For immediate release

Sherritt Reports Strong Nickel and Cobalt Production in Q2 and Upgrades ESG Targets

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Toronto – July 29, 2021 – Sherritt International Corporation ("Sherritt", the "Corporation", the "Company") (TSX: S), a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ores, today reported its financial results for the three and six months ended June 30, 2021. All amounts are in Canadian currency unless otherwise noted.

CEO COMMENTARY

"Our performance in Q2 was marked by strong nickel and cobalt production, receipt of US$28 million in distributions from the Moa Joint Venture, and measures taken to reduce corporate costs by approximately $1.3 million annually," said Leon Binedell, President and CEO of Sherritt International. "Just as significant, we accelerated efforts to transition our Technologies Group from being a cost centre to becoming an incubator of industry solutions that can be commercialized externally or applied internally to improve operational performance, reduce carbon emissions, and support growth initiatives, such as efforts to de-bottleneck production, evaluate brownfield expansion opportunities, and increase mineral reserves."

Mr. Binedell added, "Although our ability to collect overdue receivables may be subject to near-term volatility due to the continued impact of U.S. sanctions and Cuba's reduced access to foreign currency on account of the global pandemic, we remain bullish on our prospects given the favourable outlook for nickel and cobalt with the mass adoption of electric vehicles anticipated in the coming years."

SELECTED Q2 2021 HIGHLIGHTS

- Leon Binedell, a 25-year mining industry veteran with a history of building shareholder value, was appointed President and CEO of Sherritt International effective June 1, 2021.
- Adjusted EBITDA(1) was $18 million, up 114% from last year. The higher total was indicative of strong production totals at the Moa Joint Venture (Moa JV) and improved nickel and cobalt prices, but offset by increased input costs and $1.8 million of expenses relating to a 10% workforce reduction in Sherritt's Corporate office, which will result in a reduction of corporate costs by approximately $1.3 million annually, and $5.5 million in other contract benefits expenses relating to the planned departure of senior executives.
- Sherritt's share of finished nickel production at the Moa JV was 4,230 tonnes, up 2% from last year while Sherritt's share of finished cobalt production was 476 tonnes, up 12%. The growth was largely attributable to higher inventories of mixed sulphides available at the refinery in Fort Saskatchewan, Alberta and improved refinery reliability.
- Net Direct Cash Cost (NDCC)(1) at the Moa JV was US$4.58/lb, up 17% from last year. Despite a 73% improvement in cobalt by-product credits, unit costs per pound of finished nickel sold were impacted by the 65% increase in sulphur prices, 160% increase in fuel oil prices, 46% increase in natural gas prices, and added costs stemming from the purchase of sulphuric acid necessary because of the acid plant shutdown at Moa due to scheduled maintenance repairs.
- Upgraded a number of environmental, social, and governance (ESG) targets, including a target of achieving net zero greenhouse emissions by 2050 and obtaining 15% of overall energy from renewable sources by 2030. Sherritt's list of long-term and interim ESG targets will be published in its upcoming Sustainability Report.
- Received US$28 million in distributions from the Moa JV. The total consisted of Sherritt's 50% share of distributions declared by the Moa JV, or US$14 million, and US$14 million re-directed by General Nickel Company S.A. (GNC), Sherritt's joint venture partner, from its 50% share to be used to fund Energas operations.
- Received US$24.5 million in Cuban energy payments, including the US$14 million noted above redirected to Sherritt by its Moa JV partner. Sherritt anticipates continued variability in the timing of collections through the remainder of 2021, and is working with its Cuban partners to ensure timely receipts.
- Generated $1.5 million of cash from continuing operations for operating activities, representing a turnaround of $14.1 million from Q2 2020.

- Purchased a total of $2 million principal amount of 8.5% second lien notes at an aggregate cost of $1.3 million. The $2 million debt reduction will also result in cash interest savings of $0.9 million through to the maturity in November 2026.
- Excluding the non-cash impacts of share-based compensation and depreciation, administrative expenses declined by $2.7 million from Q2 2020.

DEVELOPMENTS SUBSEQUENT TO THE QUARTER END

- Sherritt donated $250,000 to UNICEF to support immunization efforts and improve the capacity of approximately 90 vaccination centres throughout Cuba, including the municipality of Moa in Holguin. The donation, which will benefit almost 3 million people, including approximately 350,000 children, will help curb the spread of COVID-19 and support future vaccination needs.

