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THE NAME IN NICKEL

Second Quarter Results

July 27, 2017

Forward-looking statements

This presentation 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” sections of this presentation and certain expectations about capital costs and expenditures; production volumes; capital project completion and ramp up dates; future price of key commodities; sales volumes; revenue, costs, and earnings; sufficiency of working capital and capital project funding; results of on-going discussions regarding the partnership structure and future financing arrangements at the Ambatovy Joint Venture; results of discussions regarding timing of ongoing Cuban payments; completion of development and exploration wells; and amounts of certain joint venture commitments.

Forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events. 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 presentation not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to changes in the global price for nickel, cobalt, oil and gas or certain other commodities, share-price volatility, level of liquidity and access to capital resources, access to financing, risk of future non-compliance with debt restrictions and covenants; risks associated with the Corporation's joint venture partners; discrepancies between actual and estimated production; variability in production at Sherritt's operations in Madagascar and Cuba; potential interruptions in transportation; uncertainty of gas supply for electrical generation; uncertainty of exploration results and Sherritt's ability to replace depleted mineral and oil and gas reserves; the Corporation's reliance on key personnel and skilled workers; the possibility of equipment and other failures; the potential for shortages of equipment and supplies; risks associated with mining, processing and refining activities; uncertainty of resources and reserve estimates; uncertainties in environmental rehabilitation provisions estimates; risks related to the Corporation's corporate structure; political, economic and other risks of foreign operations; risks related to Sherritt's operations in Madagascar and Cuba; risks related to the U.S. government policy toward Cuba, including the U.S. embargo on Cuba and the Helms-Burton legislation; risks related to amounts owed to the Corporation by the Malagasy and Cuban governments; risks related to the accuracy of capital and operating cost estimates; reliance on significant customers; foreign exchange and pricing risks; compliance with applicable environment, health and safety legislation and other associated matters; risks associated with governmental regulations regarding greenhouse gas emissions; maintaining the Corporation's social license to grow and operate; risks relating to community relations; credit risks; shortage of equipment and supplies; 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; risks associated with future acquisitions; uncertainty in the ability of the Corporation to obtain government permits; 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; uncertainties in growth management; risks related to information technology systems; and certain corporate objectives, goals and plans for 2017; and the Corporation's ability to meet other factors listed from time to time in the Corporation's continuous disclosure documents. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this presentation and in the Corporation's other documents filed with the Canadian securities authorities.

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 presentation 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 presentation 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.

Non-GAAP Measures

Management uses combined results, Adjusted EBITDA, average-realized price, unit operating cost, adjusted earnings, adjusted operating cash flow per share, free cash flow and Net Investment in Ambatovy to monitor the financial performance of the Corporation and its operating divisions and believes these measures enable investors and analysts to compare the Corporation's financial performance with its competitors and 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.

Q2 2017 highlights

Liquidity

- Ending cash, cash equivalents and short-term investments of \$274M, after further revolver repayment of \$6.5M
- Oil capex guidance reduced by US\$20M to reflect reduced drilling costs and deferral of seismic on Block 8A

Operations

- Moa's NDCC lowest since Q2 2008, when cobalt was US\$45.93/lb and nickel US\$11.67/lb
- Cobalt accounted for 31% of Moa and 32% of Ambatovy Q2 revenue
- Agreement in principle reached with the Ambatovy JV project partners, closing of the transaction expected in Q3 or Q4
- \$37.6M free cash flow generation from Oil and Power in first half 2017



Ambatovy agreement in principle on 40 for 12 restructuring

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Balance sheet

- \$1.4 billion in debt to be eliminated from Sherritt's balance sheet
- Sherritt to retain 12% of total project equity and subordinated loans advanced to Ambatovy

Estimated costs

- At closing, Sherritt will pay approximately US\$30 million to satisfy 12% of Ambatovy funding since December 2015, including accrued interest and an additional payment of US\$18 million will be placed into an escrow account to cover potential future funding requirements. This will eliminate the liability relating to Sherritt's portion of unfunded cash calls
- Transaction fees and other closing costs still to be finalized
- Sherritt to remain as operator until at least 2024



