening nickel and cobalt prices in Q3 provided a welcomed counterbalance to the impact of increased U.S. sanctions against Cuba, and contributed to a number of positive developments in the quarter," said David Pathe, President and CEO of Sherritt International. "In particular, another strong operational quarter at the Moa Joint Venture helped support the receipt of $11.6 million in dividend distributions and our continued efforts to preserve liquidity in the quarter delivered a 6% year to date decline in administrative expenses from 2018 and the securing of temporary relief from the minimum cash balance covenant from our credit facility syndicate."

SUMMARY OF KEY Q3 DEVELOPMENTS

- Sherritt's share of finished nickel and cobalt production at the Moa Venture (Moa JV) in Q3 2019 were 4,139 tonnes and 436 tonnes.
- Excluding $77.3 million of cash and cash equivalents held by Energas, Sherritt ended Q3 2019 with cash and cash equivalents of $92.0 million. Sherritt's consolidated cash position of $169.3 million at the end of Q3 was down from $176.8 million at the end of Q2 2019. The change in Sherritt's liquidity was due to a combination of factors, including interest paid on outstanding debentures and the lower receipt of Cuban energy payments.
- Excluding the impact of stock-based compensation and depreciation, administrative expenses declined by 6% to $28.6 million on a year-to-date basis from $30.3 million for the nine-month period of 2018.
- Received $11.6 million in dividend distributions from the Moa JV, indicative of strengthening nickel and cobalt prices in the quarter.
- Terms of Sherritt's syndicated revolving-term credit facility were amended to lower the minimum cash balance requirement to $60 million, less undrawn credit, through the end of 2019. The minimum cash balance requirement will increase to $70 million, less undrawn credit, on December 31, 2019 and remain in effect to the credit facility's maturity on April 30, 2020.
- Received US$18.8 million in Cuban energy payments during the quarter, including US$9.8 million received in accordance with the overdue receivable agreement ratified in June and US$7.5 million accepted in Cuba to support local Cuban costs relating to Sherritt's Oil and Gas operations.
- Q3 2019 Adjusted EBITDA(1) was $21.1 million, the highest quarterly total since Q3 2018 when $37.7 million was generated. The year-over-year decline was driven by the 61% decrease in realized cobalt prices.
- Consistent with its strategy to focus oil and gas operations in Cuba, Sherritt sold its working interest in a natural gas field in Pakistan.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER END

- Drilling on Block 10 resumed on October 19 following the import of drilling mud tanks due to the lack of availability in Cuba. Sherritt anticipates drilling to a total depth of approximately 5,700 meters. The well will then be completed and tested. As of October 29, drilling to a depth of 5,525 meters had been completed.

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

Q3 2019 FINANCIAL HIGHLIGHTS[1]

	For the three months ended			For the nine months ended		
$ millions, except per share amount	**2019 September 30**	2018 September 30	Change	**2019 September 30**	2018 September 30	Change
Revenue	**27.8**	29.9	(7%)	**$ 106.2**	$ 115.8	(8%)
Combined revenue[2]	**133.9**	159.2	(16%)	**402.8**	458.1	(12%)
Net earnings (loss) for the period	**(30.0)**	(13.3)	(126%)	**(182.2)**	(11.1)	nm[3]
Adjusted EBITDA[2]	**21.1**	37.7	(44%)	**29.4**	113.8	(74%)
Cash provided (used) by continuing operations	**1.5**	14.1	(89%)	**(18.2)**	(5.2)	(250%)
Combined adjusted operating cash flow[2]	**15.4**	15.7	(2%)	**(2.7)**	39.7	(107%)
Combined free cash flow[2]	**(12.3)**	(2.5)	(392%)	**(52.3)**	(5.8)	(802%)
Average exchange rate (CAD/US$)	**1.320**	1.307	-	**1.329**	1.288	-
Net earnings (loss) from continuing operations per share	**(0.08)**	(0.03)	(167%)	**(0.46)**	(0.03)	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).