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

Q2 2021 FINANCIAL HIGHLIGHTS

	For the three months ended			For the six months ended		
	2021	2020		**2021**	2020	
$ millions, except per share amount	**June 30**	June 30	Change	**June 30**	June 30	Change
Revenue	**31.0**	40.4	(23%)	**$ 52.9**	$ 66.7	(21%)
Combined revenue(1)	**152.3**	133.5	14%	**294.0**	245.8	20%
Loss from operations and joint venture	**(7.3)**	(19.7)	63%	**(1.2)**	(38.5)	97%
Net loss from continuing operations	**(10.4)**	(13.3)	22%	**(12.3)**	(47.8)	74%
Net loss for the period	**(10.7)**	(114.5)	91%	**(16.3)**	(156.7)	90%
Adjusted EBITDA(1)	**18.0**	8.4	114%	**48.2**	12.7	280%
Cash provided (used) by continuing operations for operating activities	**1.5**	(12.6)	112%	**(1.5)**	10.0	(115%)
Combined free cash flow(1)	**2.6**	(0.6)	nm(2)	**21.6**	2.4	nm(2)
Average exchange rate (CAD/US$)	**1.228**	1.385	(11%)	**1.247**	1.365	(9%)
Net loss from continuing operations ($ per share)	**(0.03)**	(0.03)	-	**(0.03)**	(0.12)	75%

(1) For additional information see the Non-GAAP measures section.
(2) Not meaningful (nm)

	2021	2020	
$ millions, as at	**June 30**	December 31	Change
Cash, cash equivalents and short term investments	**$ 153.8**	$ 167.4	(8%)
Loans and borrowings	**439.6**	441.4	-

Cash, cash equivalents, and short-term investments at June 30, 2021 were $153.8 million, down from $158.3 million at March 31, 2021. The decrease was due to a number of factors, including use of $1.3 million towards the repurchase of 8.5% second lien notes with a principal value of $2 million, payment of $15 million in interest on 8.5% second lien notes and $2.9 million in capital expenditures. The decrease was partially offset by the receipt of US$14 million in distributions from the Moa JV representing Sherritt's 50% share and the receipt of US$24.5 million in Cuban energy payments, which included US$14 million re-directed by GNC, Sherritt's joint venture partner, from its 50% share of distributions.

The US$28 million of distributions paid by the Moa JV in Q2 2021 was indicative of improved nickel and cobalt average-realized prices and strong production results. In Q2 2020, the Moa JV did not declare any distributions. Sherritt anticipates receipt of additional distributions from the Moa JV through to the end of 2021 based on prevailing nickel and cobalt prices, planned capital spend, and liquidity requirements for the Moa JV.

Collections against overdue amounts owed to Sherritt by its Cuban energy partners continue to be adversely impacted by a combination of factors, including the ongoing effects of U.S. sanctions against Cuba, Cuba's reduced access to foreign currency on account of the global pandemic, and the country's launch of a currency unification process. Sherritt received US$24.5 million of Cuban energy payments, which included US$14 million of redirections from GNC, in Q2 2021.

Total overdue scheduled receivables at June 30, 2021 were US$154.7 million, largely unchanged from US$154.2 million at March 31, 2021. Subsequent to quarter end, Sherritt received US$1.6 million in Cuban energy payments. Sherritt anticipates variability in the timing and the amount of energy payments, and continues to work with its Cuban partners to ensure timely receipt of energy payments.

As at June 30, 2021, Sherritt held cash, cash equivalents and short-term investment in Canada totaling $77.4 million, up from $75.6 million at March 31, 2021.

