For immediate release

Sherritt Reports Higher Nickel and Cobalt Production Results at Moa JV in Q2 2020

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Toronto – July 29, 2020 – 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-month periods ended June 30, 2020. All amounts are in Canadian currency unless otherwise noted.

CEO COMMENTARY

"As a result of additional health and safety practices and new work processes implemented in early March, our mine operations at Moa and at our refinery in Fort Saskatchewan were largely unaffected by the spread of COVID-19 and delivered strong finished nickel and cobalt production results in Q2," said David Pathe, President and CEO of Sherritt International. "We expect to build on this momentum through the end of the year and forecast producing between 32,000 and 33,000 tonnes of finished nickel and between 3,300 and 3,400 tonnes of finished cobalt on a 100% basis for 2020 in line with our original guidance for the year."

Mr. Pathe added, "Also in Q2, we implemented further austerity measures designed to reduce costs, preserve liquidity and defer budgeted expenditures for 2020 in the face of uncertainty caused by the global pandemic to near-term economic and market conditions and, more particularly, on our ability to collect on overdue amounts owed to us by our Cuban energy partners.

"Subsequent to quarter-end, we received stakeholder approval for our balance sheet initiative. Pending court approval and final closing expected by the end of the coming month, the transaction will result in the reduction of our total debt by approximately $305 million, annual savings of $16 million in cash interest payments, resolution to our Ambatovy investment legacy, and position us without any debt maturity until November 2026. Completion of the balance sheet initiative and ongoing austerity measures will help us weather near-term uncertainty in advance of the recovery of nickel and cobalt markets expected over the longer term."

SUMMARY OF KEY Q2 DEVELOPMENTS

- Sherritt's share of finished nickel production at the Moa Joint Venture (Moa JV) in Q2 2020 was 4,147 tonnes, up 4% from last year, while finished cobalt was 425 tonnes, up 2% from last year. Higher production totals were largely driven by the decision to delay the annual shutdown of the refinery for planned maintenance as a safety measure to prevent the spread of COVID-19. Annual maintenance shutdown activities were completed subsequent to the start of Q3 2020.
- Sherritt ended Q2 2020 with cash and cash equivalents of $172.4 million of which $82.2 million of cash and cash equivalents was held by Energas in Cuba. The $21 million decrease in Sherritt's liquidity from $193.4 million at the end of Q1 2020 was largely due to the timing of working capital receipts, capital expenditures totaling $3.6 million and the impact of changes to foreign exchange rates, partially offset by interest received on the Energas conditional sales agreement and the deferral of $15.5 million of interest payments due to the launch of the previously announced balance sheet initiative.
- Sherritt received US$11.6 million in Cuban energy payments as part of the overdue receivables agreement with its Cuban partners. Payments, which included US$9.3 million received in Canada and US $2.3 million accepted in Cuba to support local costs for Sherritt's Oil and Gas operations, were lower than expected as the spread of COVID-19 and the ongoing impact of U.S. sanctions limited Cuba's access to foreign currency in Q2 2020.
- Sherritt agreed to an extension for the maturity of its $70 million credit facility from its senior lenders to September 30, 2020 to allow for completion of the balance sheet initiative launched in Q1 2020. As part of the extension, the lenders agreed to a reduction in the monthly minimum net available cash requirement to $65 million from $70 million starting in April. In addition, $47 million of letters of credit related to reclamation costs associated with Sherritt's Spanish oil assets were not renewed at June 30 as the Corporation is in discussions with its Spanish partners on a potential alternative arrangement.
- Sherritt reinstated its production, unit cost and capital spend guidance for 2020, reflecting the minimal impact that COVID-19 has had to date on production and the implementation of austerity measures designed to preserve liquidity in the face of near-term uncertainty caused by the global pandemic on market conditions.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER END

