



Q3 Earnings Call

November 1, 2018

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 “Updates to 2018 Forecasts” section of this presentation and certain expectations regarding production volumes, operating costs and capital spending; supply, demand and pricing outlook in the nickel cobalt and electric Vehicle markets; anticipated payments of outstanding receivables; equipment availability, 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 approvals; compliance with applicable environmental laws and regulations; debt repayments; collection of accounts receivable; and certain corporate objectives, goals and plans. By their nature, forward looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this 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; access to capital; access to financing; risks related to the liquidity of the Ambatovy Joint Venture; the risk to Sherritt's entitlements to future distributions from the Ambatovy Joint Venture; risk of future non-compliance with debt restrictions and covenants; risks associated with the Corporation's joint venture partners; 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 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 Sherritt's operations in Madagascar; risks associated with Sherritt's development, construction and operation of large projects generally; 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; 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; uncertainties in growth management; and certain corporate objectives, goals and plans for 2018; 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 the Corporation's documents filed with the Canadian securities authorities, including the Corporation's Annual information Form for the year ended December 31, 2017.

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 release and in the Corporation's 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 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.

Participants

David Pathe

President & CEO



Steve Wood

Executive Vice President & COO



Andrew Snowden

Senior Vice President & CFO



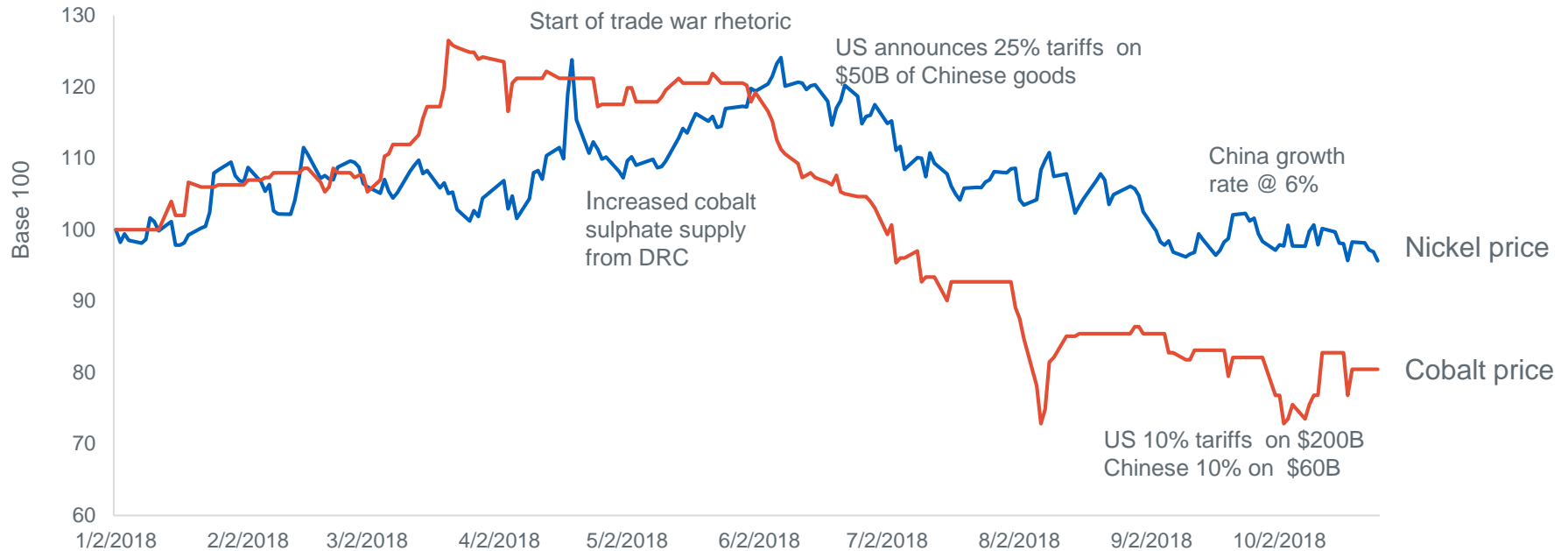
Q3 2018 highlights

- 1 Nickel production at Moa JV was up 10% from last year
- 2 Moa's NDCC in lowest quartile for 6th consecutive quarter
- 3 Completed several initiatives to improve production reliability
- 4 Cash position grew by ~\$10M to \$207.1M