Adjusted net loss[1]

For the three months ended June 30	**2021** $ millions	**2021** $/share	2020 $ millions	2020 $/share
Net loss from continuing operations	**(10.4)**	**(0.03)**	(13.3)	(0.03)
Adjusting items:				
Unrealized foreign exchange (gain) loss - continuing operations	**(8.6)**	**(0.02)**	7.4	0.02
Severance and other contractual benefits expense	**2.4**	**0.01**	-	-
Unrealized losses on commodity put options	**3.7**	**0.01**	-	-
Moa JV expansion loans receivable ACL revaluation	**-**	**-**	(23.6)	(0.06)
Other	**(0.1)**	**-**	1.8	-
Adjusted net loss from continuing operations	**(13.0)**	**(0.03)**	(27.7)	(0.07)

For the six months ended June 30	**2021** $ millions	**2021** $/share	2020 $ millions	2020 $/share
Net loss from continuing operations	**(12.3)**	**(0.03)**	(47.8)	(0.12)
Adjusting items:				
Unrealized foreign exchange gain - continuing operations	**(11.2)**	**(0.02)**	(5.1)	(0.01)
Severance and other contractual benefits expense	**2.4**	**0.01**	-	-
Unrealized losses on commodity put options	**4.3**	**0.01**	-	-
Moa JV expansion loans receivable ACL revaluation	**-**	**-**	(6.4)	(0.02)
Gain on repurchase of notes	**(2.1)**	**-**	-	-
Other	**3.6**	**(0.01)**	3.2	0.01
Adjusted net loss from continuing operations	**(15.3)**	**(0.04)**	(56.1)	(0.14)

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

Net loss from continuing operations for Q2 2021 was $10.4 million, or $0.03 per share, compared to a net loss of $13.3 million, or $0.03 per share, for the same period last year. The improvement was driven largely by the strong contributions from the Moa JV as a result of higher sales volumes and higher realized prices compared to the same period of last year.

Adjusted net loss from continuing operations was $13.0 million, or $0.03 per share, for the quarter ended June 30, 2021. In Q2 2020, Sherritt incurred an adjusted net loss of $27.7 million or $0.07 per share. Sherritt's adjusted net loss for Q2 2021 excluded an unrealized foreign exchange gain of $8.6 million, severance and other contract benefits expense of $2.4 million, and unrealized losses on commodity put options of $3.7 million.

METALS MARKET

Nickel

Following a price pullback triggered by Tsingshan's announcement in early March that it plans to supply 100,000 tonnes of a nickel intermediate product amenable for use in electric vehicle batteries starting in October 2021, nickel prices enjoyed a sharp recovery in Q2, closing at US$8.37/lb on June 30, up 15% from the start of the quarter.

The price increase was driven by a number of market developments suggesting strong near-term demand for nickel and lower available supply by year end.

Chief among the factors that contributed to rising nickel prices in Q2 was news from Indonesia that it plans to put restrictions on the construction of new nickel pig iron and ferronickel smelters, effectively raising supply concerns, particularly about how China's growing demand for stainless steel production would be met. Supply concerns were also exacerbated by a labour strike at a nickel operation in Ontario.

The impact of nickel supply disruptions and strong demand driven by global economic recovery since the start of the global pandemic and growing electric vehicle sales was made evident by the 12% decrease in nickel inventory levels on the London Metals Exchange (LME) to 232,476 tonnes by June 30. Similarly, inventory levels on the Shanghai Futures Exchange fell to 4,982 tonnes, down from 8,972 tonnes at the start of the quarter.

Continued strong demand and market tightness led a number of industry analysts, including Wood Mackenzie, to forecast a nickel supply deficit in 2021 in contrast to a forecast for nickel surplus at the start of the year. As at July 29, nickel inventories on the LME declined further to 215,412 tonnes.

Nickel inventory level uncertainty is, however, anticipated in 2022 and 2023, and some industry analysts have forecast an inventory surplus in the near term.

The long-term outlook for nickel remains bullish due to the strong demand expected from the electric vehicle battery market. Over the past year, in particular, multiple automakers and governments have announced plans for significant investments to expand electric vehicle production capacity to meet growing demand as well as more aggressive timelines to phase out the sale of internal combustion engines. In 2020, more than three million plug-in electric vehicles (PEV) were sold despite the global pandemic. Industry observers estimate that the number of PEVs sold in 2021 will double to 6.1 million units. CRU has forecast that electric vehicles sales will grow to 13.7 million units by 2025.

As a result of its unique properties, high-nickel cathode formulations remain the dominant choice for long-range vehicles manufactured by automakers with Class 1 nickel being an essential feedstock in the battery supply chain. Sherritt is particularly well positioned given our Class 1 production capabilities and the fact that Cuba possesses the world's fourth largest nickel reserves.