$ millions, as at	**2019 September 30**	2018 December 31	Change
Cash, cash equivalents and short term investments	**$ 169.3**	$ 207.0	(18%)
Loans and borrowings	**709.6**	705.7	1%

Cash, cash equivalents and short-term investments at September 30, 2019 were $169.3 million, down from $176.8 million at June 30, 2019. The decline was due to a number of factors, including $7.6 million in interest payments on outstanding debentures, $5.7 million in cash capital expenditures primarily related to drilling on Block 10, and a negative change in working capital. The decline was partly offset, however, by the receipt of $11.6 million in dividend distributions from the Moa JV and Cuban energy receipts totaling US$18.8 million.

Cuban energy payments relate to US$9.8 million received in accordance with the Energas overdue receivable agreement announced in June 2019, US$7.5 million accepted in Cuba to support local Cuban costs relating to Sherritt's Oil and Gas operations and US$1.5 million received from CUPET for Oil and Gas receivables. Amounts received from CUPET in Q3 were lower than Q2 2019 due to advance payments received in the second quarter. No regular liquidity payments outside of the overdue receivable agreement were received by Sherritt during Q3 2019. Total overdue scheduled receivables at September 30, 2019 were US$154.8 million, down from US$157.2 million at June 30, 2019.

The receipt of energy payments and the collection against overdue receivables were negatively affected in Q3 by increasing U.S. sanctions against Cuba that reduced its access to foreign currency and economic stability. These sanctions included limits placed on U.S. travel to Cuba, a ban on U.S. cruise ships entering Cuba, bans on specific types of banking transactions, and limits on the sending of family remittances from the U.S. to Cuba to US$1,000 per quarter. Energy payments received in Q3 2019 were consistent with the terms of the overdue receivables agreement that Sherritt ratified with its Cuban partners in June 2019 for the repayment of US$150.0 million owed to Sherritt. Under the terms of the Agreement, Sherritt is to receive payments averaging US$2.5 million per month effective May 2019. The monthly payments are 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. In Q3 2019, Sherritt received US$9.8 million in overdue payments under the agreement (this amount is included in the total payments from Energas already cited). No Energas receivable payments were received in Canada outside of the overdue receivable agreement. As at September 30, 2019, $77.3 million of Sherritt's cash and cash equivalents was held by Energas in Cuba, up from $75.7 million at the end of Q2 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.

Adjusted net earnings (loss)[1]

For the three months ended September 30	2019 **$ millions**	**$/share**	2018 $ millions	$/share
Net earnings (loss) from continuing operations	**(30.0)**	**(0.08)**	(13.3)	(0.03)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**(7.7)**	**(0.02)**	6.1	0.02
Revaluation of expected credit losses under IFRS 9	**2.4**	**0.01**	-	-
Other	**3.3**	**0.01**	(3.0)	(0.02)
Adjusted net loss from continuing operations	**(32.0)**	**(0.08)**	(10.2)	(0.03)

For the nine months ended September 30	2019 **$ millions**	**$/share**	2018 $ millions	$/share
Net earnings (loss) from continuing operations	**(182.2)**	**(0.46)**	(11.1)	(0.03)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**6.1**	**0.03**	(12.6)	(0.03)
Revaluation of expected credit losses under IFRS 9	**57.0**	**0.14**	-	-
Other	**(9.1)**	**(0.03)**	(10.0)	(0.03)
Adjusted net loss from continuing operations	**(128.2)**	**(0.32)**	(33.7)	(0.09)

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

Net loss from continuing operations for Q3 2019 was $30.0 million, or $0.08 per share, compared to a net loss of $13.3 million, or $0.03 per share, for the same period last year.

The Q3 2019 net loss includes a $2.4 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 Q3 2019, the change in expected equity conversions resulted in an increase in the ECL allowance. In Q2 2019, Sherritt recognized a $53.6 million increase in the ECL allowance.

Adjusted net loss from continuing operations was $32.0 million, or $0.08 per share, for the three months ended September 30, 2019 compared to an adjusted net loss from continuing operations of $10.2 million, or $0.03 per share, for Q3 2018. Significant adjustments to earnings or losses in each of the reporting periods include unrealized foreign exchange gains and, for 2019, adjustments for the ECL allowance discussed above.

METALS MARKET

Nickel

Nickel prices on the London Metals Exchange (LME) strengthened dramatically in Q3 2019, closing up 42% to US$7.97/lb on September 30 from US$5.60/lb at the start of the quarter. Higher prices were initially driven by speculation that Indonesia would implement a nickel ore export ban on January 1, 2020, two years in advance of when the ban was slated to take effect. Higher prices were also triggered by continued strong demand from China's stainless steel sector as well as by concerns of a possible shutdown of Ramu, one of the world's largest nickel mines located in Papua New Guinea, following a slurry seepage.