Market environment

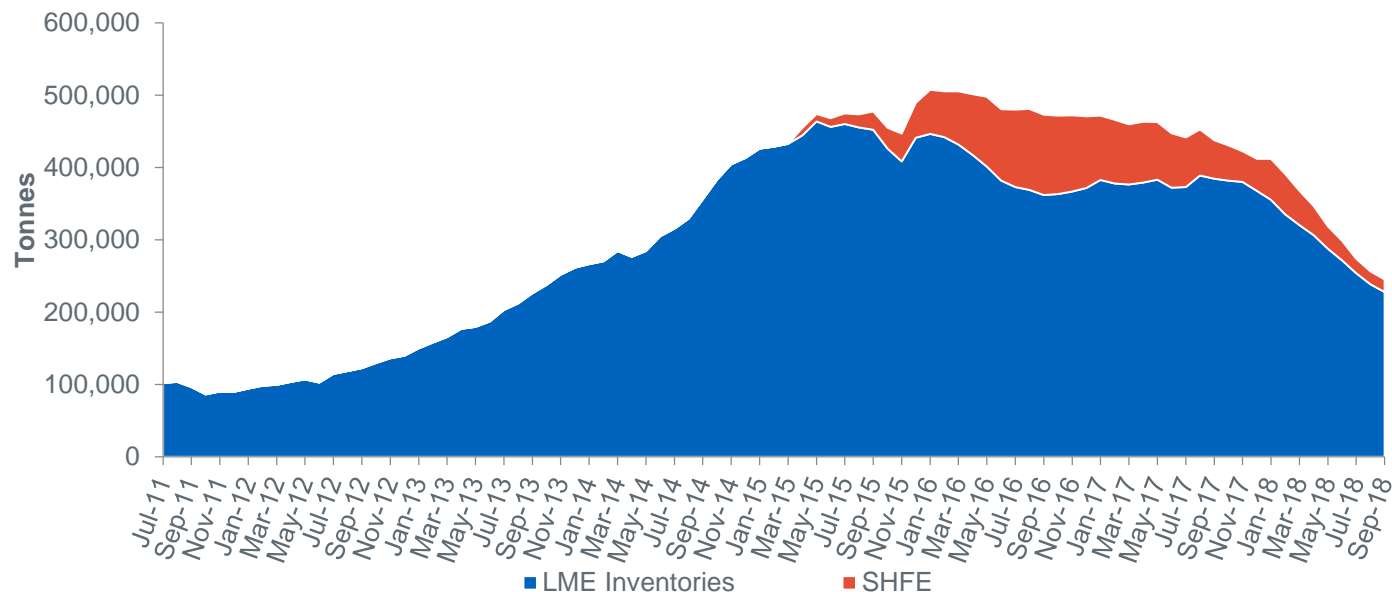
Macro-economic headwinds impacting commodity prices



