For immediate release

Sherritt Reports Financial Results for Q3 2020

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Toronto – November 4, 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 nine-month periods ended September 30, 2020. All amounts are in Canadian currency unless otherwise noted.

During the quarter, pursuant to its plan of arrangement under the Canadian Business Corporations Act, Sherritt announced the successful closing of the latest step in its program to improve its capital structure. Overall, the transaction which closed on August 31, represented completion of the key Ambatovy part in the broader restructuring of Sherritt's debt obligations.

In summary, this CBCA restructuring:

- eliminated a further $300 million in direct debt;
- eliminated debt maturities in 2021, 2023, and 2025, and replaced them with maturities in 2026 and 2029;
- reduced our cash interest expense by one-third to approximately $30 million per year;
- completed our exit from the Ambatovy project, eliminating the associated direct and indirect debt and the risk of being required to fund further cash calls with the associated risk of default; and
- achieved all of this with no dilution to the current equity of Sherritt.

CHAIRMAN COMMENTARY

Commenting on the debt restructuring program, Sherritt Chairman Sir Richard Lapthorne said, "Preserving adequate liquidity and rebuilding balance sheet strength have been Sherritt's top priorities since the current management team and Board have been in place. This has been a step-by-step process requiring a sustained concentration on removing the threats to the Corporation's viability, and this process had to focus on Ambatovy. Indeed, final resolution of our Ambatovy position was a key part of the recently completed CBCA arrangement."

He continued, "Sherritt entered the Ambatovy project in 2007 as a 40% partner with Sumitomo and Kores, our Korean partner, through the $1.6 billion acquisition of Dynatec. At that time, the project was forecast to require funding of US$3.3 billion. A senior debt facility of US$2.1 billion with recourse to the three partners was negotiated with the balance to be funded directly by the partners. However, the capital requirement for Ambatovy grew and, at the last count, had reached US$8.5 billion of which the shareholders funded US$6.4 billion. A feature of the shareholder agreement was that each partner had to meet its calls for cash from the joint venture or risk a default, which could cross default to its other borrowings; in Sherritt's case to its publicly traded debentures. As early as 2009, Sherritt was forced to start mortgaging its future earnings from the project by borrowing from the other partners in order to finance its cash calls. By 2016, with accrued compound interest, one of these loans had a balance of $1.4 billion with no direct recourse to Sherritt, whilst the other of $133 million became a liability on Sherritt's consolidated balance sheet."

Sir Richard added, "Over the past six year, the management team has worked tirelessly in seeking to reduce these financial risks created through its Ambatovy commitments. In 2015, a combination of specialists from Sherritt's Technologies business and locally-based expatriate management enabled Ambatovy to operate its mine and plant at the required throughput relative to capacity to enable the senior loans to become without recourse to the partners' own balance sheets. This removed US$840 million from Sherritt's debt profile. In 2017, Sherritt negotiated with its partners to reduce its shareholding in Ambatovy to 12%. As a consequence, the partner loan of $1.4 billion was cancelled and Sherritt's responsibility for meeting the JV's total cash calls dropped from 40% to 12%. Finally, as part of the CBCA Court application completed in August 2020, the 12% stake was surrendered, the remaining partner loan, which had increased to $145 million on Sherritt's Balance Sheet, was cancelled and the financial planning uncertainty created by its cash call and potential default exposures from Ambatovy was extinguished.

"Sherritt has also effectively addressed the non-Ambatovy components in its funding. In 2006 it had borrowed $274 million in publicly-traded debentures. Through the course of funding Ambatovy, total public debenture debt peaked at $1,158 million in 2013. Following the recently completed restructuring, debenture debt has now fallen to $358 million at the end of September 2020. Bondholders also hold a $75 million 2029 note. In 2014, Sherritt sold its coal business for $814 million of total cash proceeds. Not only was this a well-timed business decision, but it also assisted the Corporation's liquidity planning. The cash proceeds were used to redeem $300 million of debentures with the balance ultimately sustaining Sherritt's liquidity during the prolonged Ambatovy exit program."

Sir Richard concluded by saying, "In total, since 2014, Sherritt has eliminated approximately $2.4 billion in debt from the balance sheet along with a further $1.1 billion debt guarantee, and has removed the default risks posed by the Ambatovy agreements. Had we failed to do these, Sherritt would not exist in its current form today."

CEO COMMENTARY

"The completion of the balance sheet initiative and the resolution of the Ambatovy legacy debt puts Sherritt in the best possible position to manage our business through the long term," said David Pathe, President and CEO of Sherritt. "We have achieved this outcome despite the significant volatility in nickel and cobalt pricing and the increasingly aggressive U.S. policy towards Cuba we have seen over the last few years."