Nickel prices reached a high of US$8.45/lb on September 2, immediately following confirmation by Indonesian officials that the ore export ban will indeed take effect at the start of the new year. Since the start of Q4, nickel prices have declined, mirroring the softness in demand in the physical market and speculation about what is driving changes to inventory levels. Combined, these developments suggest increased nickel price volatility in the short term.

Combined nickel inventories on the London Metals Exchange (LME) and the Shanghai Futures Exchange (SHFE) at the end of Q3 2019 totaled 179,487 tonnes, down 1% from the combined total of 181,063 tonnes at the end of Q2 2019.

Total inventory levels have decreased significantly since the start of the Q4 2019, declining by approximately 49%. Although the decrease is being attributed to inventory stockpiling by stainless steel producers in advance of the Indonesian ore export ban taking effect. There is growing speculation that the recent de-stocking has been overdone and may be reversed in the near term As of October 30, combined nickel inventories on the LME and SHFE were approximately 92,000 tonnes, the lowest level since 2012.

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 1 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

Cobalt prices increased by more than 30% in Q3, ending a year-long downward trend. Standard grade cobalt prices closed at US$17.85/lb, up from $13.50/lb at the start of the quarter according to data collected by Fastmarkets MB. Higher prices in Q3 were driven by news that Mutanda, one of the largest cobalt mines in the Democratic Republic of Congo, will be placed on care and maintenance effective with start of the new year.

While cobalt prices in Q3 2019 showed signs of improvement, they were considerably off of highs reached in 2018. The average reference price for standard grade cobalt in Q3 2019 was US$15.20/lb, down 57% from US$35.21/lb in Q3 2018 according to data collected by Fastmarkets MB. The year-over-year decline was driven by a combination of factors that has resulted in increased available supply and decreased demand. These factors have included 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.

The rise of cobalt prices experienced in Q3 2019 has been sustained into Q4, suggesting that factors that previously put downward price pressure may be abating. Given growing demand from the electric vehicle battery market, the near-term outlook for cobalt prices remains stable.

REVIEW OF OPERATIONS

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

	For the three months ended			For the nine months ended		
	2019	2018		**2019**	2018	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 112.2**	$ 136.3	(18%)	**$ 337.6**	$ 378.1	(11%)
Earnings from operations	**12.2**	25.1	(51%)	**2.3**	73.5	(97%)
Adjusted EBITDA(1)	**25.5**	39.5	(35%)	**43.9**	111.0	(60%)
CASH FLOW						
Cash provided by operations	**$ 4.4**	$ 12.3	(64%)	**$ 8.0**	$ 40.5	(80%)
Adjusted operating cash flow(1)	**24.7**	29.2	(15%)	**42.3**	92.9	(54%)
Free cash flow(1)	**(0.5)**	3.8	(113%)	**(11.0)**	18.5	(159%)
Distributions and repayments to Sherritt from the Moa JV	**11.6**	16.0	(28%)	**28.4**	41.0	(31%)
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,165**	4,861	(14%)	**12,807**	12,969	(1%)
Finished Nickel	**4,139**	4,457	(7%)	**12,505**	11,060	13%
Finished Cobalt	**436**	465	(6%)	**1,277**	1,189	7%
Fertilizer	**66,296**	57,235	16%	**192,923**	162,416	19%
NICKEL RECOVERY (%)	**85%**	89%	(4%)	**85%**	83%	2%
SALES VOLUMES (tonnes)						
Finished Nickel	**4,145**	4,404	(6%)	**12,609**	10,982	15%
Finished Cobalt	**440**	467	(6%)	**1,329**	1,180	13%
Fertilizer	**25,186**	27,567	(9%)	**118,695**	116,774	2%
AVERAGE-REFERENCE PRICES (US$ per pound)						
Nickel	**$ 7.08**	$ 6.01	18%	**$ 6.09**	$ 6.20	(2%)
Cobalt(2)	**15.20**	35.21	(57%)	**16.46**	39.05	(58%)
AVERAGE REALIZED PRICE(1)						
Nickel ($ per pound)	**$ 9.11**	$ 7.96	14%	**$ 8.04**	$ 8.10	(1%)
Cobalt ($ per pound)	**17.54**	44.75	(61%)	**17.18**	48.82	(65%)
Fertilizer ($ per tonne)	**345**	333	4%	**444**	390	14%
UNIT OPERATING COSTS(1) (US$ per pound)						
Nickel - net direct cash cost	**$ 4.37**	$ 2.16	102%	**$ 4.25**	$ 1.96	117%
SPENDING ON CAPITAL(3)						
Sustaining	**$ 4.9**	$ 8.9	(45%)	**$ 26.7**	$ 26.5	1%
	$ 4.9	$ 8.9	(45%)	**$ 26.7**	$ 26.5	1%