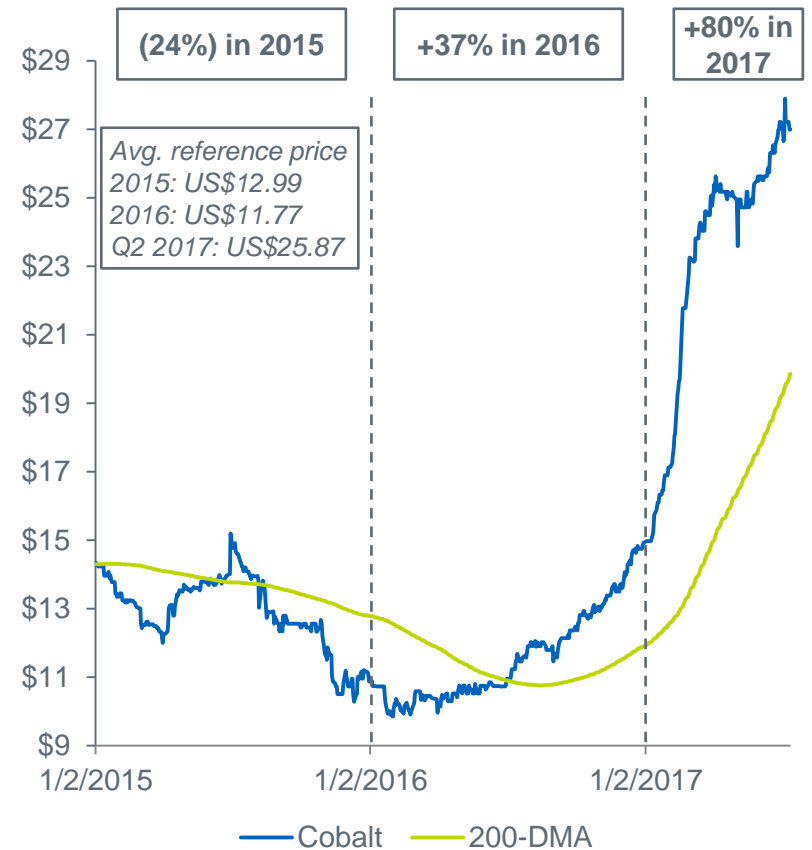
MARKET ENVIRONMENT

The nickel and cobalt price trends from 2015 to date

Nickel vs. 200-DMA's



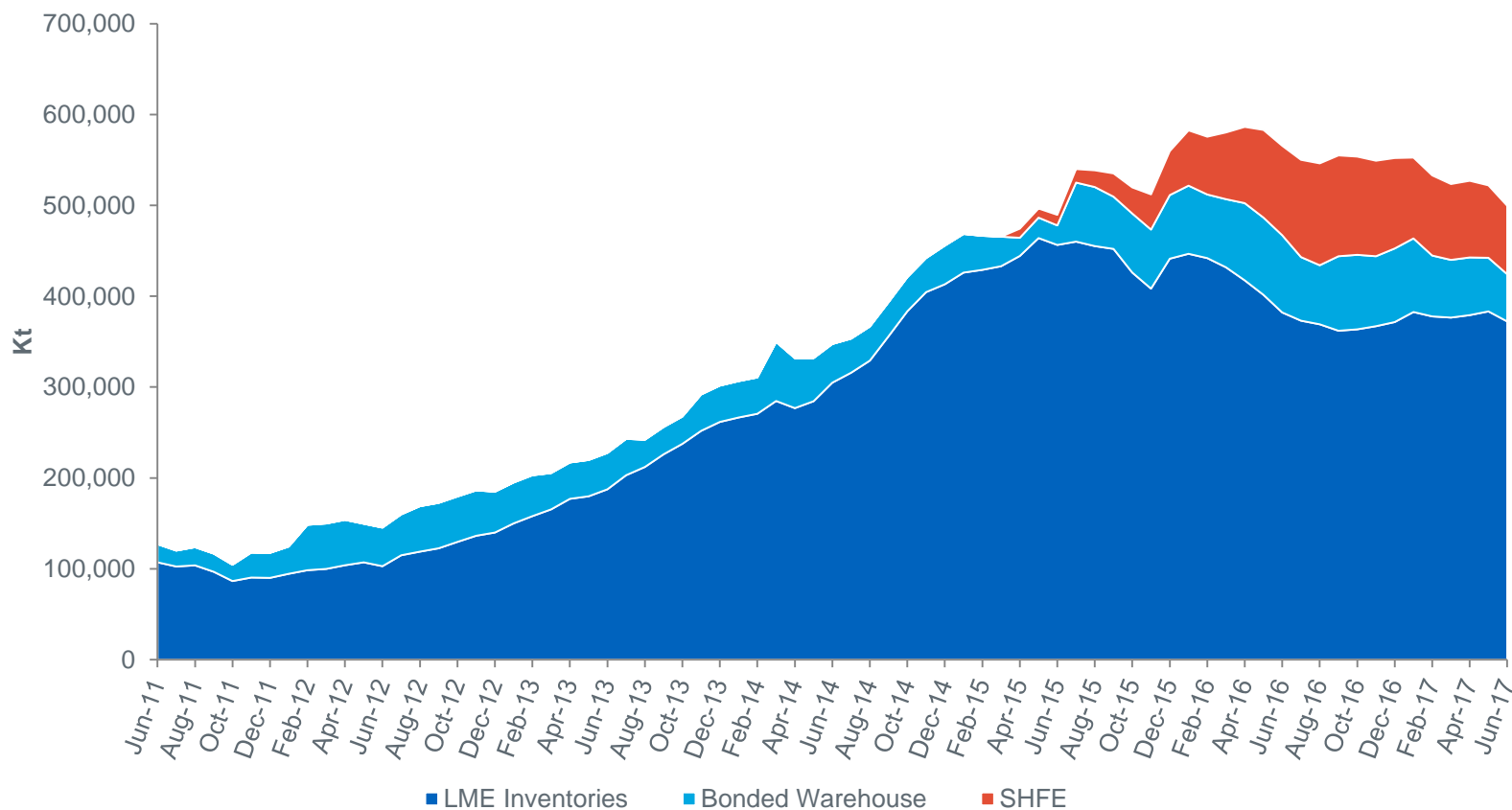
Cobalt vs. 200-DMA's



Meaningful decline in exchange-traded inventories, below 500kt global for first time in 24 months

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Global nickel exchange-traded inventories



Source: Bloomberg, Scotiabank

Hard to avoid reading about cobalt these days...

THE GLOBE AND MAIL



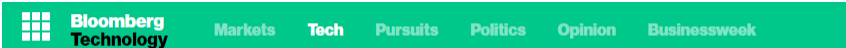
Cobalt deal gives investors another way to bet on Tesla

MARK BURTON

LONDON — Bloomberg News

Published Sunday, May 07, 2017 4:29PM EDT

Last updated Sunday, May 07, 2017 4:33PM EDT



Race Is on to Mine Metal Powering Electric Vehicles

The race is on to supply more of the cobalt needed for batteries in the fast-growing market for electric vehicles -- and that means fresh competition for the big players Glencore Plc and the Democratic Republic of Congo.