- Sherritt received stakeholder approval for its previously announced balance sheet initiative designed to improve its capital structure and preserve liquidity. Pending court approval of the transaction and final closing, which is expected by August 31 subject to the satisfaction or waiver of the applicable conditions to the transaction, Sherritt will reduce its total debt by approximately $305 million, save approximately $16 million in annual cash interest payments, address its Ambatovy investment legacy and have no debt maturities until November 2026 as a result of the transaction. Also pending close of the transaction, Sherritt will no longer be operator of Ambatovy, and focus its mining activities through the Moa JV.
- Sherritt completed a preliminary analysis of Block 10 test samples. The analysis, which was delayed by two months due to cargo travel restrictions imposed by Cuba due to COVID-19, was inconclusive. Sherritt plans to collect new test samples to analyze in the coming weeks now that cargo travel restrictions have been lifted.

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

Q2 2020 FINANCIAL HIGHLIGHTS[1]

$ millions, except per share amount	For the three months ended **2020 June 30**	2019 June 30	Change	For the six months ended **2020 June 30**	2019 June 30	Change
Revenue	**40.9**	46.5	(12%)	**$ 67.6**	$ 78.4	(14%)
Combined revenue[2]	**134.0**	144.3	(7%)	**246.7**	268.9	(8%)
Net earnings (loss) for the period	**(114.5)**	(90.4)	(27%)	**(156.7)**	(152.2)	(3%)
Adjusted EBITDA[2]	**8.9**	9.5	(6%)	**13.6**	8.3	64%
Cash provided (used) by continuing operations	**(12.6)**	14.9	(185%)	**10.0**	(19.7)	151%
Combined adjusted operating cash flow[2]	**17.5**	(8.2)	313%	**24.4**	(18.1)	235%
Combined free cash flow[2]	**(0.6)**	4.0	(115%)	**2.4**	(40.0)	106%
Average exchange rate (CAD/US$)	**1.385**	1.338	-	**1.365**	1.334	-
Net earnings (loss) from continuing operations per share	**(0.29)**	(0.23)	(26%)	**(0.39)**	(0.38)	(3%)

(1) The financial results for the Ambatovy JV are only discussed as part of Sherritt's share of earnings in associate based on financial statement amounts. All non-GAAP measures exclude the Ambatovy JV performance.
(2) For additional information see the Non-GAAP measures section.

$ millions, as at	**2020 June 30**	2019 December 31	Change
Cash, cash equivalents and short term investments	**$ 172.4**	$ 166.1	4%
Loans and borrowings	**727.6**	713.6	2%

Cash, cash equivalents and short-term investments at June 30, 2020 were $172.4 million, down from $193.4 million at March 31, 2020. The decrease was due to a number of factors including, negative working capital changes primarily relating to the timing of fertilizer pre-sales receipts and deliveries, capital expenditures totaling $3.6 million and lower than expected Cuban energy payments. These factors were partially offset, however, by the deferral of $15.5 million in interest payments as a result of the launch of the balance sheet initiative in Q1 2020 and by the timing of changes in inventory.

Sherritt received US$11.6 million in Cuban energy payments as part of its overdue receivables agreement with its Cuban partners. Payments, which included US$9.3 million received in Canada and US$2.3 million accepted in Cuba to support local costs relating to Sherritt's Oil and Gas operations, were lower than expected as the spread of COVID-19 and the ongoing impact of U.S. sanctions limited Cuba's access to foreign currency in Q2 2020. Sherritt did not receive any payments on its Oil and Gas receivables in Q2 2020. Total overdue scheduled receivables at June 30, 2020 were US$159.1 million, up from US$154.0 million at March 31, 2020.

As at June 30, 2020, $82.2 million of Sherritt's cash and cash equivalents was held by Energas in Cuba, down from $86.3 million at the end of Q1 2020.