Mr. Pathe added, "With the debt restructuring now behind us, our near-term focus will centre on sustaining the momentum we have been able to establish at the Moa Joint Venture and achieve our production targets for 2020. That we are on track for this achievement is a testament to the determination and resiliency of so many Sherritt employees managing the impact of the COVID-19 pandemic.

"We continue to take proactive actions to manage our liquidity. Since the end of the quarter, we have received a US$15 million distribution from the Moa JV, representing both our 50% share of US$7.5 million and our Cuban partner's share of US$7.5 million, which is being redirected towards overdue receivables pursuant to our 2019 receivables agreement. We have also taken advantage of the recent strength in nickel prices to purchase a derivative contract to provide a floor - but no cap - on 25% of our share of 2021 nickel production at $6.50 per pound, which protects our 2021 cash flow against downside risk to the nickel price next year.

"Over the longer term, we anticipate demand for our products to grow given the strong outlook for nickel in the coming years, particularly as the market adoption of electric vehicles accelerates, and we will bring greater focus to the projects and innovation of our Technologies Group and look to commercialize those innovations to create new revenue streams for Sherritt."

SUMMARY OF KEY Q3 2020 DEVELOPMENTS

- Sherritt successfully completed its balance sheet initiative, which improved its capital structure and addressed its Ambatovy investment legacy, following stakeholder approval. As a result of the transaction, Sherritt reduced its total outstanding debt by approximately $301 million, extended the maturities of its note obligations to 2026 and 2029, reduced cash annual interest payments by more than $15 million, and terminated its debt obligations relating to the Ambatovy Joint Venture, all without any dilution of its common shares.
- Following close of its balance sheet initiative, Sherritt's note obligations, totaling $433 million, were reclassified as long-term debt.
- Sherritt's share of finished nickel production at the Moa Joint Venture (Moa JV) in Q3 2020 was 3,750 tonnes, down 9% from last year, while finished cobalt was 409 tonnes, down 6% from last year. The decline was due to the rescheduling of the planned plant shutdown and maintenance activities at the refinery in Fort Saskatchewan from June to July as previously disclosed. The Moa JV remains on track to meet its production guidance in 2020 and has produced 23,466 tonnes of finished nickel and 2,468 tonnes of finished cobalt on a 100% basis through September 30.
- Sherritt ended Q3 2020 with cash and cash equivalents of $165.1 million of which $82.1 million was held by Energas in Cuba. The $7.3 million decrease in Sherritt's liquidity from $172.4 million at the end of Q2 2020 was largely driven by costs associated with the balance sheet initiative, including approximately $16 million of cash payments made to note holders as early consent consideration.
- Net earnings from continuing operations totaled $11.4 million, or $0.03 per share, and included a non-cash gain of $143.4 million on the exchange of debentures relating to the balance sheet initiative, offset by a non-cash impairment loss of $115.6 million relating to the write down of Block 10 capital assets.

- Sherritt recognized earnings from discontinued operations of $217.1 million related to the disposition of its 12% ownership interest in the Ambatovy Joint Venture as part of the balance sheet initiative and reclassification as discontinued operations.
- Sherritt received US$16.3 million in Cuban energy payments as part of the overdue receivables agreement with its Cuban partners. Payments, which included US$14.0 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 Q3 2020.
- Sherritt completed the analysis on a second set of samples from Block 10 that confirmed that the water produced during the test period is from the loss circulation zone, which is located at a depth of approximately 5,300 meters and above the target oil reservoir. The analysis also confirmed that no viable technical solution to prevent the further flow of water into the existing well is possible. While Sherritt still believes that the Block 10 reservoir contains oil, the existing well cannot be used for future production purposes. Sherritt is currently reviewing its options with respect to Block 10, including seeking an earn-in partner. At this time, Sherritt is not contemplating any further investments in Block 10 without first securing an earn-in partner.
- Sherritt released its 2019 Sustainability Report that showed progress against the Company's Environmental, Social and Governance targets, including efforts to reduce greenhouse house emissions, maintain peer-leading safety metrics, and commit to doubling the number of female employees by 2030.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER END