Exclusive: Glencore makes large cobalt deal, securing EV battery supplies for VW

FINANCIAL TIMES

Cobalt set to shine in metals markets in 2017

Prices have touched levels last seen in 2011 due to battery demand

“The Commodities Note



A Brighter Future for Electric Cars and the Planet

By THE EDITORIAL BOARD JULY 18, 2017



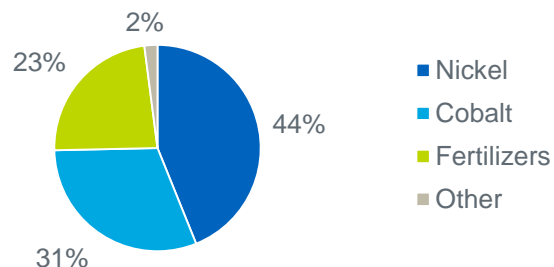
The New York Times

There is simply no credible way to address climate change without changing

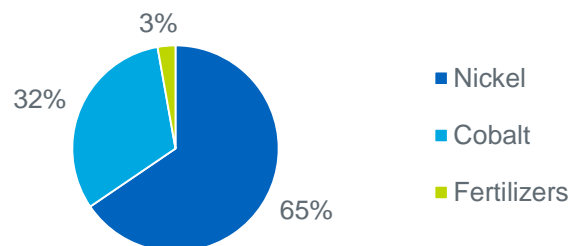
Cobalt contribution to Sherritt

Contribution to Metals Q2 2017 revenue

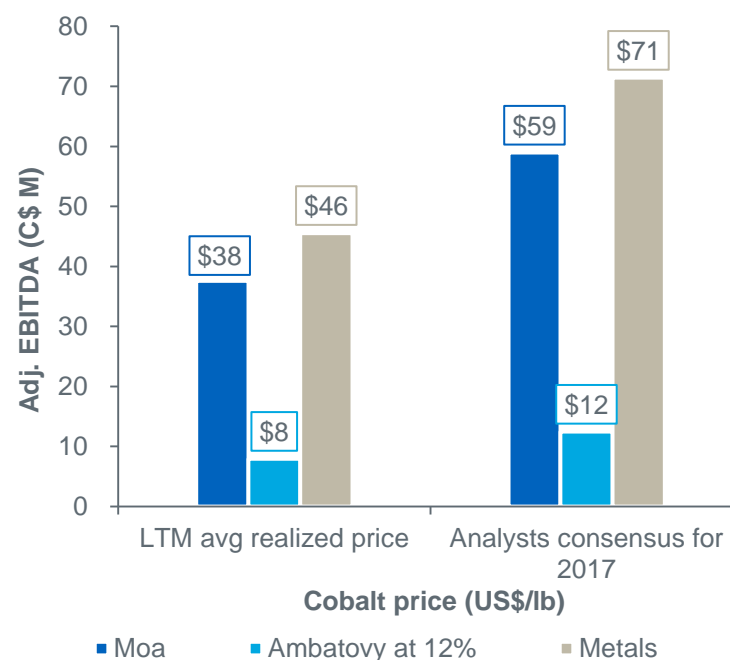
Moa



Ambatovy



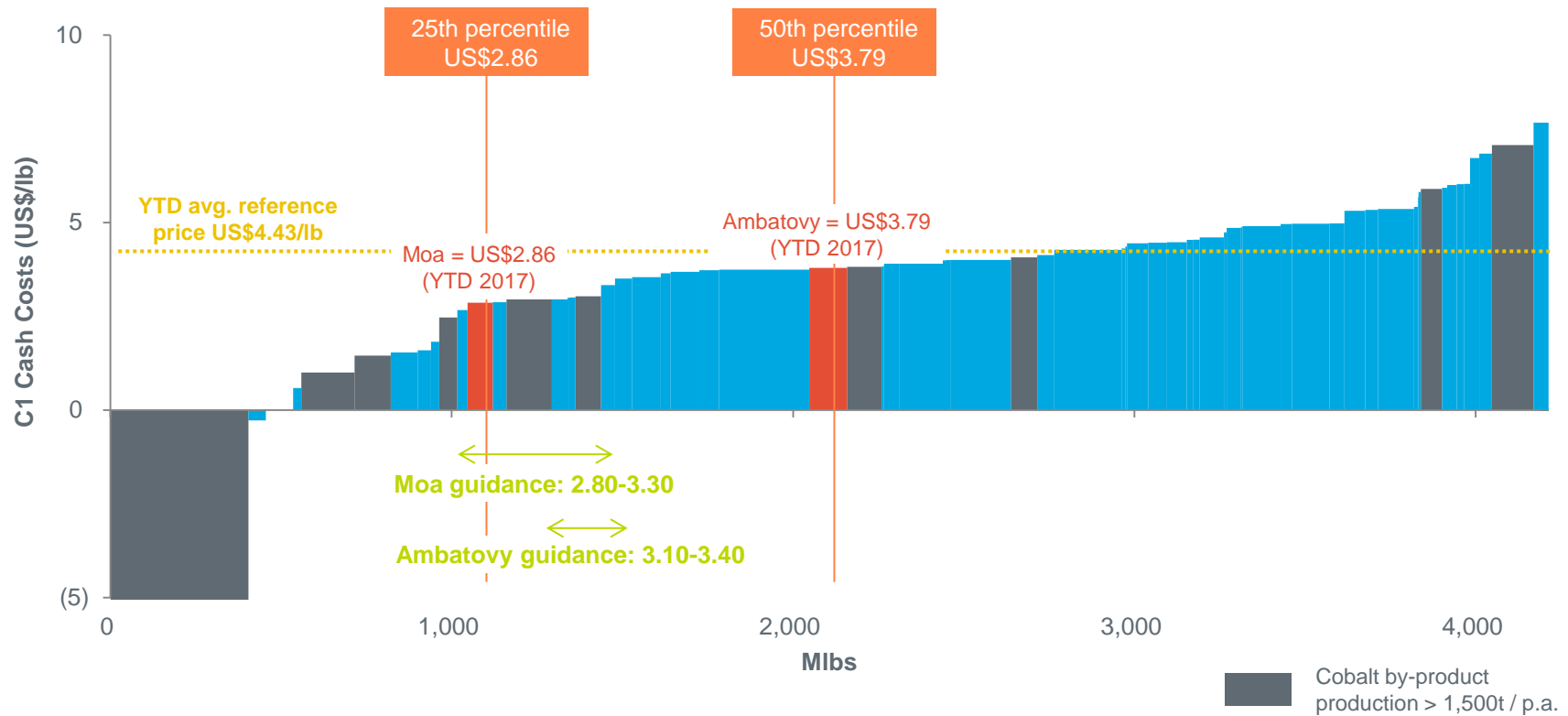
LTM Adj. EBITDA sensitivity to cobalt prices⁽¹⁾