Long-term fundamentals remain strong

Source: LME

Class 1 nickel supply deficit is accelerating



41%

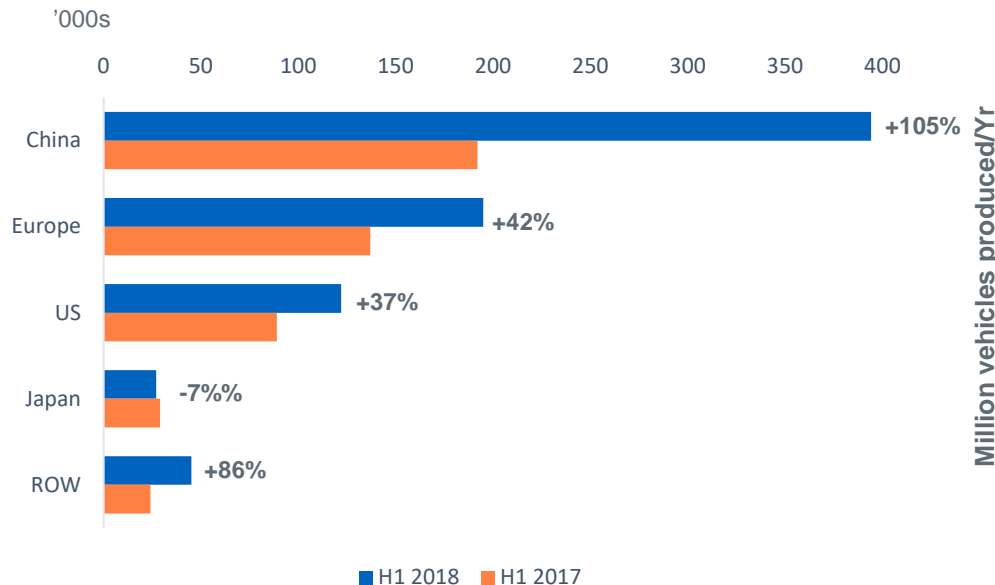
inventory decline YTD

No new nickel mines currently in development

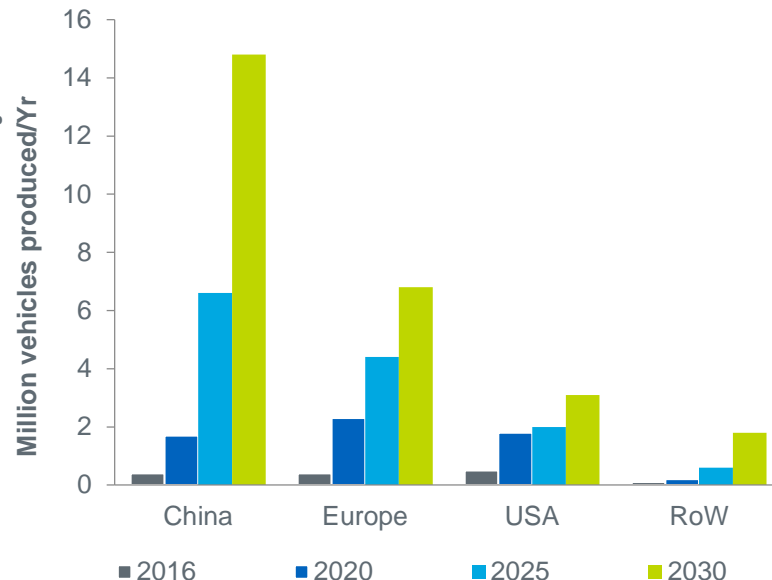
Source: LME, SHFE

Nickel demand will accelerate with EV revolution

Global EV sales actuals⁽¹⁾



EV production forecasts⁽¹⁾



EV sales and forecasted sales continue to be led by China and Europe

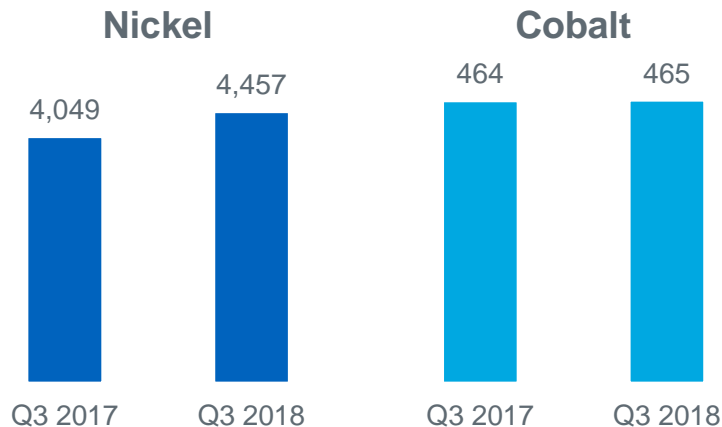


Operations

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Metals highlights - Moa JV

Production⁽¹⁾ (tonnes)