- The Moa JV paid a US$15 million distribution to its shareholders in November. Sherritt received its 50% share of this distribution, or US$7.5 million, directly. In addition, General Nickel Company, Sherritt's joint venture partner, re-directed its US$7.5 million share of this distribution to the Corporation to be applied against amounts owing to Sherritt from Energas. The re-direction was secured through negotiations between Sherritt and its Cuban partners, and was made in accordance with the June 2019 overdue receivables agreement.
- Sherritt purchased put options on 25% of its share of attributable finished nickel production from the Moa JV for 2021 at a strike price of US$6.50/lb. Any cash settlements will be completed on a monthly basis against the average monthly nickel price on the London Metals Exchange and will involve no physical delivery. The hedging strategy, which will be in effect for a 12-month period starting January 1, 2021, is designed to provide Sherritt with cash flow security in 2021 against major downward changes in nickel prices.
- Sherritt employee members of Unifor at the refinery in Fort Saskatchewan ratified a new collective agreement through March 31, 2022. The new agreement extends Sherritt's track record of no labour disruptions at the refinery since it began operations in 1954.
- Sherritt agreed to an extension for the maturity of its $70 million credit facility from its syndicate of lenders to December 31, 2020. A longer-term extension is expected to be finalized in Q4 2020.
- Sherritt continues to be in discussion with its Spanish partners on a potential alternative arrangement relating to the expired $47.0 million letter of credit for reclamation costs associated with Sherritt's Spanish oil assets.

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

Q3 2020 FINANCIAL HIGHLIGHTS[1]

	For the three months ended			For the nine months ended		
$ millions, except per share amount	**2020 September 30**	2019 September 30	Change	**2020 September 30**	2019 September 30	Change
Revenue	**24.9**	27.6	(10%)	**$ 91.6**	$ 105.3	(13%)
Combined revenue[2]	**115.3**	133.7	(14%)	**(36.4)**	401.9	(109%)
Net earnings (loss) from continuing operations for the period	**11.4**	(15.4)	174%	**(36.4)**	(76.8)	53%
Net earnings (loss) for the period	**228.5**	(30.0)	862%	**71.8**	(182.2)	139%
Adjusted EBITDA[2]	**15.5**	20.9	(26%)	**28.2**	28.5	(1%)
Cash provided (used) by continuing operations	**25.3**	1.5	nm[3]	**35.3**	(18.2)	294%
Combined adjusted operating cash flow[2]	**21.5**	15.4	40%	**45.9**	(2.7)	nm[3]
Combined free cash flow[2]	**27.1**	(12.3)	320%	**29.5**	(52.3)	156%
Average exchange rate (CAD/US$)	**1.332**	1.320	-	**1.354**	1.329	-
Net earnings (loss) from continuing operations per share	**0.03**	(0.04)	175%	**(0.09)**	(0.19)	53%

(1) All non-GAAP measures exclude the Joint Venture performance. As a result of the transaction, Ambatovy Joint Venture's share of loss of an associate and other statement of comprehensive income (loss) items related to the Ambatovy Joint Venture were reclassified to the loss on discontinued operations in the current and comparative periods. The loss on discontinued operations also includes the gain on disposal of Ambatovy Joint Venture Interests in the current period.

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

(3) Not meaningful (nm)

$ millions, as at		2020 September 30		2019 December 31	Change
Cash, cash equivalents and short term investments	$	**165.1**	$	166.1	(1%)
Loans and borrowings		**440.7**		713.6	(38%)

Cash, cash equivalents and short-term investments at September 30, 2020 were $165.1 million, down from $172.4 million at June 30, 2020. The decrease was due to a number of factors including, cash payments of approximately $16 million made to noteholders as early consent consideration and capital expenditures totaling $2.5 million, partially offset by higher Cuban energy payments. In addition, interest payments owed to holders of Sherritt's series of debentures maturing in 2021, 2023 and 2025 were deferred as a result of the balance sheet initiative. Upon close of the transaction, all unpaid and accrued interest amounts were added to the principal amounts of second lien notes exchanged to holders for old notes.

As at September 30, 2020, $82.1 million of Sherritt's cash and cash equivalents was held by Energas in Cuba, down from $82.2 million at the end of Q2 2020.

Sherritt received US$16.3 million in Cuban energy payments as part of its overdue receivables agreement with its Cuban partners in Q3 2020. Payments, which included US$14.0 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 Q3 2020. Total overdue scheduled receivables at September 30, 2020 were US$159.1 million, unchanged from June 30, 2020 due to the timing of payments received and scheduling of expected payments. Subsequent to September 30, 2020, the Corporation received US$2.6 million in Canada from the Cuban overdue receivables agreement and US$2.4 million in Cuba to support local costs.

In Q3 2020, the Moa JV declared dividends of US$15 million, which were subsequently distributed in Q4 2020. In addition to Sherritt receiving its US$7.5 million share of this distribution, General Nickel Company, the Corporation's joint venture partner, re-directed its share of this distribution to Sherritt to be applied against amounts owing to Sherritt from Energas. This re-direction was secured through negotiations between Sherritt and its Cuban partners, and was made in accordance with the June 2019 overdue receivables agreement. Sherritt anticipates receiving further dividend distributions in Q4 2020 given prevailing nickel and cobalt prices.