(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 nine months ended September 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 4,139 tonnes of finished nickel in Q3 2019, down 7% from 4,457 tonnes produced in Q3 2018. The Moa JV produced above normal production totals in Q3 2018 due to the increased availability of mixed sulphides at the refinery in Fort Saskatchewan, Alberta. Earlier in 2018, mixed sulphides supply had been negatively impacted by the disruption of rail transportation services in Canada, and considerable efforts were made to process the subsequent backlog of refinery feed in Q3 2018. On a year-to-date basis, the Moa JV has produced 12,505 tonnes of finished nickel and 1,277 tonnes of finished cobalt, up 13% and 7%, respectively, from the same nine-month period of 2018. Higher production for 2019 is due to the benefits of a number of operational excellence initiatives aimed at improving mining equipment reliability and ore access.

Production in Q3 2019 was affected by an unscheduled maintenance shutdown at the refinery that resulted in approximately 320 tonnes of lost finished nickel production. Efforts are underway to recover the production shortfall, and the Moa JV expects to achieve its production guidance for 2019. Finished cobalt production for Q3 2019 was 436 tonnes, down 6% from Q3 2018. The nickel to cobalt ratio in mixed sulphides produced at Moa in Q3 2019 is consistent with historical norms.

Mixed sulphide production at Moa in Q3 2019 was negatively impacted by reduced diesel fuel supply availability caused by economic and trade sanctions imposed on Venezuela, Cuba's largest oil supplier. In response to reduced fuel availability in Cuba, the Moa JV implemented diesel conservation measures at its Moa operations in August and September. While finished nickel and cobalt production at the Moa JV's refinery in Fort Saskatchewan in the third quarter were not impacted, diesel conservation efforts limited the use of mining equipment, resulting in a higher draw down of lower grade ore stockpiles and reduced mixed sulphides production at Moa. Ongoing diesel requirements were secured by quarter-end and mixed sulphides production has returned to normal levels. Moa remains on track to achieve its full-year mixed sulphides production target due to higher rates achieved in the first half of the year as a result of previous initiatives aimed at improving operational excellence, ore access and mining equipment availability.

Q3 2019 revenue of $112.2 million was down 18% when compared to last year due to a number of factors, including a 6% decrease in nickel sales volume, and a decline in cobalt realized prices, though partially offset by the 14% increase in realized nickel prices and a weaker Canadian dollar relative to the U.S. dollar.

Mining, processing and refining (MPR) costs for Q3 2019 were US$5.22/lb, down 1% from US$5.25/lb for Q3 2018. The decrease was attributable to a combination of factors, including lower sulphur and energy prices, the impact of austerity measures, and the benefits of operational excellence initiatives implemented previously that were aimed at lowering costs and improving efficiencies. The decrease in MPR costs was partly offset by the impact of lower production on fixed costs.

NDCC in Q3 2019 was US$4.37/lb, up from US$2.16/lb for the same period last year. The increase was due to lower by-product revenue stemming from the 61% decline in realized cobalt prices. The Moa JV remains on track to achieve its unit cost guidance for 2019 based on performance year-to-date.

Sherritt received $11.6 million in dividend distributions from the Moa JV in Q3 2019 compared to $5.2 million in Q3 2018. On a year-to-date basis, Sherritt has received $28.4 million (US$21.3 million) of dividend distributions from the Moa JV.

Sustaining capital spending in Q3 2019 was $4.9 million, down 45% from $8.9 million in Q3 2018 when Moa JV completed its acquisition of a significant tranche of new mining equipment. The year-over-year decrease was due to austerity measures implemented in Q2 2019 in response to expected commodity price volatility and unfavourable geopolitical developments over the near term. The Moa JV is currently on track to meet its US$30 million of planned capital spend guidance.