- Nickel production was up 10%, largely because of new mining equipment
- Cobalt production was flat due to higher nickel-to-cobalt ratio in 3rd party feeds

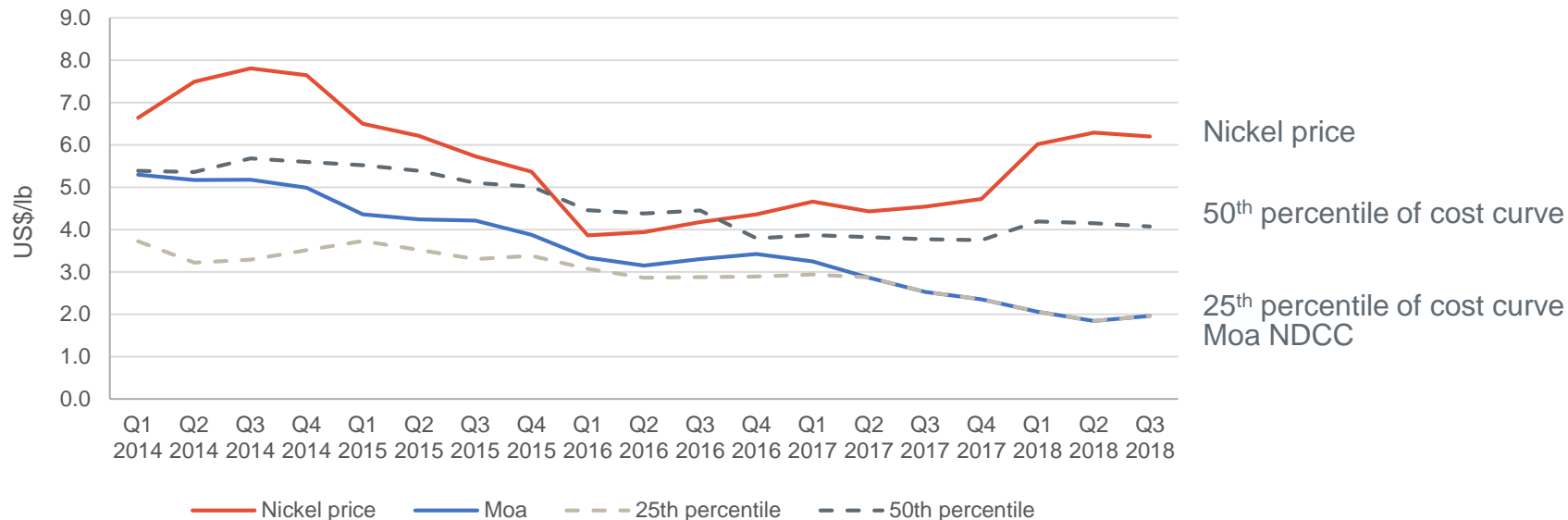
NDCC (US\$/lb)



- NDCC in the lowest cost quartile for 6th consecutive quarter
- Increased NDCC due to higher input costs and impact of planned acid plant shutdown

Sherritt is a low cost nickel producer

2018 nickel industry NDCC (YTD data)