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 and dividends received from the Moa JV.

Adjusted net loss(1)

For the three months ended September 30	2020 $ millions	2020 $/share	2019 $ millions	2019 $/share
Net earnings (loss) from continuing operations	**11.4**	**0.03**	(15.4)	(0.04)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**(3.6)**	**(0.01)**	(5.5)	(0.01)
Gain on debenture exchange	**(143.4)**	**(0.36)**	-	-
Impairment of Oil assets	**115.6**	**0.29**	-	-
Other	**3.9**	**0.01**	0.3	-
Adjusted net loss from continuing operations	**(16.1)**	**(0.04)**	(20.6)	(0.05)

For the nine months ended September 30	2020 $ millions	2020 $/share	2019 $ millions	2019 $/share
Net earnings (loss) from continuing operations	**(36.4)**	**(0.09)**	(76.8)	(0.19)
Adjusting items:				
Unrealized foreign exchange (gain) loss	**(8.7)**	**(0.02)**	(0.8)	-
Gain on debenture exchange	**(143.4)**	**(0.36)**	-	-
Moa JV expansion loans ACL revaluation	**(6.4)**	**(0.02)**	-	-
Impairment of Oil assets	**115.6**	**0.29**	-	-
Other	**6.3**	**0.02**	(1.2)	(0.01)
Adjusted net loss from continuing operations	**(73.0)**	**(0.18)**	(78.8)	(0.20)

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

Net earnings from continuing operations for Q3 2020 was $11.4 million, or $0.03 per share, compared to a net loss of $15.4 million, or $0.04 per share, for the same period last year. Net earnings for Q3 2020 includes a gain of $143.4 million on the exchange of debentures as part of the balance sheet initiative offset by an impairment loss recognized on the write down of exploration and evaluation assets and capitalized spare parts relating to Block 10 drilling activities totaling $115.6 million.

Adjusted net loss from continuing operations was $16.1 million, or $0.04 per share, for the three months ended September 30, 2020 compared to an adjusted net loss from continuing operations of $20.6 million, or $0.05 per share, for Q3 2019.

On the close of the balance sheet initiative, Sherritt exchanged its 12% ownership interest and its loans and operator fee receivables in the Ambatovy Joint Venture for $145.6 million owed to its partners. Consistent with IFRS standards, Sherritt's investment in the Ambatovy Joint Venture met the criteria to be classified and presented as discontinued operations for accounting purposes. As a result, Sherritt's share of loss of an associate, net of tax, and other components of comprehensive income (loss) related to the Ambatovy Joint Venture were reclassified to the earnings (loss) on discontinued operations, net of tax, in the current and comparative periods. Sherritt recognized earnings on the disposition and reclassification of $217.1 million in Q3 2020 as a result.

METALS MARKET

Nickel

Nickel market conditions continued to improve in the third quarter of 2020, sustaining the trend started in Q2 with the easing of lock-down restrictions related to the COVID-19 pandemic and the restart of economic and manufacturing activities, particularly in China.

Nickel prices on the London Metals Exchange (LME) opened at US$5.69/lb on July 1 and closed on September 30 at US$6.52/lb, representing a growth of 15%.

While nickel prices climbed during Q3, nickel inventory levels on the London Metals Exchange (LME) and the Shanghai Future Exchange (SHFE) remained relatively flat. Combined inventory levels at September 30 totaled approximately 263,000 tonnes, up from approximately 262,000 tonnes at June 30. Nickel inventories on the LME and SHFE have stayed relatively flat despite the reduced production of stainless steel globally on a year to date basis largely because a number of nickel mines around the world have either significantly reduced production or have gone into care and maintenance as a result of the spread of COVID-19. Production at the Moa JV has largely been unaffected by the spread of COVID-19 through September 30.

Renewed interest in electric vehicles and bullish forecasts for accelerated demand growth in the coming years have triggered speculative purchasing from commodity investors, sustaining the nickel price momentum into the fourth quarter. A number of carmakers, in particular, have indicated that high purity nickel will be the primary metal in their battery chemistries. At October 20, nickel prices had risen to US$7.16/lb, the highest price since the start of 2020. This renewed interest in nickel is expected to contribute to higher prices into 2021.

Over the medium 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, particularly if the second wave of the pandemic is prolonged.