Sherritt agreed to an extension for the maturity of its $70 million credit facility from its senior lenders to September 30, 2020 to allow for completion of the balance sheet initiative launched in Q1 2020. As part of the extension, the lenders agreed to a reduction in the monthly minimum net available cash requirement to $65 million from $70 million starting in April. In addition, $47 million of letters of credit related to reclamation costs associated with Sherritt's Spanish oil assets were not renewed at June 30, 2020 as the Corporation is in discussions with its Spanish partners on a potential alternative arrangement.

Sherritt anticipates that its liquidity position through the end of 2020 will largely be dependent on its ability to collect on amounts owed to it by its Cuban energy partners.

Adjusted net loss(1)

For the three months ended June 30	2020 $ millions	2020 $/share	2019 $ millions	2019 $/share
Net earnings (loss) from continuing operations	**(114.5)**	**(0.29)**	(90.4)	(0.23)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**13.1**	**0.03**	8.0	0.02
Ambatovy loans recievable ACL revaluation	**74.4**	**0.19**	53.6	0.13
Moa JV expansion loans ACL revaluation	**(23.6)**	**(0.06)**	-	-
Other	**0.8**	**-**	(12.5)	(0.02)
Adjusted net loss from continuing operations	**(49.8)**	**(0.13)**	(41.3)	(0.10)

For the six months ended June 30	2020 $ millions	2020 $/share	2019 $ millions	2019 $/share
Net earnings (loss) from continuing operations	**(156.7)**	**(0.39)**	(152.2)	(0.38)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**(10.4)**	**(0.02)**	13.8	0.03
Ambatovy loans receivable ACL revaluation	**74.4**	**0.19**	54.6	0.14
Moa JV expansion loans ACL revaluation	**(6.4)**	**(0.02)**	-	-
Other	**2.8**	**-**	(12.4)	(0.03)
Adjusted net loss from continuing operations	**(96.3)**	**(0.24)**	(96.2)	(0.24)

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

Net loss from continuing operations for Q2 2020 was $114.5 million, or $0.29 per share, compared to a net loss of $90.4 million, or $0.23 per share, for the same period last year.

Net loss for Q2 2020 includes non-cash adjustments of $74.4 million related to revaluation of allowances for expected credit loss (ACL) on Ambatovy Joint Venture loans receivable and a $23.6 million revaluation gain on the Moa JV expansion loans under IFRS 9.

Adjusted net loss from continuing operations was $49.8 million, or $0.13 per share, for the three months ended June 30, 2020 compared to an adjusted net loss from continuing operations of $41.3 million, or $0.10 per share, for Q2 2019.

METALS MARKET

Nickel

Nickel market conditions improved throughout the second quarter of 2020 in concert with the restart of economic and manufacturing activities in China and Europe following the outbreak of the COVID-19 pandemic in the first quarter of the year.

Nickel prices on the London Metals Exchange (LME) started Q2 at US$5.12/lb and closed on June 30 at US$5.81/lb.

Although nickel prices showed signs of recovery, nickel inventory levels on the London Metals Exchange (LME) and the Shanghai Future Exchange (SHFE) remained relatively flat. Combined inventory levels at June 30 totaled approximately 262,000 tonnes, up from approximately 256,000 at April 1.

Nickel inventories on the LME and SHFE have not increased significantly despite the reduced production of stainless steel over the past several months largely because a number of nickel mines around the world have significantly reduced production or have gone into care and maintenance as a result of the spread of COVID-19.

In the near term, nickel prices are expected to be volatile given the ongoing economic uncertainty caused by the pandemic. As mining operations resume production activities, nickel inventory levels may rise given that supply could exceed demand as a number of industries that are large consumers of stainless steel, such as food and hospitality sector, will experience a delayed or slower economic recovery.

In light of this uncertainty, a number of industry experts have lowered their forecasts for nickel demand, reflecting negative market sentiment through end of 2020. Previously, demand for nickel through 2025 was expected to grow by approximately 3% per year to 2.8 million tonnes according to market research by Wood Mackenzie. Recovery of demand is expected to return in 2021.