Moa's NDCC in lowest cost quartile for 6th consecutive quarter

Source: Wood Mackenzie, Q3 2018 dataset

Initiatives to optimize production at Moa JV

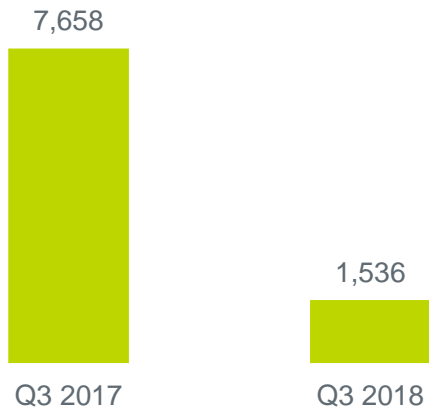
- Improve mining fleet availability
 - Total of 29 new trucks, 3 excavators, 2 loaders deployed through end of Q3
 - Improved fleet maintenance
 - Improved costs and production
- Slurry preparation plant “dump pocket”
 - Commissioning expected in Q4
 - Shorter haul distances and improved production
- Organizational Effectiveness
 - Highly capable Leadership Team
 - Increased clarity of accountabilities
 - Foundation for operational excellence



Progress reflected in production improvements in Q3

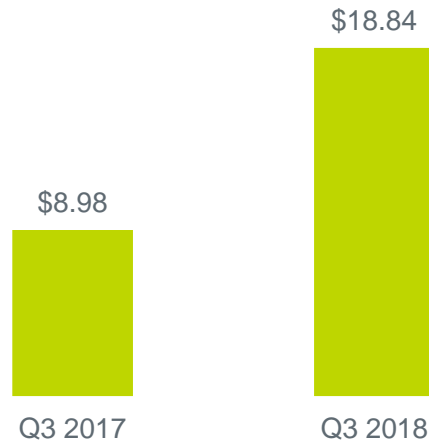
Oil and Gas highlights

Oil Production (total NWI*, boepd)



- Production decrease due to expiration of Varadero West PSC and natural reservoir decline
- Profit share at PE/Yumuri PSC reduced to 6%

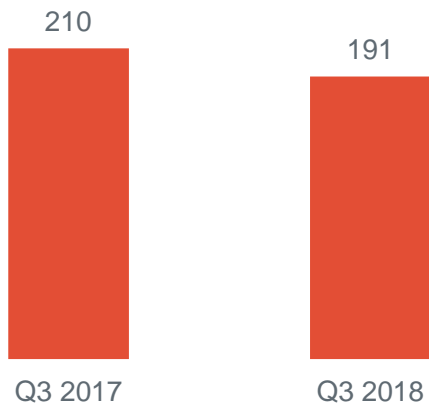
Unit operating costs (Cuba GWI**, \$/bbl)



- Increase largely due to lower production volume
- Costs also negatively impacted by a stronger \$U.S.

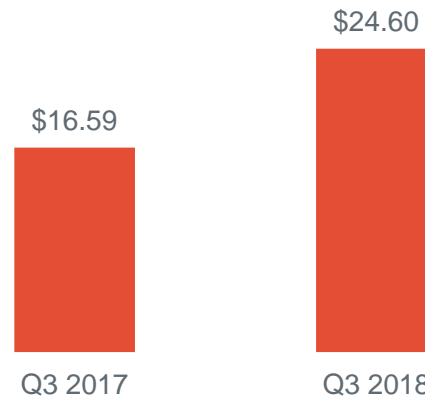
Power highlights

Electricity production (33^{1/3}%, GWh)



- Production declined due to reduced natural gas supply

Unit operating costs (\$/MWh)



- Unit operating costs decline due to lower volume
- Costs were negatively impacted by stronger \$U.S and timing of maintenance activities

Ambatovy update

- Ongoing efforts to improve reliability
 - Replacement of two economizers
 - Replacement of equipment damaged by Cyclone Ava
 - Anti corrosion program
- Impacts to Q3 production results
 - Oxidizing ore and PAL bottleneck issues
 - Planned plant shutdown
- Outlook
 - Strong start to Q4 production
 - On track for lower-end of guidance range