- A US\$1/lb change in the nickel price equals a US\$8/lb cash change in the cobalt price at Moa and a US\$11/lb change at Ambatovy

Nickel cash cost curve and our positioning

2017 Nickel industry, normal C1 cash cost grouped by operation and ranked by cash cost (C1) existing operations and base case



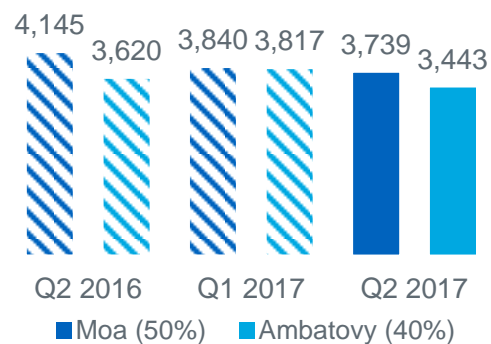
Source: Wood Mackenzie, Dataset: Q2 2017



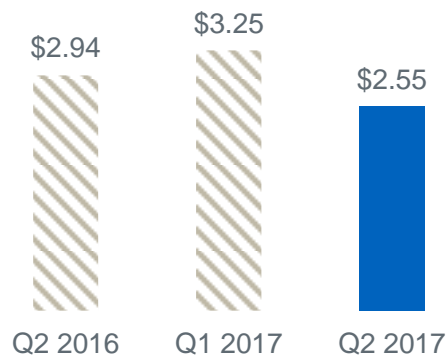
SECOND QUARTER OPERATING RESULTS

Metals highlights

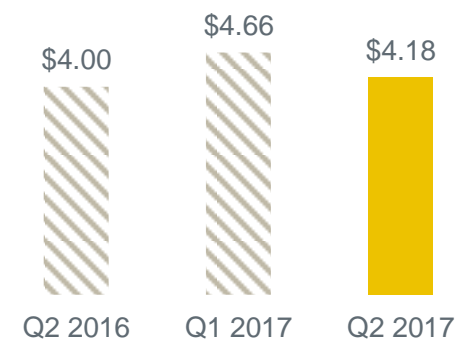
Nickel production (tonnes)



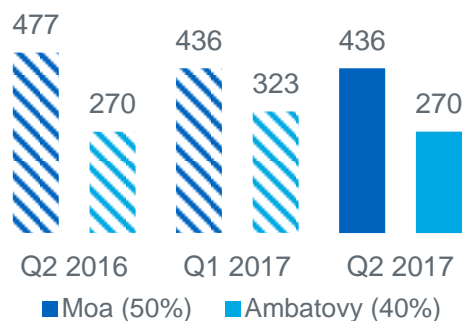
Moa: NDCC



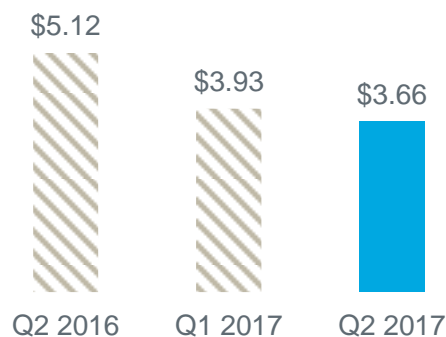
Avg. reference price: nickel (US\$)