Nickel pig iron production has increased substantially, and some industry analysts are predicting an oversupplied nickel market in the near term as a result. This development is putting additional pressure on producers of lower-grade material such as ferronickel, which is currently selling at significant discount.

Over the longer term, demand for nickel is expected to increase with the increased adoption of electric vehicles since nickel – along with cobalt – is a key metal needed to manufacture assorted energy storage batteries.

A shortage of nickel is anticipated over the coming years since current market prices are below incentive levels needed to develop new nickel projects.

Cobalt

In contrast to the slow recovery of nickel prices and demand in Q2 2020, cobalt prices and demand experienced considerable softness. Cobalt prices, in fact, decreased by 8% in Q2, reversing the upward trend experienced in Q1.

Standard grade cobalt prices on June 30 closed at US$14.88/lb, down from $16.18/lb at the start of the quarter according to data collected by Fastmarkets MB. Cobalt prices since the start of Q3 have extended this downward trend as consumer purchasing has continued to soften.

Market conditions have deteriorated because of the impact that the spread of COVID-19 is having on several industries, such as the aerospace sector, that make extensive use of cobalt as a key component to manufacturing activities as a super alloy. With recovery of these sectors expected to be slow or delayed, it is anticipated that cobalt market demand and prices will continue to be soft in the near term.

Over the longer term, the outlook for cobalt remains strong given the accelerated growth of electric vehicle demand expected in the coming years. Cobalt, in particular, is a key component of rechargeable batteries providing energy density and stability.

REVIEW OF OPERATIONS

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

$ millions, except as otherwise noted	For the three months ended 2020 June 30	2019 June 30	Change	For the six months ended 2020 June 30	2019 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 115.5**	$ 123.1	(6%)	**$ 209.0**	$ 225.4	(7%)
(Loss) earnings from operations	**1.2**	(0.4)	400%	**(3.5)**	(9.9)	65%
Adjusted EBITDA(1)	**16.4**	14.2	15%	**26.5**	18.4	44%
CASH FLOW						
Cash provided by operations	**$ 12.7**	$ 7.7	65%	**$ 17.2**	$ 3.6	378%
Adjusted operating cash flow(1)	**15.6**	14.8	5%	**22.8**	17.6	30%
Free cash flow(1)	**6.2**	(0.1)	6300%	**4.1**	(10.5)	139%
Distributions and repayments to Sherritt from the Moa JV	**-**	13.5	(100%)	**13.3**	16.8	(21%)
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,323**	4,306	-	**8,337**	8,642	(4%)
Finished Nickel	**4,147**	3,969	4%	**7,983**	8,366	(5%)
Finished Cobalt	**425**	415	2%	**825**	841	(2%)
Fertilizer	**69,777**	59,665	17%	**125,866**	126,627	(1%)
NICKEL RECOVERY (%)	**86%**	86%	-	**84%**	85%	(1%)
SALES VOLUMES (tonnes)						
Finished Nickel	**4,169**	4,073	2%	**7,942**	8,464	(6%)
Finished Cobalt	**353**	429	(18%)	**734**	889	(17%)
Fertilizer	**72,071**	66,552	8%	**103,211**	93,509	10%
AVERAGE-REFERENCE PRICES (US$ per pound)						
Nickel	**$ 5.54**	$ 5.56	-	**$ 5.66**	$ 5.59	1%
Cobalt(2)	**15.19**	15.64	(3%)	**15.89**	17.09	(7%)
AVERAGE REALIZED PRICE(1)						
Nickel ($ per pound)	**$ 7.51**	$ 7.52	-	**$ 7.55**	$ 7.51	1%
Cobalt ($ per pound)	**18.39**	19.56	(6%)	**18.79**	17.00	11%
Fertilizer ($ per tonne)	**399**	491	(19%)	**384**	470	(18%)
UNIT OPERATING COSTS(1) (US$ per pound)						
Nickel - net direct cash cost	**$ 3.92**	$ 3.83	2%	**$ 4.10**	$ 4.19	(2%)
SPENDING ON CAPITAL(3)						
Sustaining	**$ 9.5**	$ 7.8	22%	**$ 16.1**	$ 21.8	(26%)
	$ 9.5	$ 7.8	22%	**$ 16.1**	$ 21.8	(26%)

(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 audited consolidated financial statements for the year ended December 31, 2019 for additional information.