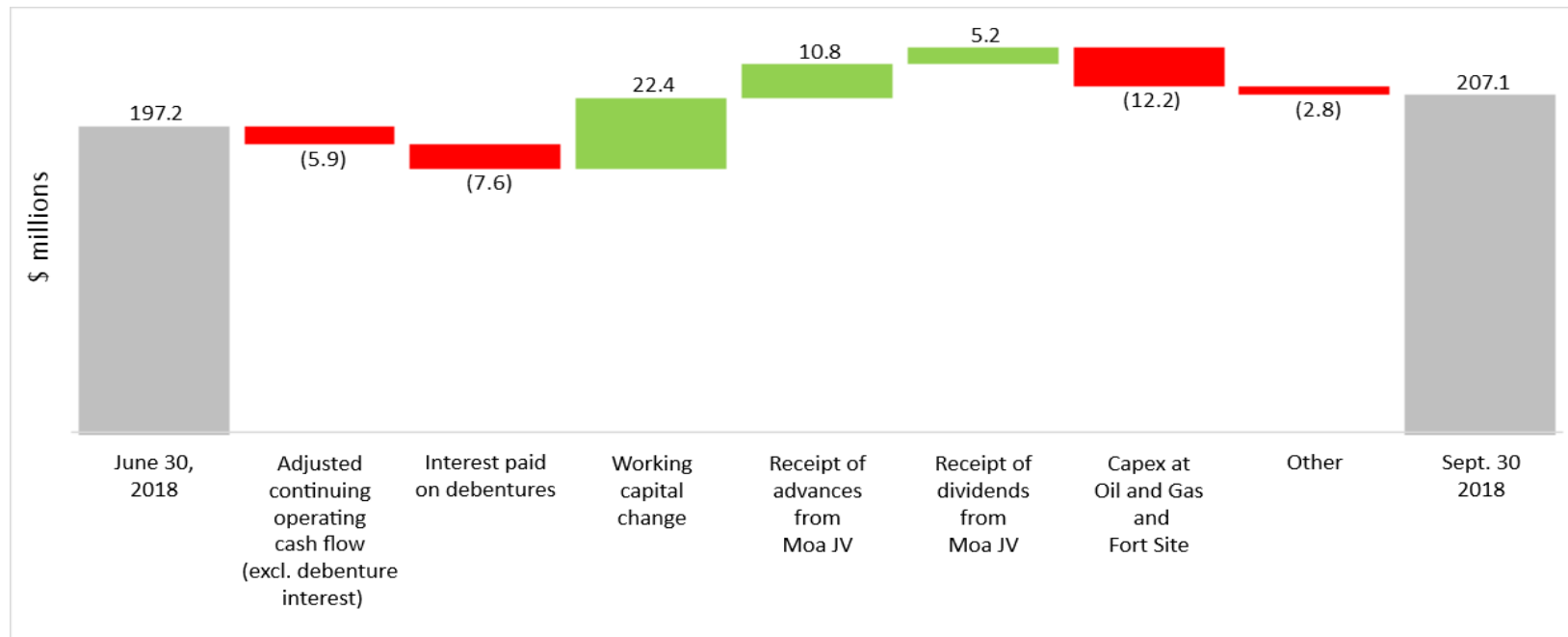
No cash in; no cash out in the near term