In light of this uncertainty, a number of industry analysts have lowered their forecasts for nickel demand from end consumers, reflecting negative market sentiment through the end of 2021. 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.

Added to this uncertainty is the substantial increase in nickel pig iron production, leading some industry analysts to predict an oversupplied nickel market in the near term. This development is putting additional pressure on producers of lower-grade material such as ferronickel, which is currently selling at significant discount. As a result, it remains unclear how nickel prices will fare in the near term.

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.

Cobalt

Cobalt prices experienced a turnaround in Q3 following an extended period of softness through much of the first half of the year as a result of the impact COVID-19 on consumer demand. Standard grade cobalt prices, in fact, rose 9% ending the quarter at US$15.65/lb according to data collected by Fastmarkets MB. Standard grade cobalt prices on July 1 closed at US$14.30/lb, widely believed by industry watchers and traders to be a floor-level price.

It is speculated that market conditions have improved for a number of factors, including growing demand from battery manufacturers as a result of higher demand for electronics and computer equipment due to the growing trend of working from home accelerated since the start of the COVID-19 pandemic.

Increasing cobalt demand from battery makers has helped to offset demand softness from other 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 conditions will experience some volatility.

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%)

	For the three months ended			For the nine months ended		
	2020	2019		**2020**	2019	
$ millions, except as otherwise noted	**September 30**	September 30	Change	**September 30**	September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 97.7**	$ 112.2	(13%)	**$ 306.7**	$ 337.6	(9%)
(Loss) earnings from operations	**3.0**	12.2	(75%)	**(0.5)**	2.3	(122%)
Adjusted EBITDA(1)	**17.4**	25.5	(32%)	**43.9**	43.9	-
CASH FLOW						
Cash provided by operations	**$ 23.1**	$ 4.4	425%	**$ 40.3**	$ 8.0	404%
Adjusted operating cash flow(1)	**17.0**	24.7	(31%)	**39.8**	42.3	(6%)
Free cash flow(1)	**16.3**	(0.6)	nm(4)	**20.4**	(11.1)	284%
Distributions and repayments to Sherritt from the Moa JV	**-**	11.6	(100%)	**13.3**	28.4	(53%)
PRODUCTION VOLUMES (tonnes)						
Mixed Sulphides	**4,671**	4,165	12%	**13,008**	12,807	2%
Finished Nickel	**3,750**	4,139	(9%)	**11,733**	12,505	(6%)
Finished Cobalt	**409**	436	(6%)	**1,234**	1,277	(3%)
Fertilizer	**53,743**	66,296	(19%)	**179,609**	192,923	(7%)
NICKEL RECOVERY (%)	**90%**	85%	6%	**86%**	85%	1%
SALES VOLUMES (tonnes)						
Finished Nickel	**3,568**	4,145	(14%)	**11,510**	12,609	(9%)
Finished Cobalt	**501**	440	14%	**1,235**	1,329	(7%)
Fertilizer	**36,169**	25,186	44%	**139,380**	118,695	17%
AVERAGE-REFERENCE PRICES (US$ per pound)						
Nickel	**$ 6.45**	$ 7.08	(9%)	**$ 5.93**	$ 6.09	(3%)
Cobalt(2)	**14.87**	15.20	(2%)	**15.52**	16.46	(6%)
AVERAGE REALIZED PRICE(1)						
Nickel ($ per pound)	**$ 8.36**	$ 9.11	(8%)	**$ 7.80**	$ 8.04	(3%)
Cobalt ($ per pound)	**16.71**	17.54	(5%)	**17.95**	17.18	4%
Fertilizer ($ per tonne)	**289**	345	(16%)	**359**	444	(19%)
UNIT OPERATING COSTS(1) (US$ per pound)						
Nickel - net direct cash cost	**$ 4.04**	$ 4.37	(8%)	**$ 4.09**	$ 4.25	(4%)
SPENDING ON CAPITAL(3)						
Sustaining	**$ 6.8**	$ 4.9	39%	**$ 22.9**	$ 26.7	(14%)
	$ 6.8	$ 4.9	39%	**$ 22.9**	$ 26.7	(14%)

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

(4) Not meaningful (nm)

Mixed sulphides production at the Moa JV in Q3 2020 was 4,671 tonnes, up 12% from 4,165 tonnes produced in Q3 2019. The increase was largely due to the normalized availability of diesel fuel supply at Moa, resulting in the greater use of mining equipment and better access to higher grade material compared to last year. In Q3 2019, mixed sulphides production at Moa was negatively impacted by diesel fuel conservation measures implemented in response to reduced diesel fuel supply availability caused by economic and trade sanctions imposed on Venezuela, Cuba's largest oil supplier. The diesel conservation measures in Q3 2019 included reduced use of mining equipment and increased draw down of lower grade ore stockpiles.