The Moa JV produced 4,147 tonnes of finished nickel, up 4% from 3,969 tonnes produced in Q2 2019. Finished cobalt production for Q2 2020 was 425 tonnes, up 2% from 415 tonnes produced in Q2 2019.

Higher finished production totals were largely driven by the decision to delay the annual shutdown of the refinery in Fort Saskatchewan for planned maintenance as a safety measure to prevent the spread of COVID-19. Annual maintenance shutdown activities were completed subsequent to the start of Q3 2020 with the duration extending by four days when compared to plan and the annual shutdown of the prior year. The shutdown extension was due to limited local contractor availability and additional repair scope identified. Shutdown costs for 2020 were consistent with plan and costs incurred in 2019. Increased finished production stemming from the re-scheduling of the planned annual maintenance shutdown and operational excellence initiatives helped to offset the impact of transportation delays of mixed sulphides to the refinery from Moa experienced in April.

Mixed sulphides production at Moa in Q2 2020 of 4,323 tonnes was largely unchanged from Q2 2019. Like finished production at the refinery in Fort Saskatchewan, COVID-19 had minimal impact on mixed sulphides production as a result of new safety protocols and work processes introduced at Moa in March 2020.

Despite higher finished production, revenue declined by 6% to $115.5 million in Q2 2020 when compared to $123.1 million for Q2 2019. The revenue decrease was driven by a number of factors, including lower cobalt sales volumes and lower realized prices for cobalt and fertilizer of 6% and 19%, respectively. Softer cobalt demand and reference prices are particularly being driven by the impact COVID-19 is having on the aerospace industry, which uses cobalt in super alloys in the production of multiple aircraft engine parts. Fertilizer prices declined largely due to increased competition.

Mining, processing and refining (MPR) costs for Q2 2020 were US$4.78/lb, down 16% from US$5.71/lb for Q2 2019. MPR costs declined primarily due to lower input costs related to sulphur and fuel oil as well as due to austerity measures undertaken to reduce operating expenses.

NDCC in Q2 2020 was US$3.92/lb, up 2% from US$3.83/lb for the same period last year. Despite the decline in MPR costs by 16%, NDCC rose as result of lower cobalt by-product credits of 27% due to reduced cobalt product sales and lower realized cobalt prices as well as lower realized fertilizer prices.

Sustaining capital spending in Q2 2020 was $9.5 million, up 22% from $7.8 million in Q2 2019. The year-over-year increase is due primarily to the timing of delivery for mining equipment previously purchased.

As part of austerity measures implemented in Q2, the Moa JV will defer a number capital spend projects. Planned capital spend for 2020 is now expected to be US$22 million (on a 50% basis), down from US$34 million initially forecasted at the start of the year.