Oil and Gas

$ millions, except as otherwise noted	For the three months ended **2019** **September 30**	2018 September 30	Change	For the nine months ended **2019** **September 30**	2018 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 6.9**	$ 8.7	(21%)	**$ 23.4**	$ 36.4	(36%)
Earnings (loss) from operations	**(6.5)**	(5.2)	(25%)	**(17.6)**	(6.6)	(167%)
Adjusted EBITDA[1]	**(3.8)**	(2.7)	(41%)	**(9.2)**	1.3	(808%)
CASH FLOW						
Cash provided (used) by operations	**(9.2)**	0.8	nm	**4.3**	18.6	(77%)
Adjusted operating cash flow[1]	**(4.8)**	(3.5)	(37%)	**(11.6)**	(14.5)	20%
Free cash flow[1]	**(13.7)**	(7.3)	(88%)	**(17.4)**	0.6	nm
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) - Cuba	**4,060**	4,668	(13%)	**4,306**	4,973	(13%)
Total net working-interest (NWI)	**1,199**	1,536	(22%)	**1,496**	2,414	(38%)
AVERAGE REFERENCE PRICE (US$ per barrel)						
West Texas Intermediate (WTI)	**$ 56.35**	$ 69.56	(19%)	**$ 57.01**	$ 66.90	(15%)
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)	**51.49**	65.72	(22%)	**57.90**	61.16	(5%)
Brent	**62.10**	74.95	(17%)	**64.84**	72.18	(10%)
AVERAGE-REALIZED PRICE[1] (NWI)						
Cuba ($ per barrel)	**$ 50.38**	$ 63.55	(21%)	**$ 57.22**	$ 55.25	4%
UNIT OPERATING COSTS[1] (GWI)						
Cuba ($ per barrel)	**$ 21.40**	$ 18.84	14%	**$ 20.83**	$ 18.72	11%
SPENDING ON CAPITAL[2]						
Development, facilities and other	**$ (0.2)**	$ 1.4	(114%)	**$ 0.8**	$ 1.4	(43%)
Exploration	**5.1**	7.1	(28%)	**21.1**	16.6	27%
	$ 4.9	$ 8.5	(42%)	**$ 21.9**	$ 18.0	22%

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

(2) Spending on capital for the nine months ended September 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 Q3 2019 was 4,060 barrels of oil per day (“bopd”), down 13% from 4,668 bopd for Q3 2018. Lower production in 2019 was primarily due to natural reservoir declines and the absence of new development drilling.

Revenue in Q3 2019 was $6.9 million, down 21% 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 weaker Canadian dollar relative to the U.S. currency.

Unit operating costs in Cuba in Q3 2019 were $21.40 per barrel, up 14% from Q3 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 Q3 2019 was $4.9 million, down 42% from Q3 2018. Exploration capital spending in both the current and prior year periods are primarily related to drilling on Block 10.

Subsequent to quarter end, drilling on Block 10 resumed on October 19 following the import of rented drilling mud tanks due to the lack of availability in Cuba. Sherritt anticipates drilling to a total depth of approximately 5,700 meters. The well will then be completed and tested. As of October 29, drilling to a depth of 5,525 meters had been completed.

The rental of new drilling equipment is not expected to increase planned capital spending previously disclosed for the Oil and Gas business. Sherritt continues to explore partnerships for further investment in Block 10 following completion of the current well.

In Q3 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. While the sale reduced net working-interest, it did not have a significant impact on revenue or gross margin.

Based on year-to-date performance, the Oil and Gas business remains on track to achieve its 2019 guidance for production, unit costs and planned capital spend.