Cobalt

While standard grade cobalt prices on June 30 closed at US$22.90/lb, essentially flat from the start of the second quarter according to data collected by Fastmarkets MB, cobalt prices in Q2 were, in fact, marked by considerable volatility. Prices ranged from a low of US$19.88/lb to a high of US$22.90/lb, a variance of more than 12%.

Prices in Q2 declined because of increased supply made available from the Democratic Republic of Congo. By quarter end, prices recovered largely as a result of increased buying from electric vehicle battery manufacturers in Europe and increased stockpiling from consumers. Cobalt is a key component of rechargeable batteries providing energy stability.

The recovery of cobalt prices by the end of Q2 2021 also reflected improved market conditions as demand grew from sectors particularly impacted at the start of the pandemic, such as the aerospace sector and consumer electronics, which experienced increased purchasing of home office equipment. In Q2 2020, when market conditions for cobalt were at their softest as a result of the pandemic, the average reference price was US$15.19/lb. The higher average cobalt reference price of US$21.06/lb in Q2 2021 demonstrates the strengthening of the cobalt market over the past year.

Industry observers, such as CRU, expect cobalt prices to continue to rise in the near term with prices forecast to peak at US$31/lb in 2024 as limited new sources of supply have been announced to fill expected demand over the next five years. Since the start of Q3, cobalt prices have risen to US$24.85/lb largely because of supply logistics disruptions in South Africa.

The outlook for cobalt over the long term remains bullish as demand is expected to grow to 270,000 tonnes by 2025, representing a compound annual growth rate of 13.5% according to CRU.

REVIEW OF OPERATIONS

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

$ millions (Sherritt's share), except as otherwise noted		For the three months ended 2021 June 30		2020 June 30	Change		For the six months ended 2021 June 30		2020 June 30	Change
FINANCIAL HIGHLIGHTS										
Revenue	**$**	**142.2**	$	115.5	23%	**$**	**268.5**	$	209.0	28%
Earnings (loss) from operations		**19.7**		1.2	nm(1)		**47.5**		(3.5)	nm(1)
Adjusted EBITDA(2)		**34.1**		16.4	108%		**75.8**		26.5	186%
CASH FLOW										
Cash provided by operations	**$**	**21.6**	$	12.7	70%	**$**	**45.1**	$	17.2	162%
Free cash flow(2)		**13.8**		6.2	123%		**32.7**		4.1	698%
Dividend distributions from the Moa Joint Venture(3)		**16.9**		-	-		**23.2**		13.3	74%
PRODUCTION VOLUMES (tonnes)										
Mixed Sulphides		**4,020**		4,323	(7%)		**7,951**		8,337	(5%)
Finished Nickel		**4,230**		4,147	2%		**8,418**		7,983	5%
Finished Cobalt		**476**		425	12%		**953**		825	16%
Fertilizer		**69,516**		69,777	-		**133,308**		125,866	6%
NICKEL RECOVERY (%)		**85%**		86%	(1%)		**84%**		84%	-
SALES VOLUMES (tonnes)										
Finished Nickel		**4,268**		4,169	2%		**8,445**		7,942	6%
Finished Cobalt		**452**		353	28%		**929**		734	27%
Fertilizer		**64,722**		72,071	(10%)		**91,833**		103,211	(11%)
AVERAGE-REFERENCE PRICE (US$ per pound)										
Nickel	**$**	**7.87**	$	5.54	42%	**$**	**7.92**	$	5.66	40%
Cobalt(4)		**21.06**		15.19	39%		**21.38**		15.89	35%
AVERAGE-REALIZED PRICE(2)										
Nickel ($ per pound)	**$**	**9.46**	$	7.51	26%	**$**	**9.71**	$	7.55	29%
Cobalt ($ per pound)		**22.82**		18.39	24%		**22.35**		18.79	19%
Fertilizer ($ per tonne)		**409**		399	3%		**381**		384	(1%)
UNIT OPERATING COST(2) (US$ per pound)										
Nickel - net direct cash cost	**$**	**4.58**	$	3.92	17%	**$**	**4.20**	$	4.10	2%
SPENDING ON CAPITAL										
Sustaining	**$**	**7.7**	$	9.5	(19%)	**$**	**12.4**	$	16.1	(23%)
	$	**7.7**	$	9.5	(19%)	**$**	**12.4**	$	16.1	(23%)

(1) Not meaningful (nm)
(2) For additional information see the Non-GAAP measures section.
(3) Excludes redirections of dividends from Sherritt's joint venture partner.
(4) Average standard grade cobalt published price per Fastmarkets MB.