Financial highlights

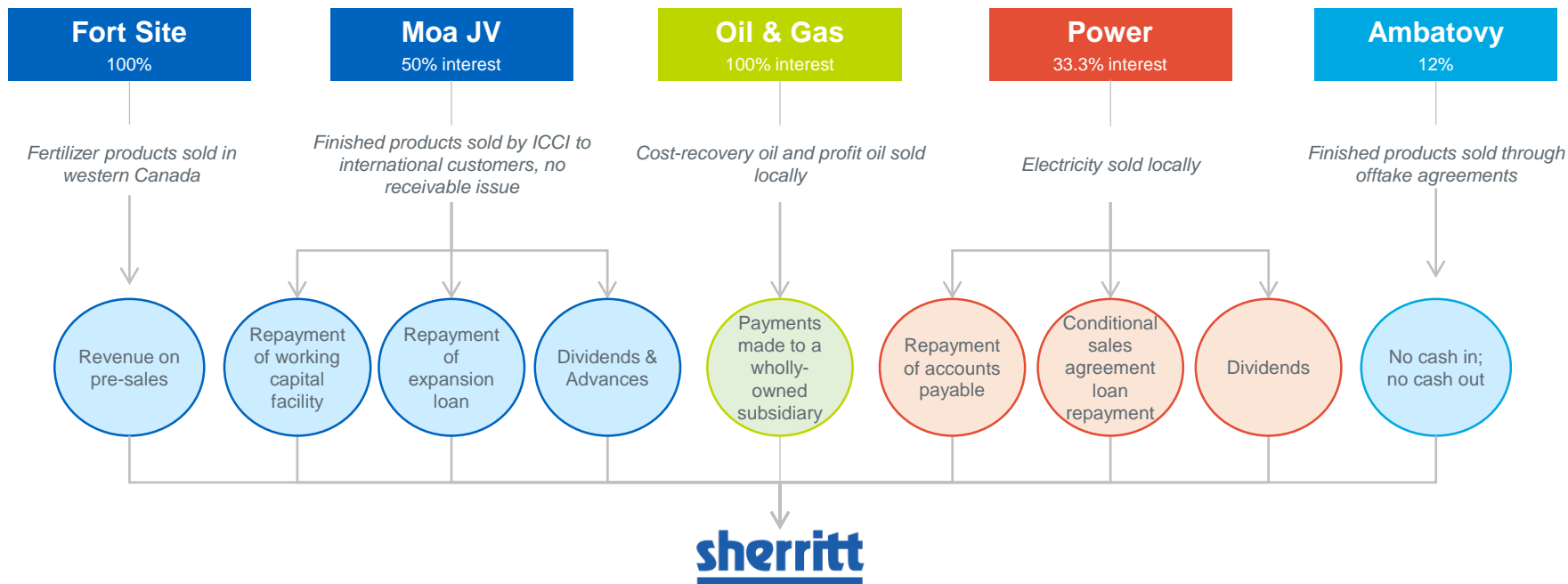
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How consolidated cash position grew in Q3 2018



Cash position at year-end will depend on progress against overdue receivables

How cash is generated



Consistent with equity-based accounting rules

Adjusted EBITDA to cash provided by continuing operations

\$ millions, except per share amounts, for the three months ended September 30

2018

	Fort Site	Moa JV	Moa JV and Fort Site	Ambatovy JV	Metals Other	Oil and Gas	Power	Corporate and other	Combined Total
Adjusted EBITDA	0.1	39.4	39.5	2.9	(0.6)	(2.7)	6.1	(4.6)	40.6
Adjustments									
Interest paid - external	-	(0.5)	(0.5)	(0.1)	0.2	-	-	(7.6)	(8.0)
Interest (received) -external	-	0.4	0.4	-	(0.3)	-	-	0.6	0.7
Taxes paid	-	(8.8)	(8.8)	-	-	(0.3)	(0.2)	-	(9.3)
Stock based comp expense/(recovery)	(0.3)	(0.8)	(1.1)	-	0.8	(0.3)	(0.1)	(3.5)	(4.2)
ERO	-	(0.1)	(0.1)	-	-	-	-	-	(0.1)
Other	0.2	(0.4)	(0.2)	-	(0.1)	(0.2)	(0.1)	(0.6)	(1.2)
Adjusted operating cash flow	-	29.2	29.2	2.8	-	(3.5)	5.7	(15.7)	18.5
Net change in non-cash working capital	6.4	(23.3)	(16.9)	(0.2)	0.2	4.3	4.3	7.2	(1.1)
Cash provided (used) by continuing operations	6.4	5.9	12.3	2.6	0.2	0.8	10.0	(8.5)	17.4
Contribution to cash, cash equivalents and short-term investments per consolidated balance sheet:									Total
Cash from operations	6.4	-	6.4	-	0.2	0.8	10.0	(8.5)	8.9
Dividend and advances repaid by Moa JV	-	16.0	16.0	-	-	-	-	-	16.0
Capital expenditures	(3.4)	-	(3.4)	-	-	(8.1)	(0.2)	(0.5)	(12.2)
Cash used by discontinued operations	-	-	-	-	-	-	-	(3.6)	(3.6)
Other	-	-	-	-	-	-	-	0.8	0.8
	3.0	16.0	19.0	-	0.2	(7.3)	9.8	(11.8)	9.9