Cobalt production (tonnes)



Ambatovy: NDCC

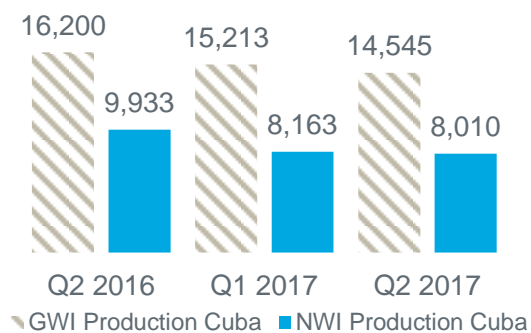


Avg. reference price: cobalt (US\$)

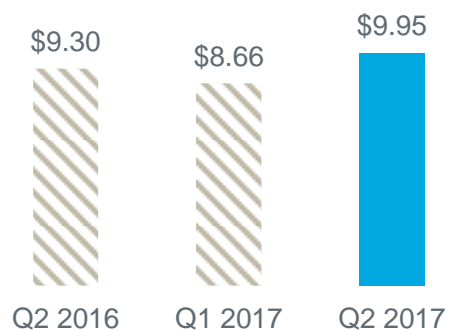


Oil & Gas and Power highlights

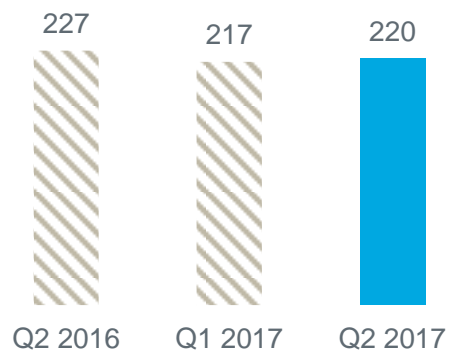
Oil: Cuba GWI and NWI



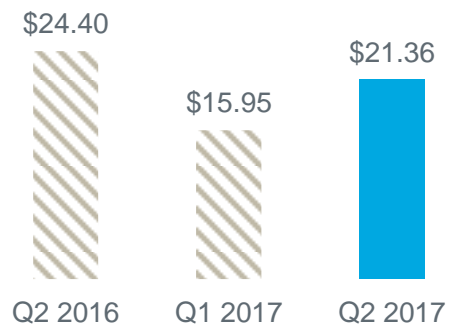
Oil: Cuba GWI unit operating costs



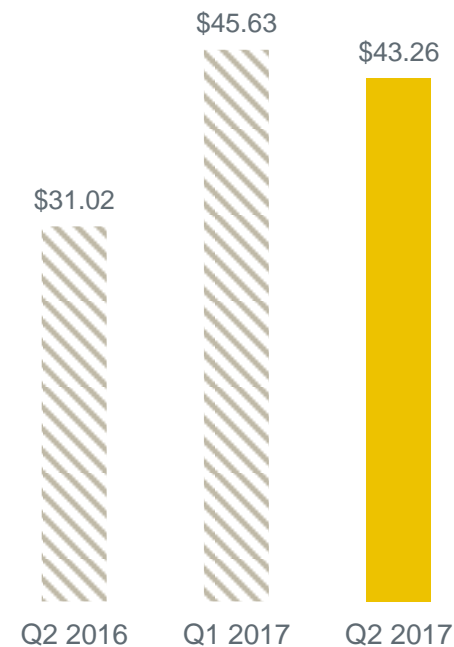
Power (33^{1/3}% basis) GWh



Power: unit operating costs



**Avg. reference price
Fuel Oil No. 6 (US\$)**



Revised guidance

	2017 YTD	Revised 2017 guidance
Production volumes		
Nickel, finished (tonnes, 100% basis)		
Moa Joint Venture	15,158	31,500-32,500
Ambatovy Joint Venture	18,150	40,000-43,000
Total	33,308	71,500-75,500
Cobalt, finished (tonnes, 100% basis)		
Moa Joint Venture	1,744	3,500-3,800
Ambatovy Joint Venture	1,483	3,600-3,900
Total	3,227	7,100-7,700
Oil – Cuba (GWI, boepd)	14,877	11,500-12,500
Oil and Gas – All operations (NWI, boepd)	8,848	6,400-7,000
Electricity (GWh, 33 ^{1/3} % basis)	437	850-900