Mixed sulphides production at the Moa JV in Q2 2021 was 4,020 tonnes, down 7% from 4,323 tonnes produced in Q2 2020. The decline was primarily due to reduced availability of sulphur on account of shipment delays to Moa. Lower mixed sulphides production was offset by the availability of high feed inventory levels at the refinery in Fort Saskatchewan, Alberta. Mixed sulphides production levels returned to normal in the latter part of Q2 with completion of acid plant repairs and improved suphur availability at Moa.

Finished nickel production in Q2 2021 totaled 4,230 tonnes, up 2% from the 4,147 tonnes produced in Q2 2020 while finished cobalt production for Q2 2021 was 476 tonnes, up 12% from the 425 tonnes produced in Q2 2020. The growth was largely attributable to the availability of higher inventory of mixed sulphides at the refinery and improved refinery reliability. Finished cobalt production also improved because of a higher cobalt to nickel ratio in ore feed.

Consistent since the start of the global pandemic in February 2020, production of mixed sulphides and finished nickel and cobalt were not affected by the spread of COVID-19 in Q2 2021 largely because of additional health and safety measures implemented to protect employees, suppliers and various stakeholders at operations at Moa and at the refinery in Fort Saskatchewan. Safety protocols to mitigate the impact of COVID-19, which are in accordance with or are more stringent than guidelines outlined by local governments, will continue.

As disclosed previously, the annual maintenance shutdown of the refinery in Fort Saskatchewan was deferred from Q2 to Q3, and finished nickel and cobalt production will be impacted accordingly. This year's shutdown will be a full-facility shutdown, including all of the refinery and utility plants, that occurs once every six years. Full-facility shutdowns have previously occurred once every five years. The extended interval between full-facility shutdowns reflects ongoing commitments to asset management and operational excellence measures implemented over the past several years. This year's shutdown is expected to last approximately 11 days compared to the typical five-day annual shutdowns. Sherritt's guidance for 2021 production, unit cost and capital spend at the Moa JV is based on this full-facility shutdown. Based on performance through June 30, guidance for 2021 remains in effect.

Sales volume for finished nickel and cobalt in Q2 2021 were up 2% and 28%, respectively, from last year. The year-over-year increase was largely due to higher production and improved demand as a result of economic recovery since the onset of the global pandemic, particularly in China, which is a significant consumer of nickel and cobalt.

Total Moa JV revenue in Q2 2021 was $142.2 million, up 23% from $115.5 million last year. The revenue increase was attributable to a number of factors, including higher average-realized nickel and cobalt prices as well as higher nickel and cobalt sales volumes, but partially offset by lower fertilizer sales volumes. In Q2 2021, average-realized nickel and cobalt prices were up 26% and 24%, respectively, from last year. Average-realized prices are impacted by the timing of deliveries, settlement against contract terms, and fluctuations in the value of the Canadian currency.

Mining, processing and refining (MPR) costs per pound of nickel sold for Q2 2021 were US$5.86/lb, up 23% from last year. MPR costs in Q2 2021 increased due to a combination of factors, including higher input costs, higher maintenance costs and added costs stemming from the purchase of sulphuric acid necessary during the acid plant shutdown at Moa due to scheduled maintenance repairs. Input costs, in particular, were negatively impacted by the 65% increase in sulphur prices, 160% increase in fuel oil prices, and 46% increase in natural gas prices. Higher MPR costs were partially offset by the effect of Cuba's unification of its currencies in lowering labour and other service expenses.

Net direct cash cost (NDCC) per pound of nickel sold in Q2 2021 was US$4.58/lb, up 17% from last year. The increase was primarily driven by MPR costs, but partially offset by the 73% improvement in cobalt by-product credits due to higher average-realized prices, and by the higher cobalt to nickel production ratio. Lower fertilizer and other by-product credits were driven by higher fertilizer and sulphuric-acid production costs due to higher sulphur and energy prices.