Interest expenses and Fort Site contributions will vary each quarter

2018 guidance updates - Moa

Production (tonnes)

	Old	New
Nickel	31,500 – 32,500	30,500 – 31,000
Cobalt	3,500 – 3,800	3,250 – 3,400

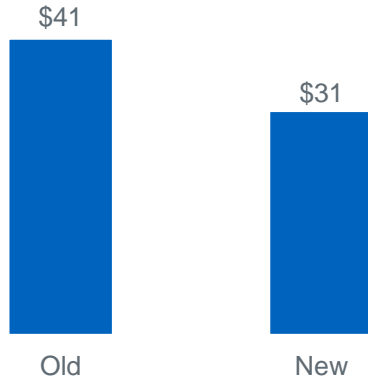
NDCC (US\$/lb)⁽¹⁾

Old	New
\$1.75 - \$2.25	\$1.90 - \$2.40

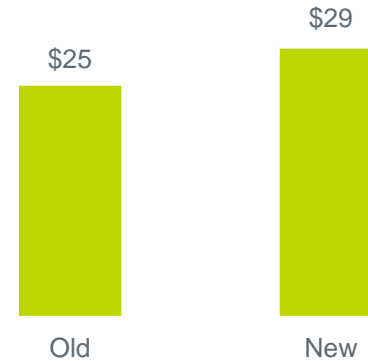
- Production at Moa JV lowered due to impact of H₂S supply interruption
- Update reflects higher input costs and lower cobalt prices since start of year

2018 guidance update - CAPEX⁽¹⁾

Moa and Fort Site (US\$M)⁽¹⁾



Oil & Gas (US\$M)⁽¹⁾



- Decline due to change in scope and deferral of capital projects

- Increase due to extended Block 10 drilling offset by deferral of other capital spending projects to 2019

A low-angle photograph of a tall, cylindrical industrial storage tank with horizontal corrugated metal bands. A worker in a dark uniform and a green hard hat stands on a yellow metal access platform or ladder that spirals around the tank. The sky is clear blue. The right side of the image is overlaid with a solid teal color.

Recent developments and outlook

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Disruption of hydrogen sulphide supply

- Alberta regulator stopped supplier from delivering H_2S due to non-compliance issues
- H_2S is an important reagent used to eliminate contaminants in nickel and cobalt production
- Supply disruptions reduced finished production at Fort Site refinery in October
- Supply disruption has no bearing on mixed sulphide inventory



Refinery now operating at full capacity

Update on Block 10



- Drilling resumed early July
- Drilling advanced to 5,000 meters of planned 5,900 meters
- Wellbore instability was encountered between the upper and lower reservoirs
- Portion of wellbore is now being re-drilled
- Results expected within 90 days
- Capital spending at Oil and Gas increased to US\$29 million

Expandable casing technology has been effective

Considerations for longer-term growth strategy

1

Continue to strengthen balance sheet
- Debt reduction remains a priority

2

Any future growth initiative be rooted in disciplined capital allocation

3

Any future growth to build on Sherritt's unique capabilities

Evaluate growth opportunities against guaranteed return of debt reduction



Q&A Discussion

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