Finished nickel production in Q3 2020 totaled 3,750 tonnes, down 9% from 4,139 tonnes produced in Q3 2019. Finished cobalt production for Q3 2020 was 409 tonnes, down 6% from 436 tonnes produced in Q3 2019.

Consistent with previous disclosure, finished nickel and cobalt production totals in Q3 2020 were impacted by the rescheduling of the planned plant shutdown and maintenance activities at the refinery at Fort Saskatchewan from June to July, and by the extension of the shutdown by four days. The shutdown extension was caused by limited local contractor availability and additional repair scope identified. The decision to reschedule the shutdown and maintenance activities was taken as a safety measure to prevent the spread of COVID-19.

The Moa JV remains on track to achieve its production targets for 2020 based on year-to-date finished nickel production of 23,466 tonnes and finished cobalt production of 2,468 tonnes on a 100% basis through September 30, 2020.

Sales volume for finished nickel in Q3 2020 was 3,568 tonnes, down 14% from 4,145 tonnes for last year. The decline was largely driven by the shutdown of the refinery in Fort Saskatchewan and by the timing of nickel deliveries. Sales volume for finished cobalt was up 14% to 501 tonnes and fertilizer sales volume was up 44% to 36,169 tonnes in Q3 2020. The respective increases were due to the timing of deliveries and strong market demand.

Largely as a result of the 14% decrease in nickel sales volume and the 8% decrease in average realized nickel prices, revenue at the Moa JV declined by 13% to $97.7 million in Q3 2020 when compared to $112.2 million for Q3 2019. The revenue decline was partly offset by higher cobalt and fertilizer sales volumes, although cobalt and fertilizer realized prices declined 5% and 16%, respectively, in Q3 2020 from last year.

Mining, processing and refining (MPR) costs for Q3 2020 were US$4.90/lb, down 6% from US$5.22/lb for Q3 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 Q3 2020 was US$4.04/lb, down 8% from US$4.37/lb for the same period last year reflecting the decline in MPR costs, lower third-party feed costs and a 25% increase in cobalt by-product credits.

Sustaining capital spending in Q3 2020 was $6.8 million, up 39% from $4.9 million in Q3 2019. The year-over-year increase was due primarily to the timing of planned capital expenditures.

Sherritt's share of planned capital spend for 2020 at the Moa JV (50% basis) and Fort Site (100%) is expected to be US$22 million, down from US$34 million initially forecasted at the start of the year. The reduction in planned capital spend is due to austerity measures implemented earlier in 2020, including the decision to defer a number of capital spend projects.

In addition to being on track with its production targets for 2020, the Moa JV also expects to meet its guidance for unit costs and planned capital spend for the year.

In Q3 2020 Sherritt and the General Nickel Company S.A., the two Moa JV shareholders, considered amendments to the Moa JV expansion loans, and mutually agreed to convert $548.0 million of loans receivable into equity. Based on Sherritt's 50% equity interest in the Moa JV, the agreement resulted in a decrease of the Corporation's expansion loans receivable and commensurate increase in the Corporation's investment in the Moa JV. The conversion of the expansion loans into equity, which did not result in any change to the ownership interest percentage of either Moa JV shareholder, results in a simpler capital structure for the Moa JV, and results in all future distributions to shareholders being in the form of dividends.

Oil and Gas

$ millions, except as otherwise noted	For the three months ended **2020 September 30**	2019 September 30	Change	For the nine months ended **2020 September 30**	2019 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 5.6**	$ 6.9	(19%)	**$ 18.7**	$ 23.4	(20%)
Earnings (loss) from operations	**(120.4)**	(6.5)	nm(3)	**(130.5)**	(17.6)	nm(3)
Adjusted EBITDA(1)	**(3.2)**	(3.8)	16%	**(9.9)**	(9.2)	(8%)
CASH FLOW						
Cash (used) provided by operations	**(5.2)**	(9.2)	43%	**(21.2)**	4.3	(593%)
Adjusted operating cash flow(1)	**(2.7)**	(4.8)	44%	**(10.1)**	(11.6)	13%
Free cash flow(1)	**(5.8)**	(13.7)	58%	**(25.4)**	(17.4)	(46%)
PRODUCTION AND SALES (bopd)						
Gross working-interest (GWI) – Cuba	**2,886**	4,060	(29%)	**3,063**	4,306	(29%)
Total net working-interest (NWI)	**1,554**	1,199	30%	**1,744**	1,496	17%
AVERAGE REFERENCE PRICE (US$ per barrel)						
U.S. Gulf Coast High Sulphur Fuel Oil (USGC HSFO)	**37.95**	51.49	(26%)	**33.35**	57.90	(42%)
AVERAGE-REALIZED PRICE(1) (NWI)						
Cuba ($ per barrel)	**$ 34.38**	$ 50.38	(32%)	**$ 32.92**	$ 57.22	(42%)
UNIT OPERATING COSTS(1) (GWI)						
Cuba ($ per barrel)	**$ 30.93**	$ 21.40	45%	**$ 28.32**	$ 20.83	36%
SPENDING ON CAPITAL(2)						
Development, facilities and other	**$ (2.1)**	$ (0.2)	nm(3)	**$ (2.1)**	$ 0.8	nm(3)
Exploration	**0.3**	5.1	(94%)	**3.1**	21.1	(85%)
	$ (1.8)	$ 4.9	(137%)	**$ 1.0**	$ 21.9	(95%)