Oil and Gas

	For the three months ended			For the six months ended		
	2020	2019		**2020**	2019	
$ millions, except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 6.0**	$ 7.5	(20%)	**$ 13.1**	$ 16.5	(21%)
Earnings (loss) from operations	**(4.5)**	(5.4)	17%	**(10.1)**	(11.1)	9%
Adjusted EBITDA(1)	**(3.1)**	(2.7)	(15%)	**(6.7)**	(5.4)	(24%)
CASH FLOW						
Cash (used) provided by operations	**(8.6)**	21.5	(140%)	**(16.0)**	13.5	(219%)
Adjusted operating cash flow(1)	**(3.8)**	(4.6)	17%	**(7.4)**	(6.8)	(9%)
Free cash flow(1)	**(10.5)**	11.2	(194%)	**(19.6)**	(3.7)	nm(3)
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) – Cuba	**3,029**	4,420	(31%)	**3,153**	4,432	(29%)
Total net working-interest (NWI)	**1,931**	1,523	27%	**1,841**	1,648	12%
AVERAGE REFERENCE PRICE (US$ per barrel)						
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)	**24.86**	61.26	(59%)	**30.99**	61.15	(49%)
AVERAGE-REALIZED PRICE(1) (NWI)						
Cuba ($ per barrel)	**$ 29.82**	$ 62.11	(52%)	**$ 32.27**	$ 60.47	(47%)
UNIT OPERATING COSTS(1) (GWI)						
Cuba ($ per barrel)	**$ 26.92**	$ 19.93	35%	**$ 27.11**	$ 20.56	32%
SPENDING ON CAPITAL(2)						
Development, facilities and other	**$ (0.1)**	$ (0.5)	80%	**$ -**	$ 1.0	(100%)
Exploration	**1.2**	11.8	(90%)	**2.8**	16.0	(83%)
	$ 1.1	$ 11.3	(90%)	**$ 2.8**	$ 17.0	(84%)

(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 audited consolidated financial statements for the year ended December 31, 2019 for additional information.

Gross working-interest oil production in Cuba in Q2 2020 was 3,029 barrels of oil per day (bopd), down 31% from 4,420 bopd for Q2 2019. Lower production in the current year period was primarily due to natural reservoir declines and the absence of new development drilling.

Revenue in Q2 2020 was $6.0 million, down 20% when compared to Q2 2019 due to lower realized prices in Cuba, but partially offset by a weaker Canadian dollar relative to the U.S. dollar.

Unit operating costs in Cuba in Q2 2020 were $26.92 per barrel, up 35% when compared to Q2 2019 as a result of lower GWI production and the impact of a weaker Canadian dollar relative to the U.S. dollar. Costs in Cuba are generally denominated in U.S. currency. Spending on equipment has been deferred until the test results of Block 10 can be finalized.

Capital spending in Q2 2020 of $1.1 million was 90% lower as drilling on Block 10 was completed in late 2019. Q2 2020 costs include Block 10 carrying costs.

Subsequent to quarter end, Sherritt completed a preliminary analysis of Block 10 test samples. The analysis, which was delayed by two months due to cargo travel restrictions imposed by Cuba due to COVID-19, was inconclusive. Sherritt plans to collect new test samples to analyze in the coming weeks now that cargo travel restrictions have been lifted.

Power

	For the three months ended			For the six months ended		
	2020	2019		**2020**	2019	
$ millions (33 ⅓% basis), except as otherwise noted	**June 30**	June 30	Change	**June 30**	June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 9.6**	$ 11.1	(14%)	**$ 19.0**	$ 21.8	(13%)
Earnings from operations	**1.6**	0.8	nm[4]	**2.9**	1.7	71%
Adjusted EBITDA[1]	**7.0**	7.1	(1%)	**13.5**	14.3	(6%)
CASH FLOW						
Cash provided by operations	**8.3**	11.6	(28%)	**26.7**	15.2	76%
Adjusted operating cash flow[1]	**15.7**	7.0	124%	**28.9**	13.3	117%
Free cash flow[1]	**8.3**	11.5	(28%)	**26.7**	14.6	83%
PRODUCTION AND SALES						
Electricity (GWh)	**153**	180	(15%)	**306**	353	(13%)
AVERAGE-REALIZED PRICE[1]						
Electricity ($/MWh)	**$ 58.48**	$ 56.20	4%	**$ 57.73**	$ 55.97	3%
UNIT OPERATING COSTS[1] ($/MWh)						
Base	**14.12**	16.24	(13%)	**14.09**	18.00	(22%)
Non-base[2]	**-**	0.11	(100%)	**0.25**	0.27	(7%)
	14.12	16.35	(14%)	**14.34**	18.27	(22%)
NET CAPACITY FACTOR (%)	**49**	57	(14%)	**48**	56	(14%)
SPENDING ON CAPITAL[3]						
Sustaining	**$ -**	$ 0.1	(100%)	**$ -**	$ 0.6	(100%)
	$ -	$ 0.1	(100%)	**$ -**	$ 0.6	(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 audited consolidated financial statements for the year ended December 31, 2019 for additional information.