Unit operating costs		
NDCC (US\$/lb)		
Moa Joint Venture	2.86	2.80-3.30
Ambatovy Joint Venture	3.79	3.10-3.40
Total	3.32	2.95-3.35
Oil and Gas – Cuba (unit operating costs, \$/barrel)	9.29	11.00-12.00
Electricity (unit operating costs, \$/MWh)	18.68	18.75-19.50
Capex		
Metals – Moa JV (50% basis), Fort Site (100% basis)	US\$8 (10)	US\$28 (38)
Metals – Ambatovy JV (40% basis)	US\$16 (21)	US\$45 (61)
Oil and Gas	US\$4 (5)	US\$35 (47)
Power (33 ^{1/3} % basis)	US\$1 (1)	US\$1 (2)
Total capex	US\$28 (37)	US\$109 (148)



FINANCIAL HIGHLIGHTS

Cash cost (NDCC) drivers for Moa and Ambatovy

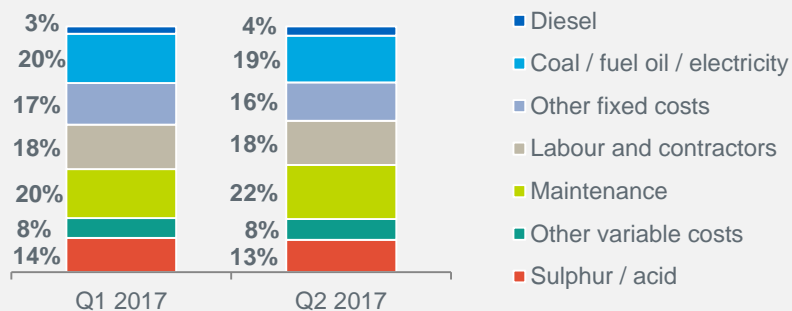
Moa

NDCC

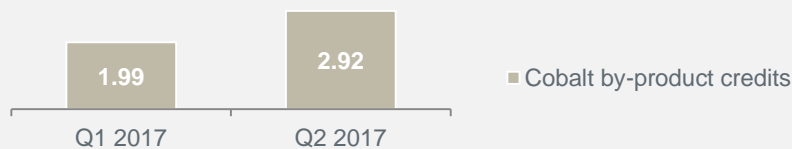
Q1 2017: US\$3.25/lb
Q2 2017: US\$2.55/lb
2017e: US\$2.80-3.30/lb



Mining, processing and refining costs



By-product credits



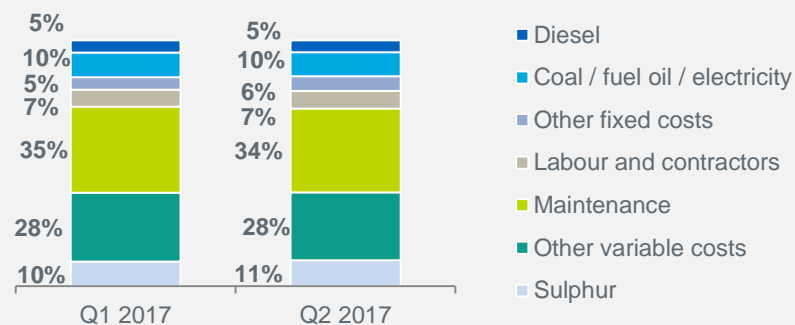
Ambatovy

NDCC

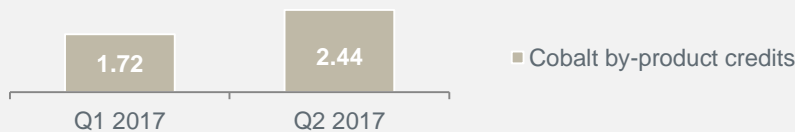
Q1 2017: US\$3.93/lb
Q2 2017: US\$3.66/lb
2017e: US\$3.10-3.40/lb