Power

$ millions (33 ⅓% basis), except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 12.1**	$ 11.7	3%	**$ 33.9**	$ 36.0	(6%)
Earnings (loss) from operations	**1.8**	(0.2)	1,000%	**3.5**	3.1	13%
Adjusted EBITDA(1)	**8.6**	6.1	41%	**22.9**	21.5	7%
CASH FLOW						
Cash provided by operations	**15.9**	10.0	59%	**31.1**	29.3	6%
Adjusted operating cash flow(1)	**11.2**	5.7	96%	**24.5**	20.5	20%
Free cash flow(1)	**15.7**	9.8	60%	**30.3**	28.8	5%
PRODUCTION AND SALES						
Electricity (GWh)	**197**	191	3%	**550**	597	(8%)
AVERAGE-REALIZED PRICE(1)						
Electricity ($/MWh)	**$ 55.50**	$ 54.57	2%	**$ 55.80**	$ 53.99	3%
UNIT OPERATING COSTS(1) ($/MWh)						
Base	**13.84**	17.38	(20%)	**16.51**	15.79	5%
Non-base(2)	**0.58**	7.22	(92%)	**0.38**	4.25	(91%)
	14.42	24.60	(41%)	**16.89**	20.04	(16%)
NET CAPACITY FACTOR (%)	**63**	60	5%	**58**	62	(6%)
SPENDING ON CAPITAL(3)						
Sustaining	**$ 0.2**	$ 0.2	-	**$ 0.8**	$ 0.5	60%
	$ 0.2	$ 0.2	-	**$ 0.8**	$ 0.5	60%

(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 nine months ended September 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 Q3 2019 was 197 gigawatt hours ("GWh") of electricity, up 3% from 191 GWh for the comparable period of 2018 primarily due to increased gas supply in the current quarter.

Average-realized prices in Q3 2019 were $55.50, up 2% from $54.57 last year. The increase was due to the depreciation of the Canadian dollar relative the U.S. currency.

Revenue in Q3 2019 totaled $12.1 million, up 3% from $11.7 million for last year. The increase was due to higher power production and realized prices.

Unit operating costs in Q3 2019 were $14.42, down 41% from $24.60 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 lower unit operating cost was also impacted by higher volume partly offset by a weaker Canadian dollar in Q3 2019 as Power business costs are generally denominated in U.S. currency.

Total capital spending in Q3 2019 was negligible.

Based on performance through September 30, the Power business remains on track to achieve its 2019 guidance for production, unit costs and planned capital spend.

INVESTMENT IN AMBATOVY JOINT VENTURE (12% interest)

$ millions, except as otherwise noted	For the three months ended 2019 September 30	2018 September 30	Change	For the nine months ended 2019 September 30	2018 September 30	Change
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**1,320**	1,070	23%	**3,450**	3,015	14%
Finished Nickel	**1,087**	914	19%	**3,030**	2,729	11%
Finished Cobalt	**90**	88	2%	**259**	236	10%
Fertilizer	**2,550**	2,383	7%	**8,625**	8,134	6%
UNIT OPERATING COSTS(1)						
Mining, processing and refining costs	**4.85**	7.28	(33%)	**5.94**	7.15	(17%)
Cobalt by-product credits	**(0.84)**	(3.37)	75%	**(1.04)**	(3.33)	69%
Other(2)	**0.64**	-	-	**0.42**	0.25	68%
NDCC (US$ per pound of nickel)	**$ 4.65**	$ 3.91	19%	**$ 5.32**	$ 4.07	31%
SPENDING ON CAPITAL(3) ($ millions)						
Sustaining	**3.1**	4.6	(33%)	**7.6**	10.2	(25%)
	3.1	4.6	(33%)	**7.6**	10.2	(25%)

(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 Q3 2019 was 1,087 tonnes of finished nickel, and 90 tonnes of finished cobalt up 19% and 2%, respectively compared to last year. Production in Q3 2019 was primarily impacted by an unplanned shutdown of the air separation unit plant and maintenance on a nickel furnace, which restricted production capacity and other equipment reliability issues.

NDCC in Q3 2019 was US$4.65/lb, up 19% from Q3 2018. The increase was attributable to lower cobalt by-product credits stemming from the decline in realized cobalt prices from Q3 2018.

Capital spend at Ambatovy based on Sherritt's ownership interest was $3.1 million in Q3 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 $143 million has been re-classified as a short-term liability.

As at September 30, 2019 Sherritt had received cash calls totaling US$20.1 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 Q3, the Ambatovy JV and its senior lenders agreed to a three-year principal repayment deferral and an extension of the maturity of the Ambatovy senior debt financing to June 2027. Ambatovy's next principal payment is due in June 2022. In conjunction with this extension, Sumitomo and KORES have committed up to US$335 million of funding to Ambatovy during the deferral period.