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

(3) Not meaningful (nm)

Gross working-interest oil production in Cuba in Q3 2020 was 2,886 barrels of oil per day (bopd), down 29% from 4,060 bopd for Q3 2019. Lower production in the current year period was primarily due to natural reservoir declines and the absence of new development drilling.

Revenue in Q3 2020 was $5.6 million, down 19% when compared to Q3 2019 due to lower production and lower realized average prices in Cuba, but partially offset by a weaker Canadian dollar relative to the U.S. dollar.

Unit operating costs in Cuba in Q3 2020 were $30.93 per barrel, up 45% when compared to Q3 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.

In Q3 2020, Sherritt reversed accruals of capital spending previously made totaling $2.1 million and recognized a total impairment loss of $115.6 million in the Oil and Gas segment relating to Block 10 drilling activities. The impairment loss consisted of a $95.0 million impairment on exploration and evaluation assets and a $20.6 million impairment on capital spare parts included within property, plant and equipment.

In Q3 2020, Sherritt completed the analysis on a second set of samples from Block 10 that confirmed that the water produced during the test period is from the loss circulation zone, which located at a depth of approximately 5,300 meters and above the target oil reservoir. While Sherritt still believes that the Block 10 reservoir contains oil, the existing well cannot be used for future production purposes. The analysis confirmed conditions existing in Q3 2020 that resulted in the impairment record. Sherritt is currently reviewing its options with respect to Block 10, including seeking an earn-in partner. At this time, Sherritt is not contemplating any further investments in Block 10 drilling without first securing an earn-in partner.

Based on performance through September 30, the Oil and Gas business remains on track to achieve its 2020 guidance for production and unit costs. As a result of the analysis completed at Block 10 in Q3, planned capital spend for 2020 has been lowered to US$1.5 million from US$4.0 million at the start of the year.

Power

$ millions (33 ⅓% basis), except as otherwise noted	For the three months ended 2020 September 30	2019 September 30	Change	For the nine months ended 2020 September 30	2019 September 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 9.4**	$ 12.1	(22%)	**$ 28.4**	$ 33.9	(16%)
Earnings from operations	**1.6**	1.8	(11%)	**4.5**	3.5	29%
Adjusted EBITDA(1)	**6.8**	8.6	(21%)	**20.3**	22.9	(11%)
CASH FLOW						
Cash provided by operations	**20.9**	15.9	31%	**47.6**	31.1	53%
Adjusted operating cash flow(1)	**10.9**	11.2	(3%)	**39.8**	24.5	62%
Free cash flow(1)	**20.2**	15.7	29%	**46.9**	30.3	55%
PRODUCTION AND SALES						
Electricity (GWh)	**152**	197	(23%)	**458**	550	(17%)
AVERAGE-REALIZED PRICE(1)						
Electricity ($/MWh)	**$ 57.55**	$ 55.50	4%	**$ 57.67**	$ 55.80	3%
UNIT OPERATING COSTS(1) ($/MWh)	**14.63**	14.42	1%	**14.44**	16.89	(15%)
NET CAPACITY FACTOR (%)	**48**	63	(24%)	**48**	58	(17%)
SPENDING ON CAPITAL(2)						
Sustaining	**$ 0.8**	$ 0.2	300%	**$ 0.8**	$ 0.8	-
	$ 0.8	$ 0.2	300%	**$ 0.8**	$ 0.8	-

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

Power production in Q3 2020 was 152 gigawatt hours (GWh) of electricity, down 23% from 197 GWh for the comparable period of 2019 as a result of a decline in gas supply.

Average-realized prices in Q3 2020 were $57.55, up 4% from $55.50 last year. The increase was due to the depreciation of the Canadian dollar relative to the U.S. currency.