Sustaining capital spending in Q2 2021 was $7.7 million, down 19% from $9.5 million in Q2 2020 for the same period last year. The year-over-year decrease was due primarily to the timing of planned capital expenditures. Sherritt's share of planned spending at the Moa JV and Fort Site in 2021 is unchanged at US$44 million, and primarily earmarked for the continued replacement of mine and plant equipment.

Sherritt has begun preliminary discussions with its Moa JV partner on brownfield expansion opportunities, including the launch of a slurry preparation plant initiative that would result in improved ore sorting and processing as well as reduced transportation expenses.

Power

$ millions (33 ⅓% basis), except as otherwise noted	For the three months ended 2021 June 30	2020 June 30	Change	For the six months ended 2021 June 30	2020 June 30	Change
FINANCIAL HIGHLIGHTS						
Revenue	**$ 7.0**	$ 9.6	(27%)	**$ 12.9**	$ 19.0	(32%)
(Loss) earnings from operations	**(0.2)**	1.6	(113%)	**(1.3)**	2.9	(145%)
Adjusted EBITDA[1]	**3.7**	7.0	(47%)	**6.5**	13.5	(52%)
CASH FLOW						
Cash provided by operations	**$ 11.5**	$ 8.3	39%	**$ 14.3**	$ 26.7	(46%)
Free cash flow[1]	**11.5**	8.3	39%	**14.3**	26.7	(46%)
PRODUCTION AND SALES						
Electricity (GWh[2])	**115**	153	(25%)	**210**	306	(31%)
AVERAGE-REALIZED PRICE[1]						
Electricity ($/MWh[2])	**$ 52.60**	$ 58.48	(10%)	**$ 53.60**	$ 57.73	(7%)
UNIT OPERATING COSTS[1]						
Electricity ($/MWh)	**21.03**	14.12	49%	**23.23**	14.34	62%
NET CAPACITY FACTOR (%)	**37**	49	(24%)	**33**	48	(31%)
SPENDING ON CAPITAL						
Sustaining	**$ -**	$ -	-	**$ -**	$ -	-
	$ -	$ -	-	**$ -**	$ -	-

(1) For additional information see the Non-GAAP measures section.
(2) Gigawatt hours (GWh), Megawatt hours (MWh).

Power production in Q2 2021 was 115 gigawatt hours (GWh) of electricity, down 25% from 153 GWh produced in the comparable period of 2020. The production decline was due to maintenance activities performed at Boca de Jaruco deferred from 2020 and delays in other maintenance activities on account of limited liquidity availability. As a result of the US$14 million of Moa JV distributions re-directed by GNC to fund Energas operations and Cuban energy payments, Sherritt does not anticipate liquidity constraints for the Power business through the end of 2021.

The average-realized price in Q2 2021 was $52.60/MWh was down 10% from Q2 2020. The decline was primarily due to the strengthening of the Canadian currency relative to the U.S. dollar.

Revenue in Q2 2021 totaled $7 million, down 27% from $9.6 million for the same quarter last year primarily due to lower power production.

Unit operating costs in Q2 2021 were $21.03/MWh, up 49% from $14.12/MWh for last year. The year-over-year increase was attributable to lower sales volume and higher operational spending on maintenance activities that were deferred from 2020. The increase in unit operating costs in Q2 2021 was partially offset by the impact of a strengthening Canadian dollar as costs are denominated in U.S. currency, and by the effect of Cuba's unification of its currencies in lowering labour and third-party service costs.

The Power business unit had negligible capital spend for the three-month period ended June 30, 2021.

Sherritt is currently in discussions with its Cuban partners to extend its power generation agreement with Energas, which is currently slated to expire in March 2023.

Technologies

Sherritt's Technologies business accelerated efforts to transition from a cost centre to an incubator of industry solutions that can also be commercialized externally or applied internally to improve operational performance, reduce carbon emissions, and support growth initiatives, such as efforts to de-bottleneck production, evaluate brownfield expansion opportunities and increase mineral reserves.

The Technologies business also continued to make progress on the commercialization of its enhanced proprietary process to fully upgrade heavy oil, refining residues and bitumen, which provides a number of environmental and business benefits, such as eliminating the need for bitumen diluent, thereby increasing pipeline capacity, and increasing the economic value of the oil transported to downstream markets, as well as reduced energy consumption due to the elimination of energy intensive unit operations, which translates into a reduced carbon footprint for the process. This process has reached a Technology Readiness Level of 5. As a result, Technologies will undergo piloting again with a new catalyst system that allows for full upgrading instead of partial upgrading. Discussions are ongoing with external parties regarding the potential use of this process.