Power production in Q2 2020 was 153 gigawatt hours (GWh) of electricity, down 15% from 180 GWh for the comparable period of 2019 as a result of a decline in gas supply.

Average-realized prices in Q2 2020 were $58.48, up 4% from $56.20 last year. The increase was due to the depreciation of the Canadian dollar relative to the U.S. currency.

Revenue in Q2 2020 totaled $9.6 million, down 14% from $11.1 million for last year. The decrease was primarily due to lower power production.

Unit operating costs in Q2 2020 were $14.12/MWh, down 14% from $16.35/MWh for last year. Sherritt continues to limit operational spending in relation to the receipt of funds under its Cuban energy agreements. Unit operating costs for Q2 2020 were also impacted by a lower production and a weakening of the Canadian dollar relative to the U.S. dollar as Power operating costs are generally denominated in U.S. currency.

2020 REVIEW OF STRATEGIC PRIORITIES

The table below lists Sherritt's Strategic Priorities for 2020, and summarizes how the Corporation has performed against those priorities.

Strategic Priorities	2020 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 launched a balance sheet initiative in Q1 2020 aimed at strengthening the Corporation's capital structure. In Q2, Sherritt announced amended terms that received overwhelming support from stakeholders. Pending court approval of the transaction and closing which, subject to the satisfaction or waiver of the applicable conditions to the transaction, is expected by August 31, the transaction will result in the elimination of approximately $305 million in total debt and annual interest savings of up to $16 million. In response to the economic uncertainty caused by the spread of COVID-19, Sherritt has implemented a number of austerity measures and identified opportunities to save or defer approximately $90 million of capital spend, operating and administrative expenses. These austerity measures will be applied against 2020 budgeted expenditures for Sherritt's operations and corporate office as well as the Moa JV (100% basis). In Q2 2020, Sherritt reduced its administrative expenses by $1 million when compared to Q2 2019 (excluding stock-based compensation, depreciation and costs associated with the balance sheet initiative).
	Optimize working capital and receivables collection	Largely as a result of Cuba's reduced access to foreign currency due to the impacts of COVID-19 and ongoing US sanctions, Sherritt received US$11.6 million of an expected US$22.5 million in Cuban energy payments in Q2 2020. Sherritt anticipates variability in the timing and the amount of energy payments through 2020.
	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 reduced mining, processing and refining (MPR) costs in Q2 2020 by 16% from last year through a combination of factors, including lower input commodity prices, the benefits of ongoing operational excellence initiatives and the implementation of austerity measures.
UPHOLD GLOBAL OPERATIONAL LEADERSHIP IN FINISHED NICKEL LATERITE PRODUCTION	Further reduce NDCC towards the goal of being consistently in the lowest cost quartile.	NDCC in Q2 2020 increased by 2% to US$3.92/lb from US$3.83/lb last year despite lower MPR costs. The increase was attributable to lower cobalt by-product credits as result of softer cobalt prices and demand since the start of global pandemic and also due to lower fertilizer prices.
	Maximize production of finished nickel and cobalt and improve predictability over 2019 results	Based on production results on a year-to-date basis, the Moa JV is on track to produce between 32,000 and 33,000 tonnes of finished nickel and between 3,300 tonnes and 3,400 tonnes of finished cobalt in 2020.
	Achieve peer leading performance in environmental, health, safety and sustainability	In Q2 2020, Sherritt experienced one recordable and one lost time incident at the Moa nickel site. Up to June 30th 2020, the Moa Joint Venture (Moa Nickel Site and Fort Site) had a total recordable incident frequency rate (TRIFR) of 0.22 and a lost time incident frequency rate (LTIFR) of 0.09; the Oil and Gas business had a TRIFR of 0.26 and a LTIFR of 0.00; and the Power business had a TRIFR and LTIFR of 0.00. Overall Sherritt had TRIFR of 0.20 and a LTIFR rate of 0.07. 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	Following preliminary analysis of Block 10 samples that were inconclusive, testing is slated to resume now that cargo travel restrictions due to COVID-19 have been lifted.