Based on year-to-date performance, the Ambatovy JV has updated its production guidance for 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 Q3 2019 was $570 million, down from almost $2 billion at the end of 2016. The Company continues to focus on preserving its liquidity through austerity measures implemented previously. Excluding the impact of stock-based compensation and depreciation, Sherritt reduced its administrative expenses by 6% on a year-to-date basis from 2018.
	Optimize working capital and receivables collection	In Q2 2019, 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 Q3 2019, Sherritt received US$18.8 million of Cuban energy payments. While overdue Oil & Gas receivables increased in Q3, total overdue receivables at quarter end declined to US$154.8 million from US$157.2 million at the end of Q2 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 have generated $42.3 million of adjusted operating cash flow year-to-date in 2019, despite the 65% decline in realized cobalt prices from last year.
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$4.37/lb in Q3 2019. In response to a 61% year-over-year decline in cobalt prices, the Moa JV took measures to lower mining, processing and refining costs per pound of finished nickel sold by 1% in Q3 2019.
	Maximize production of finished nickel and cobalt and improve predictability over 2018 results	The Moa JV has produced 27,564 tonnes of finished nickel and cobalt year-to-date in 2019 (100% basis) and is on track to achieve 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 one at Moa JV/Fort Site. In Q3 2019, Moa/Fort Site had a recordable injury frequency rate of 0.39 and a lost time injury frequency rate of 0.18, the Oil and Gas business had a recordable injury frequency rate of 0.71 and a lost time injury rate of 0.00, and the Power business had a recordable injury frequency rate of 1.23 and a lost time injury frequency rate of 0.00. Overall Sherritt had a recordable injury frequency rate of 0.49 and a lost time injury frequency rate of 0.14. Sherritt remains 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 5,525 meters of drilling through October 29, 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 September 30, 2019	Updated Guidance for 2019
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	31,000 - 33,000	25,010	No change
Cobalt, finished	3,300 - 3,600	2,554	No change
Ambatovy Joint Venture (tonnes, 100% basis)			
Nickel, finished	40,000 - 45,000	25,250	34,000-36,000
Cobalt, finished	3,500 - 4,000	2,158	2,800-3,000
Oil – Cuba (gross working-interest, bopd)	3,800 - 4,100	4,306	No change
Oil and Gas – All operations (net working-interest, boepd)	1,600 - 1,800(1)	1,496	No change
Electricity (GWh, 33⅓% basis)	650 - 700	550	No change
Unit operating costs			
NDCC (US$ per pound)			
Moa Joint Venture	\$4.00 - \$4.50(1)	\$4.25	No change
Ambatovy Joint Venture	\$4.80 - \$5.30(1)	\$5.32	No change
Oil and Gas - Cuba (unit operating costs, \$ per barrel)	\$23.00 - \$24.50(1)	\$20.83	No change
Electricity (unit operating cost, \$ per MWh)	\$20.00 - \$23.75(1)	\$16.89	No change
Spending on capital(2)			
Moa Joint Venture (50% basis), Fort Site (100% basis)(3)	US\$30 (CDN\$39)(1)	US\$20 (CDN\$27)	No change
Ambatovy Joint Venture (12% basis)	US\$10 (CDN\$14)	US\$6 (CDN\$8)	No change
Oil and Gas	US\$21 (CDN\$28)	US\$17 (CDN\$22)	No change
Power (33⅓% basis)	US\$1 (CDN\$1)	US\$1 (CDN\$1)	No change
Spending on capital (excluding Corporate)	US\$62 (CDN\$82)	US\$44 (CDN\$58)	No change

(1) Guidance updated June 30, 2019.

(2) 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.

(3) 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 nine months ended September 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 October 31st, 2019 at 10:00 a.m. Eastern Time to review its Q3 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 nine months ended September 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 and creditor approvals and waivers; 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, including diesel; supplies quality issues; 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.

For further investor information contact:
Joe Racanelli, Director of Investor Relations
Telephone: (416) 935-2457
Toll-free: 1 (800) 704-6698
E-mail: investor@sherritt.com

Sherritt International Corporation
Bay Adelaide Centre, East Tower
22 Adelaide St. West, Suite 4220
Toronto, ON M5H 4E3
www.sherritt.com