Revenue in Q3 2020 totaled $9.4 million, down 22% from $12.1 million for last year. The decrease was primarily due to lower power production.

Unit operating costs in Q3 2020 were $14.63/MWh, up 1% from $14.42/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 Q3 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.

Based on performance through September 30, the Power business is on track to achieve its 2020 guidance for production and planned capital spend. Unit cost targets have been lowered to $20.00 to $21.50 per MWh based on performance year to date and anticipated power production in Q4 2020.

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.	In Q3 2020, Sherritt successfully completed a balance sheet initiative, which improved its capital structure and addressed its Ambatovy investment legacy following strong stakeholder support. The transaction resulted in the elimination of approximately $301 million of total debt, savings of more than $15 million in annual cash interest payments and the extension of debt maturities to 2026 and 2029. In concert with the balance sheet initiative and 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 and 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 Q3 2020, Sherritt reduced its administrative expenses by $2.1 million when compared to Q3 2019 (excluding stock-based compensation, depreciation and costs associated with the balance sheet initiative). Administrative expenses were offset by $0.9 million received via the Canada Emergency Wage Subsidy.
	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$16.3 million of an expected US$22.5 million in Cuban energy payments in Q3 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 Q3 2020 by 6% 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 Q3 2020 decreased by 8% to US$4.04/lb from US$4.37/lb last year as a result of lower MPR costs and the benefit of higher cobalt by-product credits.
	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 remains 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 Q3 2020, Sherritt experienced one recordable incident at the Fort Site and no lost time incidents. Up to September 30th 2020, the Moa Joint Venture (Moa Nickel Site and Fort Site) had a total recordable incident frequency rate (TRIFR) of 0.19 and a lost time incident frequency rate (LTIFR) of 0.12; the Oil and Gas business had a TRIFR and LTIFR of 0.00; and the Power business had a TRIFR and LTIFR of 0.00. Overall Sherritt had TRIFR of 0.12 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	Sherritt completed the analysis on a second set of samples from Block 10 that confirmed that the water produced during the test period is from the loss circulation zone, which located at a depth of approximately 5,300 meters and above the target oil reservoir. The analysis also confirmed that no viable technical solution to prevent the further flow of water into the existing well is possible. While Sherritt still believes that the Block 10 reservoir contains oil, the existing well cannot be used for future production purposes. Sherritt is currently reviewing its options with respect to Block 10, including seeking an earn-in partner. At this time, Sherritt is not contemplating any further investments in Block 10 without first securing an earn-in partner.

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	Guidance for 2020 - Total	Year-to-date actuals - Total	Updated 2020 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 33,000 (1)	23,466	No change
Cobalt, finished	3,300 - 3,400 (1)	2,468	No change
Oil – Cuba (gross working-interest, bopd)	3,000 - 3,300	3,063	No change
Oil and Gas – All operations (net working-interest, boepd)	1,800 - 2,000 (1)	1,744	No change
Electricity (GWh, 33⅓% basis)	500 - 550	458	No change
Unit operating costs			
Moa Joint Venture - NDCC (US$ per pound)	\$4.00 - \$4.50	\$4.09	No change
Oil and Gas - Cuba (unit operating costs, \$ per barrel)	\$28.00 - \$29.50	\$28.32	No change
Electricity (unit operating cost, \$ per MWh)	\$24.50 - \$26.00 (1)	\$14.44	\$20.00 - \$21.50
Spending on capital			
Moa Joint Venture (50% basis), Fort Site (100% basis)(2)	US\$22 (CDN\$30) (1)	US\$17 (CDN\$23)	No change
Oil and Gas	US\$4 (CDN\$6) (1)	US\$1 (CDN\$1)	US\$1.5 (CDN\$2)
Power (33⅓% basis)	US\$1 (CDN\$1.3)	US\$1 (CDN\$1)	No change
Spending on capital (excluding Corporate)	US\$27 (CDN\$37) (1)	US\$19 (CDN\$25)	US\$24.5 (CDN\$33)

(1) Guidance updated June 30, 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 nine months ended September 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 November 5, 2020 at 9:00 a.m. Eastern Time to review its Q3 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. Alternatively, listeners can access the conference call and presentation via the webcast available on 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, 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 and operations in Canada and Cuba. 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 COVID-19; qualification for the Canada Emergency Wage Subsidy (CEWS); anticipated payments of outstanding receivables; 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 redemptions and deferrals; 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; the risk to Sherritt’s entitlements to future distributions from the Moa Joint Venture; 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 partner; 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, 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 September 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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