OUTLOOK

2020 Production, unit operating costs and capital spending guidance

The guidance for 2020 reflects Sherritt's targets for production, unit costs and capital spending updated from those announced on January 22, 2020.

Production volumes, unit operating costs and spending on capital	Initial 2020 guidance - Total[(1)]	Year-to-date actuals - Total	Updated 2020 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	15,966	32,000 - 33,000
Cobalt, finished	3,300 - 3,600	1,650	3,300 - 3,400
Oil – Cuba (gross working-interest, bopd)	3,000 - 3,300	3,153	3,000 - 3,300
Oil and Gas – All operations (net working-interest, boepd)	1,900 - 2,100	1,841	1,800 - 2,000
Electricity (GWh, 33⅓% basis)	500 - 550	306	500 - 550
Unit operating costs			
Moa Joint Venture - NDCC (US$ per pound)	$4.00 - $4.50	$4.10	$4.00 - $4.50
Oil and Gas - Cuba (unit operating costs, $ per barrel)	$28.00 - $29.50	$27.11	$28.00 - $29.50
Electricity (unit operating cost, $ per MWh)	$28.00 - $29.50	$14.34	$24.50 - $26.00
Spending on capital			
Moa Joint Venture (50% basis), Fort Site (100% basis)[(2)]	US$34 (CDN$45)	US$12 (CDN$16)	US$22 (CDN$30)
Oil and Gas	US$6 (CDN$8)	US$2 (CDN$3)	US$4 (CDN$6)
Power (33⅓% basis)	US$1 (CDN$1.3)	US$0 (CDN$0)	US$1 (CDN$1.3)
Spending on capital (excluding Corporate)	US$41 (CDN$54)	US$14 (CDN$19)	US$27 (CDN$37)

(1) As originally announced January 22, 2020.

(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/NDCC, adjusted earnings/loss, 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, 2020 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 July 30, 2020 at 10:00 a.m. Eastern Time to review its Q2 2020 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, 2020 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, operations, and investments 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; the impact of the COVID-19; qualification for the Canada Emergency Wage Subsidy (CEWS); anticipated payments of outstanding receivables; funding of future Ambatovy cash calls; the completion of the Corporation's balance sheet initiative (the "Transaction"); strengthening the Corporation's capital structure and reducing annual interest expenses; drill plans and results on exploration wells; and amounts of certain other commitments.

Forward looking statements are not based on historical facts, but rather on current expectations, assumptions and projections about future events, including commodity and product prices and demand; the level of liquidity and access to funding; share price volatility; production results; realized prices for production; earnings and revenues; development and exploration wells and enhanced oil recovery in Cuba; environmental rehabilitation provisions; availability of regulatory 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, the impact of the COVID-19 pandemic, 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 Sherritt's investment in 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; 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 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 2020; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Additional risks, uncertainties and other factors include, but are not limited to, risks associated with the ability of the Corporation to complete the Transaction; the ability of the Corporation to achieve its financial goals; the ability of the Corporation to continue as a going concern; the ability of the Corporation to continue to realize its assets and discharge its liabilities and commitments; the Corporation's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Corporation to stabilize its business and financial condition; the ability of the Corporation to implement and successfully achieve its business priorities; and the ability of the Corporation to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements. 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 Management's Discussion and Analysis for the three months ended June 30, 2020 and the Annual Information Form of the Corporation dated March 19, 2020 for the period ending December 31, 2019, 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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