Mining, processing and refining costs



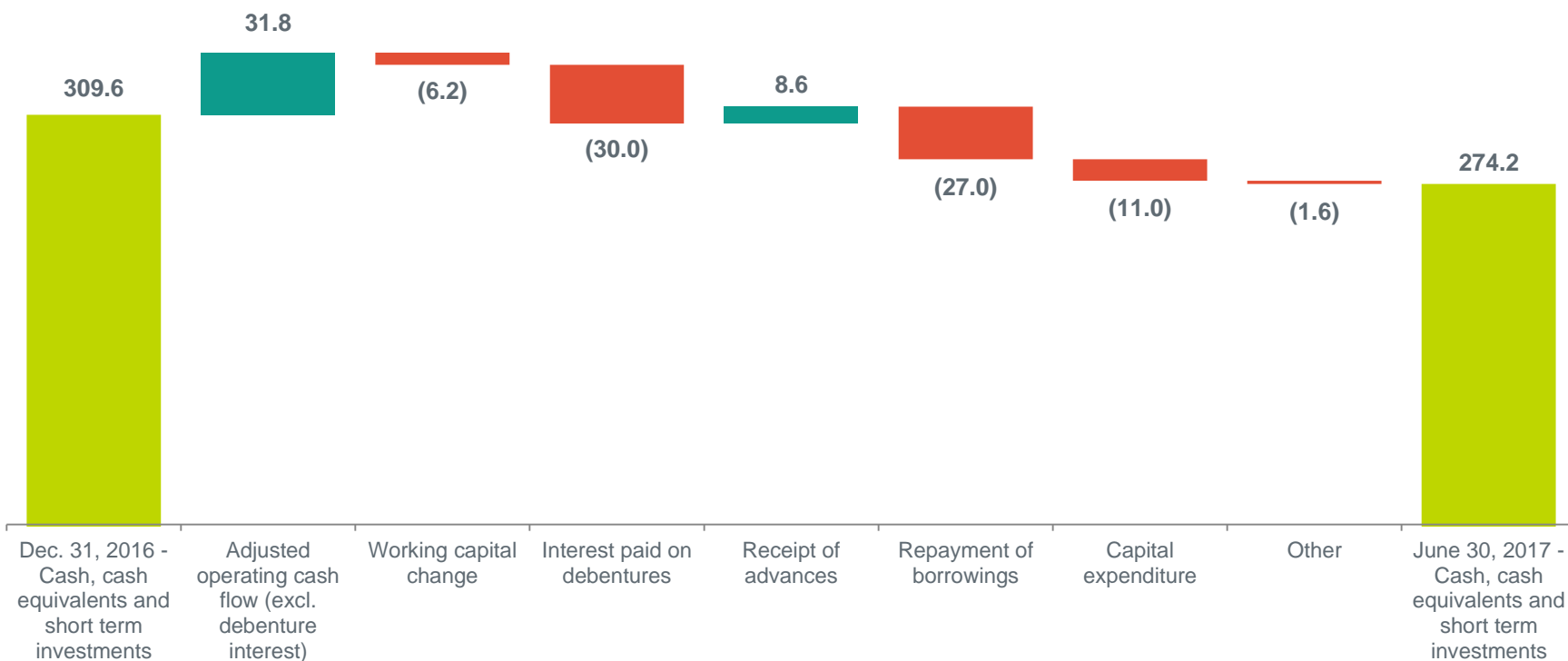
By-product credits



Balance sheet cash from Dec. 31, 2016 to June 30, 2017

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In million of dollars



Key takeaways

- \$274 million in cash and short-term investments, and no long term debt maturity before Q4 2021
- Improved cobalt prices should drive cash flow generation through the year
- A long operating track record through all phases of the cycle
- Ambatovy transaction expected to close in Q3 or Q4
- Drilling of the second well in Block 10 to start in August with first results expected by the end of the year



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