Technologies is also pursuing the commercialization of its proprietary process for the treatment of copper concentrates with higher arsenic content. Arsenic is a poisonous element requiring significant mitigation and management costs rendering certain copper projects uneconomical. With copper demand expected to grow significantly over the next decade, Technologies' advanced hydrometallurgical process technology fulfills a pressing industry need, presenting a significant step change in the stabilization of arsenic bearing solid waste, produces zero carbon emissions, extends the life of aging copper mines, reduces treatment costs and capitalizes on existing infrastructure. This process has reached a Technology Readiness Level of 4 after completing successful batch testing and completion of a pilot plant. Discussions with potentially interested parties to progress the commercialization of this process have commenced.

OUTLOOK

2021 Production, unit operating costs and capital spending guidance

Sherritt's targets for production, unit costs and capital spending in 2021 remain consistent with guidance announced on January 25, 2021 based on operational results achieved through June 30, prevailing commodity prices and input costs and planned capital spend for the year.

Production volumes, unit operating costs and spending on capital	Guidance for 2021 - Total	Year-to-date actuals - Total	Updated 2021 guidance - Total
Production volumes			
Moa Joint Venture (tonnes, 100% basis)			
Nickel, finished	32,000 - 34,000	16,836	No change
Cobalt, finished	3,300 - 3,600	1,906	No change
Electricity (GWh, 33⅓% basis)	450 - 500	210	No change
Unit operating costs			
Moa Joint Venture - NDCC (US$ per pound)	$4.25 - $4.75	$4.20	No change
Electricity (unit operating cost, $ per MWh)	$30.50 - $32.00	$23.23	No change
Spending on capital			
Moa Joint Venture (50% basis), Fort Site (100% basis)(1)	US$44 (CDN$57)	US$10 (CDN$12)	No change
Power (33⅓% basis)	US$1 (CDN$1.3)	US$0 (CDN$0)	No change
Spending on capital (excluding Corporate)	US$45 (CDN$58)	US$10 (CDN$12)	No change

(1) 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 revenue, adjusted EBITDA, average-realized price, unit operating cost/NDCC, adjusted earnings/loss from continuing operations, and combined free cash flow to monitor the financial 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 three and six months ended June 30, 2021 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, 2021 at 10:00 a.m. Eastern Time to review its Q2 2021 results. Dial-in and webcast details are as follows:

North American callers, please dial:	1 (888) 500-2295
International callers, please dial:	(438) 801-4078
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.

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Sherritt's condensed consolidated financial statements and MD&A for the three and six months ended June 30, 2021 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 – metals essential for the growing adoption of electric vehicles. Its Technologies Group creates innovative, proprietary solutions for oil and mining companies around the world to improve environmental performance and increase economic value. Sherritt is also the largest independent energy producer in Cuba. Sherritt'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, cobalt and electric vehicle markets; the impact of COVID-19; Sherritt’s strategy, plans, targets and goals in respect of environmental and social governance issues, including climate change and greenhouse gas emissions reduction targets; the impact of Cuba’s currency unification; anticipated payments of outstanding receivables, including re-directed distributions from the Corporation’s Moa Joint Venture partner; the impact of U.S. sanctions on Cuba; the anticipated renewal of a joint venture agreement; 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; global demand for electric vehicles; the commercialization of certain proprietary technologies and services; advancements in environmental and greenhouse gas reduction technology; environmental rehabilitation provisions; availability of regulatory and creditor approvals and waivers; compliance with applicable environmental laws and regulations; debt repayments; redemptions and interest 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; uncertainty about the pace of technological advancements required in relation to achieving ESG targets; risk of future non-compliance with debt restrictions and covenants and mandatory repayments; Sherritt’s ability to replace depleted mineral 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; growth opportunity risks; 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 2021; 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 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 “Managing Risk” section of the Management’s Discussion and Analysis for the three and six months ended June 30, 2021 and the Annual Information Form of the Corporation dated March 17, 2021 for the period ending December 31, 2020, which is available on SEDAR at www.sedar.com

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this press release and in the Corporation's other documents filed with the Canadian securities authorities should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this press release are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

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

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